SOUTHERN AFRICA GLOBAL COMPETITIVENESS HUB

INSAT

INSIDE SOUTHERN AFRICAN TRADE

ISSUE 1 MAY 2005

Welcome to INSAT, the new quarterly publication of the Southern Africa Global Competitiveness Hub. INSAT aims to:

- Provide timely and accessible trade-related information for the private sector, policy makers and broader civil society; and
- Enhance understanding of the many trade-related issues in the sub-region.

We seek to highlight the many success stories and good practices that facilitate increased growth, trade and investment in the region, and we strive to profile and promote the work of the Trade Hub.

INSAT aims to provide objective, authentic and timely coverage of trade-related news. Our primary audience is policy makers, the private sector and its representative organizations, donor agencies and others who are interested in, and working for, enhancing Southern Africa's trade competitiveness.

We strive to demonstrate success, but we don't shy away from highlighting challenges and ways to overcome them. We try to tell stories from differing perspectives – with the aim of increasing understanding and stimulating debate. We aim to be concise, clear and consistent.

To achieve these objectives, we have divided the newsletter into a number of sections that are standard to each issue. In the first section, 'Around Southern Africa', we highlight news from the sub-region. The range of topics covered in sub-sections includes news about bilateral and multilateral trade agreements; topical briefs on key issues; the private sector; and donor activities in the region.

In this issue, we give you the latest on the SACU-US FTA negotiations and we shed light on the reasons behind the slow progress in these talks. We also bring you the latest on EPA negotiations, the region's first "one stop shop" for transport services in Namibia, and a potential project in the region that would explore alternatives to certification in agriculture.

Then we cast the scope wider to round-up global trade-related news that is of relevance to Southern Africa before looking at what's been happening at the WTO. In this issue, we bring you news about measures taken by the US and Europe to restrict Chinese textile exports, a move that many African countries support. We also bring you the latest on, among other issues, agricultural trade talks; the proposal of the African group on eliminating cotton subsidies; and the EU's critical decision to open its markets to GMOs.

We have created 'INSAT Focus' and 'We Speak To...' to explore a regionally relevant trade issue in more depth. The analysis, while explaining the challenges, will also seek to highlight solutions. We supplement our own reporting with an interview with a leading policy-maker, trade or economic analyst, business champion, or someone else who can speak authoritatively on the topic and who represents a broader constituency. In this issue we take a close look at the experience of Lesotho's textile industry and examine the reasons behind the difficulties it has been facing. For the most part, the industry's troubles have been blamed on the end of Multi Fiber Arrangement, but our article suggests that there is more to the story when one looks behind the headlines.

In 'Guest Perspective' we feature articles from trade experts or policy makers, analysts or business people, from inside and outside the region. With this section we aim to provide you with a different view on an issue; present a comparative experience; or simply stimulate debate. In this issue, our guest is a chief negotiator from the Central American Region, who has been involved in free negotiations with the US. We hope that the insights offered by Dr. Quiros are useful and relevant to the region's experience in negotiating the Economic Partnership Agreement (EPA) with the EU.

The 'Resource Section' contains references to other sources of information on trade-related topics. We refer you to useful websites, other publications and important databases. We will also inform you of upcoming events that might be of interest to you or your organization.

Last but not least, we tell you a bit more about ourselves. Who we are. What we are involved in, and what we hope to be doing for you next!

Look out for this newsletter every quarter. Read it; pass it on to your colleagues; keep it on your coffee table.

E-mail the editor, at INSAT@satradehub.org, with your contributions, suggestions or comments, or if you would like to subscribe to receive the newsletter by e-mail.

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USAID FROM THE AMERICAN PEOPLE | SOUTHERN AFRICA

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AROUND SOUTHERN AFRICA

SACU AND U.S. DEPUTY MINISTERS' MEETING CANCELLED

A Deputy Ministers' meeting that would have restarted talks on a free trade agreement between the US and the Southern African Customs Union this month was cancelled after the two sides failed to set a date due to scheduling conflicts.

Both sides had hoped that meeting would give a much-needed boost to the negotiations which have been virtually deadlocked for almost a year.

The US and the five members of the Southern African Customs Union (SACU) – Botswana, Lesotho, Namibia, South Africa and Swaziland – launched negotiations on a free trade agreement in Pretoria in June 2003 and have held six rounds of talks since then. But negotiations progressed slowly and have not advanced since June 2004. Last December, in a bid to break the stalemate, SACU Trade Ministers and former US Trade Representative, Robert Zoellick, agreed to let their Deputies attempt to revive the stalled negotiations. They also agreed that they would take the time needed to conclude a good agreement and not set a new deadline for concluding the negotiations, which were originally scheduled to wrap up that month.

But two years into the negotiations, the US and SACU members are yet to resolve their key differences or at least reach a preliminary agreement on a range of fundamental, and indeed thorny, issues.

Paramount among these differences is the approach that each side wants to adopt during the negotiations. The US, consistent with its position in previous FTA negotiations, wants to conclude a comprehensive trade agreement that goes beyond the WTO framework and covers other trade related issues that the US considers important, such as chapters on investment, intellectual property rights, labor, and government procurement, among others.

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By contrast, SACU members prefer to reach an agreement that would initially only include market access for goods and services. They propose that all other trade-related issues be negotiated at a later date. However, comprehensive FTA's are required by the US Congress under the mandate of the Trade Promotion Authority legislation delegated to US negotiators.

U.S. officials also argue that a comprehensive agreement would serve the interests of SACU members. Mr. Patrick Coleman, Director, African Affairs, with USTR says lack of certainty with relation to investment laws, for example, is the "number one issue" that U.S. businesses cite in explaining their hesitance to invest in SACU countries.

SACU member states are concerned that making commitments on, for example, investment, or government procurement, may limit their ability to implement certain policies which they believe are necessary for development. "We don't want to foreclose policy space that we might need in pursuing our development objectives," says one diplomat from a SACU country who spoke on condition of anonymity.

But U.S. officials argue that these commitments don't necessarily undermine countries' capacities to pursue development, citing other developing countries (such as Morocco, Chile, Jordan and several Central American countries) that have undertaken commitments related to these issues as part of their free trade agreements with the US.

Some Southern African officials, who point out that it is the first time the US negotiates a free trade agreement with least developed countries, also maintain that SACU members don't have the resources

INSIDE THIS ISSUE

to implement many of the trade related provisions (such as investment or government procurement) even if they wanted to. "We are not in a position to do that", Mpho Malie, Lesotho Trade Minister told INSAT in an interview earlier this month (see pages 13-14 for the full transcript of the interview). "We still have a problem with implementing some of the obligations that we have and it's not through lack of trying it's through lack of resources, financial, technical, you name it," he says.

U.S. officials say they recognize the importance of trade capacity building initiatives, and point to the Cooperative Group on Trade Capacity Building (CGTCB) which was created by the US and SACU to complement the FTA negotiations and address priority needs so that SACU can effectively participate, implement and maximize the opportunities of the FTA. Mr. Coleman says the CGTCB has already provided much assistance to address SACU's priority needs, including computers to facilitate intra-SACU coordination, hiring and supporting Trade Capacity Building Facilitators in the BLNS Trade Ministries, workshops and studies.

Another sticky issue relates to the liberalization of services. In previous rounds the US sought an elimination of discriminatory barriers to trade in SACU countries' services markets and proposed a 'negative list' approach, which requires countries to open their markets in all areas except for the sectors specified on the negative list. The US maintains that such an approach would demonstrate a "higher level of commitment" and would signal that SACU countries are open to foreign investment and to foreign supply of services.

But SACU prefers a 'positive list' approach to services liberalization, where market access commitments apply only to listed sectors. Mr. Mudunwazi Baloye, Minister (Economic) with the Embassy of South Africa in Washington, maintains that a negative list approach would create significant administrative burdens for SACU members and would require states to review all their laws and regulations to identify products that will not be part of the agreement.

An informal proposal by the US for a 'creative' approach on services does not appear to have broken the logjam on this issue. That proposal involved a transition period during which SACU members would open their markets gradually in selected sectors. Once the transition period is over, member states would be required to open their market based on the negative list.

The two sides also disagree on modalities for tariff cuts. While SACU's proposals on modalities are still evolving, sources indicate that SACU negotiators want to include separate categories for sensitive products that they have not yet specified. One source with SACU suggested that these would include products that receive subsidies in the US.

SADC TO DEVELOP LIST OF PRIORITY NEEDS FOR SPS CAPACITY BUILDING AS PART OF EPA NEGOTIATIONS

The Southern African Development Community (SADC) agreed with the EU during a technical meeting on March 15th to develop a list of priorities for capacity building in the area of sanitary and phytosanitary standards (SPS) and technical barriers to trade (TBT), informed sources told INSAT.

"We agreed that [SADC] will provide us with a list of priority sectors and priority needs with relation to SPS and TBT," says one EU official who spoke on the condition of anonymity, noting that the two sides did not agree on a deadline for submitting the list. "This is a process and it will take some time to get the ball rolling."

Sources say SADC identified SPS and TBT as priority areas and asked that talks with the EU tackle these issues first. "SADC members realized that this issue is important to them, but the tricky part now is how to [demonstrate its importance]," says the EU official.

The European Union is SADC's major market, and agricultural products constitute the bulk of its imports from the region. In the past, SADC countries benefited significantly from the beef and sugar protocols under the Lome and Contonou agreements.

Sources within SADC say the primary challenge for the regional grouping in relation to SPS is to identify areas where market access into the EU is constrained by SPS measures and to request assistance in building capacities to meet these requirements.

In addition to identifying the group's capacity needs in the area of SPS and TBT, the EU wants SADC to clarify the status of regional integration and the degree of harmonization of standards amongst member states. EU officials maintain that in order for the EU to negotiate with SADC as a group, SADC need to have a clear regional policy on SPS that can be used as 'a reference' during the negotiations.

Many officials in the region express hope that the EPA negotiations will lead to greater regional cooperation especially in areas such as shared testing facilities and more formal exchanges of information.

SADC countries engaged in the EPA negotiations with the EU as the SADC group are Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and Tanzania. South Africa, although a SADC member, participates in the negotiations as an observer as it has already concluded an Economic Partnership Agreement with the EU, also known as the Trade Development and Co-operation Agreement (TDCA). The other SADC countries (Zambia, Zimbabwe, Malawi and Mauritius) are negotiating under the Eastern and Southern Africa (ESA) grouping alongside Kenya and Uganda.

NTBs CONTINUE TO UNDERMINE INTRA-REGIONAL TRADE, SADC MID-TERM REVIEW SAYS

SADC members have achieved progress in phasing out tariffs, but have not been as successful in removing non-tariff barriers to intra-regional trade (NTBs), according to the SADC mid-term review.

The review, which was presented at the Trade Negotiations Forum (TNF) meeting in Mauritius April 5-7, says that most SADC members are on schedule in reducing tariffs but stressed that NTBs and Rules of Origin (ROO) continue to undermine the growth of intra-regional trade. The TNF agreed to speed up the review of the sugar protocol, while taking into account lessons learned and the need to consider the interests of all concerned parties. The forum also agreed that a revision of the rules of origin for certain products was necessary.

The SADC mid-term review assesses the progress made in the implementation of the SADC Trade Protocol in different areas. It also provides a detailed analysis of the impact of trade liberalization and intra-regional trade on the region.

NEWS BRIEFS

SADC Candidate for Presidency of the African Development Bank Out of the Race

After initial rounds of voting for a new president for the the African Development Bank, SADC's candidate for the position, ex-Zimbabwean Minister of Finance Simba Makoni, withdrew from the race.

Instead of choosing a new president on May 20th as expected, Bank members agreed to postpone the stalemated elections until July 21st. Neither of the two leading candidates, Rwanda's Finance Minister Donald Kaberuka and Nigeria's Olabisi Ogunjobi, managed to secure sufficient overall and regional votes to bring the elections to a conclusive result.

COMESA Adopts Over 100 Standards

As part of its drive to harmonize regional standards, the COMESA subcommittee on Standardization and Quality Assurance adopted 100 new standards, bringing the total number of standards adopted by the regional body to one hundred and five. The subcommittee adopted the standards during its second meeting in Lusaka on March 17th.

The adopted standards mostly cover agricultural products including sweet corn, mangoes, wheat flour, sorghum grain, peanuts, avocados, maize and maize meal.

The subcommittee expressed hope that adopted standards will help minimize disputes among trading member states and, enhance market accessibility for products from the region and streamline requirements in technical regulations and sanitary and phytosanitary measures.

SACU Discusses Trade Alliance with India and MERCOSUR

India, MERCOSUR and South Africa – representing SACU – discussed the possibility of forming a "triangle trade alliance" during a meeting on March 20, according to a statement by India's Ministry of Commerce and Industry.

"The concept of a triangular trade alliance between India, MERCOSUR and the South Africa Customs Union (SACU) – leapfrogging the existing trade alliances in the region to form a bigger trade cooperation partnership – was mooted at the India, Brazil, South Africa (IBSA) meeting," according to the statement. The trilateral meeting was co-chaired by India's Minister of Commerce & Industry, South Africa's Minister of Trade and Industry, South Africa's Minister of Agriculture, and Brazil's Minister of External Relations and International Trade.

Prior to the meeting, India and MERCOSUR – a trading bloc in Latin America consisting of Argentina, Brazil, Paraguay and Uruguay, with Bolivia and Chile as associate members – signed an agreement to operationalize the Preferential Trade Agreement (PTA) signed in New Delhi in January 2004.

ESA Group to Develop a Common Position on Inland Fisheries

As part of their preparations for negotiations on an agreement on fisheries with the European Union, the Eastern and Southern African (ESA) group has launched discussions to develop a common negotiating position and strategy on inland fisheries.

The group held its first meeting to discuss the issue in Mangochi, Malawi from 31 January to 1 February 2005. During the meeting, ESA members addressed issues related to production capacities of fish in the region, the food security element of fish, shared water resources and resource management, regional and external markets, sanitary and phytosanitary (SPS) and other import conditions required by the European Union. On the issue of market access, members noted that the major constraint they face with relation to fish exports is SPS measures and technical barriers to trade (TBT).

SADC to Open Dialogue with ESA

The SADC Council of Ministers will open a dialogue with Eastern and Southern Africa (ESA) group in order to harmonize their positions in their negotiations under the Economic Partnership Agreements (EPAs) with the European Union.

Sources say the chief coordinator for the SADC/EU Economic Partnership Agreements negotiations and Botswana's Minister of Trade and Industry Hon. Neo Moroka and his Eastern and Southern Africa (ESA) counterpart are scheduled to meet in the near future to discuss the issue.

SADC member states negotiate the EPAs under two different groups: SADC and the Eastern and Southern Africa ESA. The EU-SADC EPAs negotiating group consists of Angola, Botswana, Lesotho, Mozambique, Namibia, Tanzania and Swaziland with South Africa, participating as an observer. Other SADC members including Zambia, Zimbabwe, Malawi and Mauritius negotiate with the EU, together with Kenya and Uganda, under the East and Southern Africa group (ESA).

By opening a dialogue with ESA, SADC hopes to eliminate any conflicts that could arise if its members continue to negotiate with the EU on two separate tracks. Concluding two conflicting agreements between SADC members and the EU, could seriously undermine the group's plans for a free trade area and a customs union within the next five years.

Among the six regional groups in Africa, the Carribean and the Pacific that are negotiating EPAs with the EU, SADC is the only one whose members negotiate with the EU under two different groups.

NEW FILM PROMOTES INVESTMENT IN AFRICA

Africa Open for Business, a documentary that promotes Africa as an investment destination, premiered in Washington on April 15th.

The first screening, which was attended by World Bank President James Wolfensohn, attracted a large number of business people and investors.

The film, produced with funding from the World Bank, profiles ten entrepreneurs with successful stories from different African countries. It features several companies from Southern Africa including: Touch Adventure; a tourist adventure company in Zambia, Formosa Textiles Company in Lesotho, and a diamond company in Botswana. The film also profiles a children's clothing line in Nigeria, an animation/cartoon company in Senegal, a flower growing business in Kenya, a coffee shop in Uganda, and cellular phone company in the Congo. All the businesses profiled in the film had to deal with various challenges but all have experienced tremendous growth.

The film's producer, Carole Pineau points out that these stories are not isolated cases of success in the continent and that Africa's potential as an investment destination has received attention from investors.

The Corporate Council on Africa, for example, reports that foreign direct investment inflows to Africa increased from $12 billion in 2002 to $15 billion in 2003.

PLACE YOUR SUCCESS IN THE SPOTLIGHT

One of INSAT's primary objectives is to highlight success stories and good practice in the region in relation to trade and competitiveness.

This section is dedicated to covering successful efforts by firms, public agencies and NGOs to enhance the region's trade performance and competitiveness.

Businesses, government agencies and NGOs are invited to share with us their stories about successful or innovative ventures, programs and initiatives that have helped to promote Southern Africa's trade and enhance its competitiveness, so we can consider them for feature in the "Spotlight".

PLEASE CONTACT US WITH YOUR SUCCESS STORY:

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The Corporate Council on Africa (CCA) will host its fifth annual US-Africa Business Summit from June 21-24, 2005 at the Baltimore Waterfront Hotel in Baltimore, Maryland. The Summit strives to increase American investment throughout the African continent by increasing U.S. private sector awareness of the many commercial opportunities in Africa. It will also address specific policy issues that confront the U.S. private sector in the African marketplace and develop partnerships between African and American businesses.

The agenda, which includes plenary sessions and workshops covers topics such as: agriculture; arts and entertainment; education; energy and power; finance; healthcare; housing; regional groups; small business opportunities; telecommunications; tourism; and transportation and infrastructure. Nearly 2,000 business and government leaders from Africa and the US are expected to attend. For more information, visit the CCA's website: *http://www.africacncl.org*.

A delegation of companies sponsored by the Trade Hub will attend the Summit in Baltimore, Maryland. Seven countries in Southern Africa will be represented in sectors ranging from agriculture to telecommunications.

2005 AGOA Forum. The Government of Senegal will host the 2005 US – sub-Saharan Africa Trade and Economic Cooperation Forum in Dakar from July 18-20. The Forum will bring together governments of the United States and the 37 AGOA-eligible countries, as well as the private sector and civil society.

The theme for the Forum, "Expanding and Diversifying Trade to Promote Growth and Competitiveness" sets the stage for discussions on expanding trade and investment relations between the US and sub-Saharan Africa.

The 2005 AGOA Ministerial will focus on how AGOA beneficiary countries can diversify their exports by taking advantage of the broad range of products eligible for preferential treatment under AGOA. The workshops and plenary sessions aim to: foster greater interest and investment in a broad range of industrial sectors in AGOA countries, provide practical information about how to meet U.S. export requirements and sell successfully into U.S. markets; and encourage those countries that have yet to take advantage of the Act's benefits to do so.

For registration to the Ministerial Forum governments should contact the nearest embassies of the US and/or Senegal.

For more information on the Private Sector Forum, please visit *www.agoa3.org*, phone (202.349.3782) or send an e-mail to info@agoa3.org.

To register for the Civil Society Forum please contact the AGOA Civil Society Network Secretariat via E-mail at agoacsonet@democracy-africa.org or telephone (+1 202 331 1333).

INSIDE THE PRIVATE SECTOR

FIRST REGIONAL BUSINESS SURVEY SHOWS SIGNS OF RISING BUSINESS CONFIDENCE, A SECOND IS UNDER-WAY

The Association of SADC Chambers of Commerce and Industry has launched the 2005 Regional Business Climate Survey (RBCS) of manufacturing sectors to assess current business conditions and investor confidence levels in the region, sources with the association say. The 2005 questionnaire will also include questions related to Madagascar's entry into SADC and HIV/AIDS.

The 2005 RBCS is the second such survey to be undertaken by the association. Last September, the association published the results of its first RBCS which showed that businesses in the region were fairly optimistic about short-term prospects of exports and investments.

According to the 2004 RBCS, firms in the region said they expected to increase their exports within and outside SADC in a wide range of manufactured products by more than two percent by June 2005. Surveyed firms estimated that their exports of textiles, chemicals, metal food and tobacco would grow, on average, by 2.5 percent outside SADC and by 2.2 percent within the region.

Businesses expressed similar sentiments about future capital expenditure. Firms said they expected to increase their investments locally by three percent. The forecast for growth in regional investment, however, was much lower at 1.5 percent.

The low expectations for export and investment growth within the region, the survey notes, underlines the continuing reliance among businesses on traditional overseas markets, and confirms that barriers to intra-regional trade and investment are still in place.

On the negative side, the optimism expressed by firms in relation to investment and exports was not reflected in their employment forecasts. According to the survey, firms expected employment to remain "mostly unchanged" or to increase only slightly over the twelve months following the survey.

Asked to rank various constraints to business on a scale of 1 to 10, with 10 representing a "major problem", firms gave exchange rate fluctuations the highest score with an average of 7.41, followed by crime and corruption. Domestic content requirement and phytosanitary and veterinary regulations came last with average scores of 2.95 and 2.77 respectively.

NAMIBIA TO CREATE PRIVATE "ONE STOP SHOP" FOR TRANSPORT SERVICES ON TRANS KALAHARI CORRIDOR

In an effort to increase the competitiveness of the Trans Kalahari Corridor, the Walvis Bay Corridor Group (WBCG) is creating a private company to coordinate various transport services along the corridor and provide a "one-stop shop" for shippers. The company, Transkalahari Express (TKE), will be the first in the region to bring together public and private transport operators to provide a range of services in a "single package".

By creating TKE, sources say, WBCG aims to provide an efficient and speedy route that would be particularly attractive to high value and time-sensitive cargo such as automotive, textile and electronic products. A WBCG briefing document says the Trans Kalahari Corridor will target 25% of the current volume that is being traded between Gauteng and trans-Atlantic markets.

The newly founded company will bring together the Namibian Ports Authority (Namport), TransNamib Holdings, trucking firms and freight forwarders to create the integrated transport and logistics service between the Gauteng/Gaborone and Europe/the Americas through the Port of Walvis Bay.

TKE will rely mainly on long-term contracts with other firms to carry out its three primary functions: logistics management, marketing and services design.

The WBCG has already invited companies interested in managing TKE to submit expressions of interest to the Walvis Bay Corridor Group (WBCG) and is expected to make a decision by August of this year.

TKE is part of a broad project that was designed by TERA International Group, Inc. in coordination with the WBCG and other stakeholders and is partially funded by the U.S. Trade and Development Agency (USTDA). The objective of the project is to implement a preliminary business plan for container service between Gauteng and Walvis Bay as well as between Botswana and Walvis Bay.

In explaining its recommendation for creating a private company to manage logistics and marketing, TERA states in a project design document that "a private sector company working to market the service of all the individual providers will have its investment at risk and therefore a powerful incentive to market the corridor and to ensure that all the individual components deliver the service as committed. The company's earning power will be based on its ability to market, package services and deliver consistently. If the system is done well, the profits stand to be considerable."

VERGELEGEN ESTATE TO BECOME SOUTH AFRICA'S FIRST WINE PRODUCER TO OBTAIN BIODIVERSITY CERTIFICATION

In an effort to enhance the marketability of its wine, South Africa's Vergelegen Estate has become the industry's first producer to obtain certification under a biodiversity conservation initiative. Vergelegen Estate was certified as the first Biodiversity and Wine Initiative Champion after it successfully implemented the biodiversity guidelines into its farm management and wine production over the past ten years.

To obtain the certification, Vergelegen had to fulfill a number of stringent criteria set by the Biodiversity and Wine Initiative (BWI). The estate had to demonstrate, for example, that at least 10% of the farm has ecologically viable natural vegetation intact and set aside for conservation.

BWI is a partnership between the South African wine industry and the conservation sector which aims to minimize the loss of threatened natural habitat and facilitate sustainable wine production through the adoption of biodiversity guidelines by the South African wine industry. The initiative stemmed from growing concerns within the conservation sector that the expansion in South Africa's wine industry in the 1990s could harm some of the region's most threatened natural habitat. These concerns coincide with increasing demand in the European market for products grown under environmentally sustainable systems. Though adoption of biodiversity and environmental conservation practices is not a requirement for entering the EU market, South Africa's wine industry saw biodiversity certification as an opportunity to differentiate its products and gain an edge in an increasingly competitive international wine market.

"The European Union, which currently makes up the majority of South Africa's export wine market, is working towards enforcing environmentally sustainable wine production systems on countries wishing to export wine to the EU," said Tony Hansen, BWI project coordinator, in a March 2005 press release, "South Africa could be the big winner over countries such as Australia, as the Scheme for the Integrated Production of Wine (IPW) positions the South African wine industry as a leader in sustainable wine production". Hansen maintains that the initiative is a "win-win" arrangement where the wine industry benefits by using the region's biodiversity as "a unique selling point" for South African wines, and the conservation sector benefits from promoting best practices with industry which results in conserving South Africa's natural heritage.

INTERNATIONAL FOOD INDUSTRY PLATFORM TO CONSIDER PILOT PROJECT IN SOUTH AFRICA

SAI Platform, an initiative led by a number of major international food manufacturers, is considering implementing a pilot project to produce potatoes for exports in South Africa under sustainable agriculture principles and practices. The pilot being considered is part of a broad effort by the Sustainable Agriculture Initiative Platform (SAI Platform) which aims to establish a set of guidelines for "sustainable" agriculture production and experiment with less costly alternatives to product certification.

SAI Platform was founded in 2002 by Groupe Danone, Nestle and Unilever to develop a set of "sustainable agriculture" practices that would ensure the sustainability of supply of agriculture products and, at the same time, respond to growing consumer concerns over food safety and the social and environmental impacts of agriculture production.

"We want to develop principles and practices that can be applied through the entire agriculture system – not just for niche markets," Ms. Fellus told INSAT. "Once these have been tested through the pilot projects and proven to be economically viable, we would like others, such as donor agencies or other food manufacturers and traders, to take over and implement these principles and practices on wide basis," she says.

At its core, SAI Platform reflects a rapidly growing trend among food manufacturers and retailers in developed countries to require enhanced control of food safety and quality systems and better environmental management practices from their suppliers in developing countries. But unlike many buyers who rely on third-party certification to ensure that suppliers comply with their requirements – a trend that has drawn growing criticism especially in developing countries on the grounds that certification is too costly for small producers – SAI Platform says it wants to develop a system that would ensure food safety and quality and environmental conservation without necessarily resorting to third-party certification. "We are talking about verification without necessarily certification," Ms. Fellus says.

For more information on SAI Platform please visit *http://www.saiplatform.org/*

INSIDE THE DONOR COMMUNITY

MADAGASCAR BECOMES THE FIRST COUNTRY TO RECEIVE GRANT UNDER NEW U.S. AID PROGRAM

Madagascar, a candidate SADC member, became the first country to receive assistance under a new U.S. aid program that adopts a novel approach to development aid, a White House press release said.

Madagascar signed a compact on April 18th to receive a US $110 million, four-year, aid package under President Bush's Millennium Challenge Account (MCA) — a program that channels aid to poor countries that demonstrate good governance, invest in health and education, and implement economic policies that foster enterprise and entrepreneurship.

To qualify for assistance, Madagascar had to identify a number of development projects that would receive the grants and demonstrate how these projects would help bring growth and reduce poverty in the country.

The grant money will be used to streamline the process of acquiring formal title to land, and facilitate access to credit for individuals, especially in rural areas. To streamline the process of acquiring title to land, the grants will finance the installation of computers at land offices and develop a new system that would allow municipal and local authorities to issue simple certificates of title. In the Banking sector, the grant will help Madagascar ensure that government offices around the country sell bonds to individuals, which the US believes would get banks to focus on their main business, providing loans to creditworthy borrowers.

Congress provided the MCA with nearly US $1 billion in initial funding for FY04 and US $1.5 billion for FY05. President Bush has requested US $3 billion for FY06 and pledged to increase annual funding for the MCA to US $5 billion in the future.

For more information on MCA go to *http://www.mca.gov/*

DFID STRATEGY REVEALS SHIFT IN GEOGRAPHICAL FOCUS AND CHANGES IN CAPACITY BUILDING APPROACH

A draft strategy recently released by The United Kingdom Department for International Development (DFID) on its trade-related assistance reveals a shift in the agency's geographical focus in favor of middle-income countries. The document also shows that the agency is planning to change its approach to capacity building in developing countries.

The draft strategy, which was released in February, sets out priorities for allocating DFID's resources in trade-related assistance over the next two years. Though the document states that Africa will continue to be the primary "geographical focus" of DFID's trade-related assistance, it says that the agency will "support more 'advanced' developing countries ... with greatest numbers of poor [such as] India, Brazil, China, and South Africa, who are major players in the Doha Round and are key to their regions."

The document does not provide details on the change in financial resource allocation that will result from the shift in the agency's geographical focus, but it does assert that Asia and Latin America will "increase their share a little" in the agency's trade budget.

According to the strategy document, the shift in DFID's geographical focus relating to trade reflects a change in the agency's overall strategic direction, where staff cuts have made fewer people available to work on trade in most DFID programs. These cuts coincided with ongoing restructuring of the agency's programs in middle-income countries which brought trade reform "center-stage" and apparently made it necessary for the agency to shift some of its trade-related assistance to these countries.

The draft also outlines some changes in DFID's approach to trade-related capacity building. According to the document, DFID is planning to focus on interventions with "long-term impacts" which, the document says, means that the agency will limit the bilateral support to countries in relation to trade negotiations and increase its capacity building in, and through, the private sector. The agency is also planning to carry out more interventions that target poverty and gender issues.

Full document *http://www.dfid.gov.uk/pubs/files/draftstrategy-increasing-impact-on-trade.pdf*

RCSA TO SET UP NEW IMPLEMENTATION MECHANISMS

The Regional Center for Southern Africa (RCSA) says it anticipates putting in place a few large implementation mechanisms including contracts, grants, and cooperative agreements over the next seven years to support the execution of its new strategic plan for the region.

RCSA's 2004-2010 strategic plan supports development programs that aim to increase competitiveness, improve rural livelihoods, increase electoral competition, and improve river basin management in the Southern African region.

On trade, the strategy proposes three approaches to support the region's trade competitiveness: to build the capacity of Southern African countries in negotiating and implementing international trade agreements and in developing policies, laws and regulations that support free trade and competition; to strengthen the capacity of clusters of export-oriented firms to produce and market their goods and services; and to support policy and institutional changes that will reduce the costs of trade.

RCSA was established in 1995 in Gaborone, Botswana. Funded by the United States Agency for International Development (USAID), RCSA aims to promote "equitable, sustainable economic growth in a democratic southern Africa". Since its inception, RCSA has implemented a number of initiatives to support the region's competitiveness in trade. The highlight of these activities was the launching of the Southern Africa Global Competitiveness Hub in February 2002.

GERMAN METROLOGY INSTITUTE ASSISTS SADC SMEs TO INCREASE EXPORTS

In an effort to enhance the capacity of Small and Medium Enterprises (SMEs) in the region to comply with international standards, the German national metrology institute, Physikalich-Technische Bundesanstalt (PTB), in coordination with the SADC Cooperation in Measurement Traceability (SADCMET), will launch a new toolkit containing guidelines for improving measurement practices in export-oriented SMEs.

The toolkit, Measurement in Small and Medium Enterprises, is designed as a self-assessment tool that firms can use to evaluate their performance in relation to standard measurement practices and identify areas for improvement.

The kit sets six rules which constitute good practice in the area of measurement. These include: performing the right measurements, using the right tools, using competent staff, reviewing measurement performance, proving consistency of measurement and following the right procedure. The toolkit also contains a list of questions that are designed to help firms rate their own performance on each of the good practice rules. The scores are then added, and the closer the score is to eight, the closer the company is to compliance.

Measurement in Small and Medium Enterprises was launched on May 20, 2005, marking World Metrology Day, and is available in English, French and Portuguese. In a pilot phase the toolkit will be launched in connection with several workshops that will take place in Malawi, Zimbabwe, Botswana, Swaziland and, potentially, Mozambique. PTB plans to make about 5,500 toolkits available over the next eighteen months.

In a related effort, PTB is also considering developing a series of sector-specific workshops on export quality management targeting Small and Medium Enterprises (SMEs) in the SADC region.

Kai Stoll-Malke, the PTB project coordinator, told INSAT the idea is still at a "preliminary" stage and that the objective of considering this series is to "elaborate more sector specific solution strategies for value chains in cooperation with SMEs."

The series being considered is part of the "Support to SADC in Implementing the SQAM Program," launched by PTB in 2004, which aims to develop and strengthen the SADC standards, quality, accreditation and metrology (SQAM) structures in line with the requirements of the SADC Trade Protocol and the WTO Agreements. PTB implemented a series of general workshops on export quality management in 2003 in Malawi, Zambia, Zimbabwe, Namibia and Mozambique under a previous project. The series provided an overview of the technical regulation and standards to SMEs to help them deal with the technical regulation requirements in export markets. Mr. Stoll-Malke says the targeted sectors under the new series will have to be export-oriented and particularly sensitive to quality management requirements in international markets. Although, in theory, PTB's export quality management workshops are targeted at SMEs in SADC, the institute says that, if implemented, the workshop would support all export-oriented companies regardless of their sizes.

EU TO SUBMIT THREE PROJECT PROPOSALS ON TRADE FACILITATION AND CAPACITY BUILDING IN THE REGION

The European Union has finalized three project proposals to finance trade facilitation activities in SADC and strengthen the region's capacity to comply with sanitary and phystosanitary measures and meet international standards.

The proposals are part of the EU's Regional Indicative Program 2002-2007, which allocates a €61.8 million aid package to support regional integration and trade activities in SADC.

According to the report, the EU's delegation to Botswana and SADC will submit to the European Commission over the next month an €18 million proposal to finance several components of a Customs Modernization Plan and a €5 million proposal to support capacity building on Maximum Residue Levels and Veterinary Drugs. The EU is also launching a €7.5 million trade capacity building project in support of the ongoing negotiations between the EU and various SADC Member States on an Economic Partnership Agreement. Finally, SADC is also working on a project proposal for support to SADC member states in Standards, Quality Assurance, Accreditation and Metrology with an estimated cost of €14.2 million.

In February, the EU concluded an agreement with the UN Conference on Trade and Development (UNCTAD) under which the two donors will jointly finance a project to strengthen regional capacity in negotiating the liberalization of services regionally and at the WTO level. The EU is also formulating a support program to improve the investment climate in the region and help SADC members conclude the Protocol on Finance and Investment (FIP).

NEWS BRIEFS FROM AROUND THE WORLD

Portman Appointed USTR

Robert Portman, a Republican Congressman from Ohio, was appointed as the United States Trade Representative.

Mr. Portman, served in the United States House of Representatives for 12 years. He said in a statement before the U.S. Congress that he is planning to focus on continuing the U.S. record of "opening markets to expand freedom and reduce poverty."

Mr. Portman succeeds U.S. Trade Representative Robert Zoellick, who has been appointed Deputy Secretary of State at the U.S. State Department.

EU Commission Acts to Open EU Markets to GMOs Despite Members' Opposition

In a decision that will undoubtedly affect the debate on Genetically Modified Organisims (GMOs) in SADC, the European Commission is planning to press ahead with opening the European market for genetically modified organisms (GMOs) and made it clear that it would overturn bans by member states if they remain deadlocked on the issue.

Citing conflicting views among member states on GMOs, the Commission argued in a policy statement that it would be "difficult if not impossible" to obtain a qualified majority either in favor or against marketing GMO products in the EU. Hence, the Commission decided that it "will have to continue to take ultimate responsibility for adoption of pending decisions for the placing on the market of new GMO products at least for the immediate future," according to the March 22 policy statement.

Allowing GMOs into the EU market may have significant implications for the Southern Africa region. The EU is the region's largest market for agricultural exports, and it has often been suggested that objections to GMOs in Africa stem from concerns about the potential loss of exports to the EU rather than health and environmental concerns. In 2002, Zambia and Zimbabwe rejected food aid that contained GM grains but accepted the importation of milled GM grain – thus preventing the possible use of modified grains for seed.

U.S. Administration Pledges to Expand Trade Liberalization Agenda

In March, the Bush Administration submitted to Congress the 2005 Trade Policy Agenda and the 2004 Annual Report of the President on the Trade Agreements Program. The Agenda outlines the Administration's trade initiatives for 2005 and reviews its work and accomplishments in 2004. The United States completed negotiations on FTAs with Bahrain and five countries of Central America and the Dominican Republic; and is waiting for Congressional approval of these FTAs so they can be implemented.

The report also says the Administration will aim to expand the trade liberalizing agenda this year and will continue to build the capacity of developing countries to participate in the global economy, and make the case for free trade to the American public.

U.S. Administration Proposes Significant Cuts in Cotton Subsidies

In line with the Administration's trade liberalization agenda, President George Bush has proposed a budget that would cut billions of dollars in subsidies to big cotton growers in the US.

The proposal would cap subsidies to individual farmers at US $250,000 a year or 30% less than the current $360,000 limit. The budget plan includes a 5% across-the-board cut for farmers. If enacted, the plan would trim federal spending on agriculture by US $587 million for the 2006 fiscal year and by US $5.74 billion over the next decade.

US, EU Take Measures to Restrict Chinese Textile Exports

The US and the European Commission took measures that will most likely lead to restricting Chinese textile exports to their markets, an outcome that many developing countries, especially those in Africa, will welcome.

In the US, the Committee for the Implementation of Textile Agreements (CITA), an interagency group chaired by the Department of Commerce, determined that imports of several apparel products from China have disrupted the U.S. market and threaten to impede the "orderly development" of trade in these products.

In a May 13 press release, CITA said that the U.S. market for cotton knit shirts and blouses cotton trousers, and cotton and man-made fiber underwear is being disrupted and there is a threat of further disruption because of Chinese imports.

CITA said it will request consultations with China by the end of this month to try to reach agreement on "easing or avoiding" market disruption. If the two sides fail to reach an agreement, CITA said, the quota will remain in place through the end of 2005.

In April, the European Commission opened an investigation into several categories of Chinese exports of textiles and clothing products that are being exported into the EU. The step, which came shortly after the EU published guidelines on safeguard measures against textile and clothing imports from China, could result in European sanctions against Chinese exports into EU member countries within a few months.

"In several categories of textile and clothing imports [data on Chinese imports] give cause for serious concern," European Trade Commissioner Peter Mandelson told a press conference in April, "based on these facts, Europe cannot stand by and watch its industry disappear."

The investigation will cover nine product categories: T-shirts, pullovers, blouses, stockings and socks, men's trousers, women's overcoats, brassieres, flax or ramie yarn and woven fabrics flax.

According to Mandelson statistics show increases in the import volumes of those categories ranging from 51% to 534% since the beginning of the year.

INSIDE THE WTO

Former EU Trade Commissioner Set to Head The WTO

Following three rounds of consultations between members of the World Trade Organization (WTO), former European Union Trade Commissioner, Pascal Lamy, emerged as the consensus choice for the position of Director General and is expected to be confirmed for the post by the General Council at its May 26-27 meeting.

In addition to Mr. Lamy, three candidates, all from developing countries, where originally nominated for the Director General position: Felipe de Seixas Correa of Brazil; Jaya Krishna Cuttaree, the trade minister of Mauritius; and Carlos Perez del Castillo of Uruguay. Mr. Cuttaree, SADC's candidate to the post, withdrew his candidacy after the second round of consultations leaving Uruguay's candidate as the last challenger to Mr. Lamy.

Pascal Lamy – who will succeed Supachai Panitchpakdi, who goes on to head the United Nations Conference On Trade and Development (UNCTAD) on Sept 1 – faces the uphill task of cultivating consensus among WTO members on a wide range of thorny issues, such as farm subsidies and industrial tariff cuts, before the WTO Ministerial Meeting in Hong Kong in December.

Africa's Merchandise Trade Shows Strong Growth, WTO Says

According to a recent WTO press release, which provides statistics on developing country trade in recent years, Africa's exports grew by some 6% and its imports by approximately 11% in real terms last year. Nominal growth in the continent's exports was dramatically higher than in previous years due to rising oil prices.

WTO Director-General Supachai Panitchpakdi said Africa's exports in nominal terms "grew by an impressive 30% last year, after rising strongly in 2003...this marks the highest growth in African exports since 1980," noting that the increase in trade has been associated with an expansion in production, which registered more than 4% growth in 2004.

On trade growth in developing countries in general, WTO statistics show that the share of developing countries in global trade has surged to a 50-year peak in 2004. Higher oil and commodity prices and vigorous global trade growth including recovery in trade in office and telecommunications equipment, have all contributed to this significant jump, the WTO said.

African Group Calls For Elimination of Cotton Subsidies By September

The African Group at the WTO Cotton Sub-committee called on WTO members to abandon all forms of domestic support and export subsidies for cotton by September of this year.

In a proposal circulated to WTO members before the subcommittee's meeting on 29 April 2005, Benin, Burkina Faso, Chad and Mali argued that the impact of reforms introduced by several African countries to improve the competitiveness of their cotton sectors "has been virtually nullified" by the support measures and subsidies that many WTO Members continue to apply. The group called for the elimination of all export subsidies by July 2005 and domestic support by September 2005.

In the proposal, the group also called for improving market access for Least Developed Countries' (LDCs) cotton producers and granting net cotton exporters among these countries duty-free and quota-free access for cotton and its by-products

A copy of the proposal available at *http://docsonline.wto.org/DDFDocuments/t/tn/ag/sccgen2.doc*

Negotiators Agree on Key Formula in Agriculture Talks

Following months of tense negotiations, key members of the Agriculture Negotiating Group at the WTO reached agreement on a technical issue that had held up WTO members from launching serious negotiations on reducing agricultural tariffs and threatened to slow progress in negotiations on other issues.

The US, the EU, Brazil, India and Australia, agreed on how to convert specific duties, such as 10 cents per pound, into *ad valorem* equivalent (AVE), such as 10 percent. Negotiators need specific duties to be converted into AVEs before they can negotiate details of the tiered tariff-reduction formula. The issue of AVE conversion had pitted the EU and a number of food importing countries that make more use of specific tariffs, against the US, the Cairns group of agricultural exporters and the G-20.

The basic difference between negotiators was over what prices to use in calculating the conversions. For most tariff lines, members agreed to base AVE conversion on "unit values" calculated from notified import values and volumes in the WTO Integrated Database (IDB). Complications arose however with products that are subject to preferences or tariff quotas. For these products, prices computed based on IDB data tend to differ significantly from world prices compiled in the UN commodity trade statistics (ComTrade) database.

Importing countries wanted to use the import prices as estimated by the WTO's database, which would generally lead to lower *ad valorem* tariffs and, in turn, lower tariff reductions. By contrast, agricultural exporters favor the use of the world prices tabulated in ComTrade, as they tend to be generally lower than import prices and would lead to higher AVEs and eventually higher tariff cuts. The EU argues that ComTrade data is misleading because it doesn't distinguish between price variations within one product category that arise from differences in quality.

Under the new agreement, which is a compromise between the positions of different groups, members will use formulas that weigh prices estimated based on both IDB import figures and ComTrade data. But the formula gives ComTrade figures more weight when calculating prices for commodities than for processed products.

The deal will still have to be approved by all WTO members, but sources say no countries have expressed explicit opposition to the deal, although a few said that they would need more time to review it. The Agriculture Negotiating Group will meet again at the end of May.

As we were going to press, there was a surprise announcement that New Zealand's Ambassador to the WTO, Tim Groser, has resigned as his country's representative. This brings into question his continued leadership as Chairman of the WTO's agriculture negotiations at a critical time. Groser resigned to stand as a parliamentary candidate in New Zealand's general elections later this year.

INSAT FOCUS

STRIPPED OF QUOTAS

LESOTHO'S TEXTILE AND CLOTHING INDUSTRY STRUGGLES TO FIND ITS PLACE IN POST-MFA WORLD

The factory's air is filled with the sound of sewing machines emanating from the assembly line. Row after row of workers are cutting patterns and running pieces of fabric through the electric sewing machines, as heaps of finished camouflage jeans lie on the factory floor. In one corner, a woman wearing a medical mask is working diligently to finish a pair of blue Levis jeans. The clothes, made by Presitex factory in Lesotho, are bound for the US, where they will be sold in some of America's most popular retail stores.

Presitex, established in 2000 under the CGM Group, has grown to become one of Lesotho's biggest and most successful textile and clothing factories, boasting exports of around $74 million a year. But business is not as good as it used to be. Mr. Madhad Dalvi, CEO of CGM group, says last year they had enough orders to operate the factory at full capacity all year round. This year he expects to operate the factory at full capacity for four months only.

Presitex is one of many textile and clothing factories in Lesotho facing an uncertain future. The country's nascent textile and clothing industry, which flourished for several years and became an example of success in Southern Africa, is experiencing serious difficulties that have forced many factories to shut down or downsize since the middle of last year.

The tale of Lesotho's textile and clothing industry commenced in the 1980s when foreign investors began exporting apparel from Lesotho to the US under the Generalized System of Preferences (GSP). This was followed by significant additional investment in the late 1990s when the US announced its intention to grant least developed countries in Africa free access to the U.S. market using third-party fabric under a new legislation that came to be called the African Growth and Opportunity Act (AGOA). Lesotho, offering cheap labor and tax incentives for investors managed to attract considerable foreign investments mostly from Asian countries such as China, Taiwan and Malaysia, which at the time were subject to quota restrictions in the U.S market.

In the following years, Lesotho's textile and clothing industry grew at a startling pace. In less than five years, the industry grew substantially to employ about 60,000 people and by 2003 was exporting $400 million worth of garments.

During those years the CGM group, which first came to Lesotho in 1986 as Basotho jeans grew considerably. After adding the Presitext factory in 2000, the company increased its production by approximately 40 percent.

By 2003, tiny mountainous Lesotho had grown into a major textile and clothing manufacturer in Africa producing 31% of AGOA exports to the US. The textile and clothing industry also became a major contributor to Lesotho's economy accounting for about 10% of the country's GDP. A 2003 report by The Lesotho National Development Corporation proudly stated that, "Lesotho has been transformed into a shining example of Sub-Saharan Africa by becoming the number one supplier of textile and clothing products to the US under the AGOA initiative."

But by the end of 2004, the success of Lesotho's textile and clothing industry began to look all but sustainable. The Multi Fiber Arrangement (MFA) which, through a quota system, guaranteed poor countries like Lesotho access to the apparel markets in industrialized countries while limiting exports from producers like China, was scheduled to expire on December 31, 2004. Ending the quota system meant that Lesotho was about to lose the main advantage that had lured Asian entrepreneurs to the country five years earlier.

As it turned out, eliminating the apparel quotas was a tough test for Lesotho's industry. Eight clothing factories, accounting for more than 20 percent of total clothing production in the country, shut down between May 2004 and February 2005, leaving more than twelve thousand workers without jobs and casting a grim outlook on the future of the whole industry. Many observers expect more factories to close down or at least downsize in the short and medium term.

Many experts say the difficulties the industry is experiencing are hardly surprising. The MFA, they argue, had shielded exporters in least developed countries from competition with more efficient and cheaper producers like India and China, thus creating an artificial advantage in clothing production in many of those countries. In a report, the Elimination of Quotas under the World Trade Organization Agreement on Textiles and Clothing: The Impact on Lesotho, The Southern Africa Competitiveness Hub warned that "...quotas constrain nearly 100% of apparel goods exported from Lesotho to the United States. This is a cause for concern because Lesotho lost its protection against competition from Asia in these product areas effective January 1, 2005". The report noted that for the top two product categories that Lesotho exports to the US, China and India have the greatest potential to capture the U.S. market share after the removal of quotas.

Although there is little doubt the elimination of the quota system has played a role in undermining Lesotho's clothing industry, it would appear that the root causes of industry's decline lie elsewhere.

In February, Deputy Chief of Mission Karl Albrecht at the U.S. Embassy in Lesotho and Peete Molapo, Chief Executive Officer of the Lesotho National Development Corporation told the press that it was too soon to blame the decline in the industry on the end of the Multi-Fiber Arrangement. They pointed to other causes, such as poor management and the rampant rise in the value of the South African Rand against the U.S. Dollar.

Mr. Dalvi of CGM, echoing their argument, says the industry's main problem is the government's exchange rate policy. Lesotho, a member of the Rand Common Monetary Area (CMA) along with Namibia and Swaziland, has its currency, the Loti, pegged at par to the South African Rand. Since Lesotho began exporting textiles to the US under AGOA, the Rand appreciated from R13/US$ to the Dollar to around R6/US$ today, thereby raising the prices of Lesotho's exports dramatically in the U.S. market.

"The strong Rand pushes our costs so high that we end up at $3 to $4 per garment and so our competitive margin is only about 60 cents and our profit margin is zero" Mr. Dalvi says, adding that the Rand must be at least at 8.25/$US if the industry is to be able to compete against China.

China has pegged its currency to the U.S. Dollar and has so far resisted pressure from the US to allow its currency to appreciate.

Hon. Mpho Malie, Lesotho Trade Minister who agrees that the Rand appreciation has had a significant impact on textile and clothing exports from Lesotho, says CMA members should increase the level of consultation among them in relation to the Rand's exchange rate. "I think there should be much more closer consultation among the four states that are under the common monetary area," Hon. Malie told INSAT in an interview earlier this month," if you take a look some things hurt the smaller economies much more than the bigger economies."

Mr. Dalvi also points out that the industry doesn't fully benefit from the incentives that the government has set up to encourage the export sector. For instance, he says, rebates for imported inputs and refunds of Value Added Tax (VAT) for inputs sourced locally that exporters pay on imported inputs – which are cited by Lesotho's National Development Corporation website as some of the incentives offered to exporters – are often subject to extended delays.

"We should look much more closer to home to see how can we modify the trading regime to make sure we try to protect ourselves from the fading away of preferences"

Minister Malie, who acknowledges this problem points to the Government's recent effort to revamp the duty credit scheme in terms of management and audit to accelerate payments to companies. The program is now being administered by an independent audit firm and rebates are processed faster than that they used to, which helps in alleviating the liquidity problems that firms used to face.

Lesotho's textile and clothing industry is also grappling with several problems related to labor. Having resolved workers rights issues, the industry is still suffering from high absenteeism and turnover of staff mostly due to the prevalence of HIV/AIDS-related illnesses. According to the study by the Southern Africa Hub, all textile and clothing firms interviewed cited critical employee shortages at the end of each month. One factory owner, the study says, estimated daily absenteeism rate at his factory at about 10 percent. Comparable rates in Asian factories are 2-3 percent. An article published in a local newspaper recently reported a large increase in the number of deaths among textile workers. According to the article, The Lesotho National Insurance Group has been processing on average five claims a day to cover expenses for funerals of textile workers.

The Lesotho textile and clothing industry is facing a tough challenge. In the short run, the industry can continue to benefit from preferential treatment under AGOA, which exempts Lesotho's exports from tariffs and duties that normally apply to U.S. textile and clothing imports. In the long run, however, the industry's survival will depend crucially on how it adapts to competition from Asian producers.

Adapting to competition will require the government and the industry to work hard to resolve the problems that have hampered the development of a truly competitive textile and clothing industry.

"We should look much more closer to home to see how can we modify the trading regime to make sure we try to protect ourselves from the fading away of preferences," Mr. Malie says "We cannot avoid it but what we need is to position ourselves that even during the hard times we still survive with competitiveness however small."

At Presitex factory, which employs around eight thousand workers, Mr. Dalvi vows to stand up to the challenge. "We have a social responsibility to the people we employ, we cannot just take the decision [to shut down] so easily", he says.

WE SPEAK TO...

HON. MPHO MALIE, LESOTHO'S MINISTER OF TRADE AND INDUSTRY, COOPERATIVES AND MARKETING

After five years of startling success and job creation fueled by AGOA, the textile and clothing industry in Lesotho is experiencing serious difficulties that have resulted in significant job losses; could you give us your evaluation of the situation in the industry and, more importantly, how the Government is planning to deal it?

We were faced with two problems. The first one was the end of the MFA which was January 2005. The second issue, which is a major one, is the foreign exchange. The Rand/U.S. Dollar exchange rate moved from just over 13 Maloti to a Dollar to 6 Maloti to a Dollar. During the time when the exchange rate was 13 Maloti, the industrialists went into a lot of expansion and they improved employees' salaries and wages. But when the whole thing turned around they still had to meet obligations from their expansion costs and also to meet the salaries, wages and structures that they had come up with during the good times. So the major problem that our industrialists faced was not so much the end of the MFA, but the exchange rate problems and a number of the companies that went under didn't go under because they didn't have orders; they went under because they couldn't manage their cash flows.

What we did to be proactive, in February we went out to the US to meet with some of the big vendors in the United States like Levi Strauss and Banana Republic. We reassured them that Lesotho was still a healthy destination to purchase from. During the visit we were able to get Levi Strauss to quadruple their orders to Lesotho for 2005 from 200,000 pieces to about 2 million pieces so that was a very successful trip.

The other thing we did was to address the issue of the cash flow. We looked closely at the duty credit certificate scheme, and we used the duty credit certificate scheme to alleviate the problems that the industrialists were faced with, with cash flows, so that that incentive was used to really assist them to get the industrialists to go through the hard time and because of that we were able to get two companies that had closed in January back on board, and we were able to salvage a very serious situation in a number of companies that were just about to close. That helped us and we now think the situation, even though not completely resolved, has stabilized. We are still working very hard with the Prime Ministers inter-ministerial task team which was set up in June 2004 to address the textile and clothing sector and make sure that problems such as these are taken care of and resolved through consultations.

This puts a microscope on the relevance of the Common Monetary Area (CMA) to the economy of Lesotho. What is your view on the on the relevance of the CMA to the economy of Lesotho?

One shouldn't only look at the dark clouds, you have to bite the bullet when times are tough. But I think there should be much closer consultation among the four states that are under the common monetary area because again if you take a look some things hurt the smaller economies much more than the bigger economies.

Would the government consider trying to develop other sectors to replace the textile and clothing industry?

We are trying to diversify the markets. But most importantly we are trying to diversify in terms of industries. That is why we are looking at canners like beans, stone mining is also taking a new dimension, and we are looking to revive the clay and pottery sector in Mafeteng. We are looking strongly at tourism to say how best can we grow these.

As someone who takes part in designing the country's economic policies, what would you say are the most important take away lessons from the experience of Lesotho's textile and clothing sector?

The lesson to us is that we should at least strengthen intra-regional trading. We should look much more closer to home to see how can we modify the trading regime to make sure we try to protect ourselves from the fading away of preferences. We cannot avoid it but what we need is to position ourselves that even during the hard times we can survive through being competitive.

There have been a lot of efforts in recent months to breathe life into the lagging FTA negotiations between the US and SACU. For example in December, the US administration agreed with SACU trade ministers to let Deputy Ministers rather than negotiators guide the stalled talks, and couple of months later you visited the US to discuss ways to revive these talks. But so far the talks have not resumed, why?

Simply, the negotiations have stalled for a number of reasons. But the major one is the introduction of phase two aspects or the Singapore issues. What we were saying to the Americans is that we don't have the capacity to handle the phase two issues. They want us to put in place trade remedies and put in place legal structures to be able to take care of these issues. We are not in a position to do that, we still have a problem with implementing some of the obligations that we have and it's not through lack of trying it's through lack of resources, financial, technical, you name it. And we are saying drop your level of ambition in terms of the phase two issues. But U.S. negotiators are not only answerable to the U.S. Trade Representatives they have to get approval from Congress. But what we would like to see is the talks finalized before 2007 and before some of the preferences under AGOA are eroded. Another thing we are saying to the Americans we don't want to come up with a FTA that short-changes or gives us anything less than what we have under AGOA. It wouldn't make sense that we lose preferences that we have under an act with AGOA.

And do you see an opportunity to resume the talks if you insist on this position?

Positions are always negotiated.

In your view what are the necessary steps that need to be taken in order to resume the US-SACU FTA talks?

I think we have agreed on a structure and what we need to do is to go out and implement the structure and the onus is on our side as SACU and I'm certain this Secretariat is working hard.

What role, if any, has the private sector in SACU played in FTA negotiations with the US?

I think a lot, mostly the South African private sector in consultations but we have also consulted with our own private sector and there has been a lot of interest in our exporters to see how we are negotiating. One thing of interest is to say are you locking the third country fabric issue for companies like Nien Hsing because if we don't it will be worthless so the interest has been there and our private sector has been involved.

What are SADC's primary trade-related objectives for negotiating EPAs especially in the agriculture area?

We are negotiating as SADC. Again let's not forget that as SADC member states it's not all of us who are negotiating under SADC. There are member states who have decided to negotiate the COMESA route. We are trying to look at what we have and what South Africa has in terms of the trade and development agreements that they have. It took South Africa a long time to negotiate. Again the level of development of South Africa is an issue, they are members of the G20 and they have a very strong agricultural sector and when they negotiate their agreements they negotiate from this position. We should also not forget some of the SADC member states who are negotiating have special preferences like the sugar for Swaziland, and the beef when it comes to Botswana, fisheries in Namibia so we are taking all these issues into consideration when negotiating our future relations with the EU on the basis of our own new Southern African Customs Union agreements, and the SADC protocol and we are taking a much more holistic approach in terms of our negotiations. And we think we are on track, there is a lot of work that needs to be done and we are very appreciative of South Africa that they've come out and said they would be able to assist in terms of capacity building for the negotiations. We have also come up with structures within SADC such as the EPA unit within the Secretariat which will focus exclusively on the negotiations, so we are working on the approach that we are taking.

In February, Minister Malie, and the U.S. Ambassador to Lesotho, Hon. June Carter Perry, led a Trade Delegation consisting of members of public and private sectors and labor, to the United States.

The trip resulted in additional orders for Basotho goods, in particular from GAP, a new client, GYMBOREE, and Levi-Strauss.

In Washington, D.C., New York and San Fransisco, the Trade Mission met with private sector representatives on diversification, the Chairman of the Millennium Challenge Corporation, the National Security Council Senior Director for Africa, the State Department, the acting USAID Africa Administrator, Assistant U.S. Trade Representative Florie Liser, and Members of Congress.

Since the Trade Mission, the U.S. Embassy has been spearheading a number of follow-up activities, including a meeting with the Textile Manufacturers Association and discussions with Levi Strauss over the implementation of their corporate policy on HIV/AIDS in Lesotho.

GUEST PERSPECTIVE

OPPORTUNITIES AND CHALLENGES FACING THE AGRICULTURAL SECTOR IN CENTRAL AMERICA FOLLOWING THE FREE TRADE AGREEMENT WITH THE US

By Dr. Ligia Quiros, the Head of the Animal Health and Exports Department at the Costa Rican Ministry of Agriculture and Chief CAFTA Negotiator on SPS issues.

The phenomenon of economic globalization has generated important changes in the rules that govern trade in goods and services in general and for food in particular. With respect to the latter, the most notable changes include the creation of the World Trade Organization (WTO), the introduction of the sanitary and phytosanitary (SPS) measures as legitimate measures in trade, and the Agreement on the Application of the Sanitary and Phytosanitary Measures (SPS Agreement) relating to trade in animal and vegetable products. These factors have driven radical changes in agricultural policy, particularly in the less developed countries. Today, greater attention to the sanitary quality of foods is demanded to ensure protection of consumer health; the use of new technology is promoted to increase productivity, and multilateral or bilateral treaties that incorporate provisions on quality standards have become common.

While countries are eliminating or reducing their tariffs, they are maintaining and reinforcing their sanitary measures and creating new barriers to trade that are difficult to overcome, especially by developing countries. However, a general principle of international commerce is that SPS measures must have a scientific justification (namely, an identified risk to public health, animal or plant health). Moreover, the methodology for justifying these measures under the SPS Agreement is governed by three fundamental principles: risk analysis, the most-favored nation, and national treatment.

It is in the application of these three principles that the Central American agricultural sector encounters great difficulty especially when they are trying to compete with producers from economically developed countries.

Tariffs generate a lot of debate between countries during the negotiations of a trade agreement, particularly relating to the establishment of quotas and contingent protection. But countries don't negotiate their sanitary and phytosanitary regulations, because no country is willing to make compromises on regulations that aim to protect human, animal or plant health. But these regulations are the ones that determine whether a product can enter its internal market or not.

To meet the standards set by various international agencies such as CODEX and International Plant Protection Convention, farmers are increasingly required to adopt agriculture practices that ensure protection of human and plant health. For example, farmers must protect their crops from contamination that can be harmful to consumers. They must also introduce changes in the production, transformation, storage and commerce of food products if they want to compete in the international market.

In a world where the globalization of commerce is irreversible and the economic development of a country depends on the level of its integration in the world market, we realize that we need to set goals that allow us to participate in the international market and, at the same time, protect ourselves from food products that do not fulfill the sanitary phytosanitary measures and could harm the public health.

Before initiating the process of negotiation of a Free Trade Agreement with a developed country, it is essential that the developing country takes into account the following measures:

• Establish coherent state policies that involve different issues and agencies involved in food commerce (economic, productive, sanitary, foreign trade, internal commerce, protection of the workers, use or disuse of agricultural chemicals, among others).

• Concentrate on how to access new markets rather than how to prevent the products from the negotiating partner from entering our markets. This is one of the major errors that some sectors make. In the case of Costa Rica, for example, we found that sectors that focused on improving their sanitary and production conditions were able to export without problems. By contrast, sectors that concentrated on lobbying the government to prevent agriculture products from entering the country were not able to export.

• Develop information systems that facilitate the monitoring of animal and plant diseases. Such information systems do not have to be sophisticated or expensive. It is important that developing countries develop the culture of record keeping initiated by the developed countries more than 50 years ago. It is important to have "notebooks" at certain points in the food supply chain to record data that is particularly relevant to plant and or human health.

• Fight against the corruption and resist political intervention in making technical decisions.

• Update and harmonize the food legislation so that it agrees with international norms that can allow a country to demonstrate that it fulfilled these norms.

Assistance by developed countries in the area of SPS is also crucial during free trade negotiations. There is a huge gap between developed and developing countries in terms of the production methods adopted by producers, the presence in the international forums in which international sanitary and phytosanitary standards are discussed and established, and the level of technological advancement. Hence it is important to request from developed countries commmitments to assist developing countries in relation to SPS issues in order to enable their integration in the world market.

In the case of the Free Trade Agreement of the Central American region with the United States, we are benefiting from US technical assistance in the following areas;

• Strengthening of the Official Sanitary and Phytosanitary Services in charge of the inspection and certification of exporting plants.

• Training of personnel in charge of conducting analysis of risk of food and raw material imports.

• Training on new methods for food production that guarantee food safety.

• Training in the recognition of the equivalence of the systems of inspection and food certification.

SPS PROVISIONS IN THE CAFTA AGREEMENT

CAFTA, the Central America Free Trade Agreement, was signed by the US and Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua on May 2004. The Agreement aims to abolish nearly all trade barriers between participating countries over ten years. On SPS issues, the agreement calls for the establishment of the Committee on Sanitary and Phytosanitary Matters to facilitate consultations on various SPS related issues among the parties to the agreement.

According to the Agreement, the Committee on Sanitary and Phytosanitary Matters aims to provide a venue for, among other things, enhancing mutual understanding between parties on sanitary and phytosanitary measures and the regulatory processes that relate to those measures; consulting on matters related to the development or application of sanitary and phytosanitary measures that affect trade, and reviewing progress in addressing sanitary and phytosanitary matters that may arise between the Parties' Agencies and Ministries.

The Committee also makes recommendations on capacity building priorities with respect to sanitary and phytosanitary issues.

ESSENTIAL TRADE LINKS

The Common Market for Eastern and Southern Africa (COMESA): www.comesa.int

Southern African Development Community (SADC): www.sadc.int

The World Trade Organization: www.wto.org

United States Trade Representatives: www.ustr.gov

US Trade Development Agency, USTDA: www.tda.gov

The Official AGOA website http://www.agoa.gov/

Another useful AGOA resource is www.agoa.info

World Bank Trade website: www.worldbank.org/trade

United National Conference on Trade and Development UNCTAD: http://www.unctad.org

The EU Directorate General for Trade: http://europa.eu.int/comm/trade/

For more on trade between the EU and African, Carribean and Pacific (ACP) Countries: see www.acp-eu-trade.org

Find FTAs at: http://mba.tuck.dartmouth.edu/cib/research/trade_agreements.html

TRADE RESOURCES

SOURCES ON TARIFFS, TRADE REGULATIONS AND STANDARDS

US Tariff Database. This database contains *ad valorem* and per unit specific duties applicable to any products imported into the US. It also provides information on the preferential access and duty exemptions that apply to different countries and products. To use this database, enter either the first part of an Harmonized Tariff Schedule (HTS) category number up to 8 digits – e.g., "8501" or "850110" – or any part of a product description – e.g., "fruit", or "orange" – (without the quotation marks). The search is not case-sensitive. You can access the database at *http://dataweb.usitc.gov/scripts/tariff2005.asp*

You can also obtain tariffs for groups of products at *http://www.usitc.gov/tata/hts/bychapter/index.htm*

EU Tariff Legislation: This website provides *ad valorem* and per unit specific EU duties that apply to various products imported into the union. Products are grouped according to broad headings and each heading contains a number of sub-headings for the specific products.

To access EU tariff, go to *http://europa.eu.int/eur-lex/en/archive/2001/l_27920011023en.html*

International Portal on Food Safety – The International Portal on Food Safety, Animal & Plant Health (IPFSAPH) facilitates trade in food and agriculture by providing a single access point to official international and national information across the sectors of food safety, animal and plant health. The site provides access to formal texts such as agreements, guidelines, legislation/regulations, and standards and trade concerns and contacts. Users can search by commodity grouped according to the World Customs Organization's Harmonized System HTS of commodity classification, geography, information source, or cross-sectoral issue. Cross-sectoral issues covered include biotechnology, certification, chemical contaminants/toxins, control measures, diseases, environmental impact, pesticides, hygiene, labeling, packaging, hygiene, WTO Agreements, risk analysis, trade, and more. Access the portal at: *http://www.ipfsaph.org/En/default.jsp*

NEW RESEARCH

Appropriate Legal Provisions Dealing With Safeguard Measures. A short paper authored by Lambert Botha and published by Trade and Law Center for Southern Africa. The author presented the paper during the SADC EPA Workshop on Negotiating Guidelines for SADC EPA in Johannesburg on 20 January 2005. The paper discusses different safeguard mechanisms found in a number of international trade agreements. It concludes with some recommended options available to EPA partner countries which may allow these countries to provide the necessary protection to their domestic industries should the need arise for such measures. The selection of these measures takes account of the limited technical and institutional capacity in the region in the area of safeguard measures and the limited access to trade data in many countries in the region.

The paper can be downloaded at *http://www.tralac.org/scripts/content.php?id=3349*

New Directions in Global Food Markets, edited by Anita Regmi and Mark Gehlhar. The report was published in February by the US Department of Agriculture Economic Research Service. The report examines current multilateral rules governing global trade in high value foods, analyzes trade patterns by the content of trade, and evaluates the impact of improved market access by uniform reductions in global tariffs.

The report is available at: *http://www.ers.usda.gov/publications/aer840/aer840.pdf*

Global Agricultural Trade and Developing Countries, edited by A. Aksoy and J. Beghin. The book, a World Bank Publication, looks at world agriculture production and trade patterns and examines outstanding issues in global agricultural trade policy. It covers several topics ranging from the details of crosscutting policy issues to the highly distorted agricultural trade regimes of industrial countries and detailed studies of agricultural commodities of economic importance to many developing countries.

To download a copy go to: *http://siteresources.worldbank.org/INTGAT/Resources/GATfulltext.pdf*

To purchase a copy go to: *http://www.diesel-ebooks.com/cgi-bin/item/0821358642*

Customs Modernization Handbook, edited by Luc De Wulf and J. Sokol. The book, also published by the World Bank, was released in February and aims to help developing countries benefit from trade facilitation. The costs of transporting developing country exports to foreign markets are often a greater hindrance to trade than are tariffs; and trade-related transaction costs such as freight charges and other logistical expenses are a crucial determinant of a country's ability to participate in the global economy.

Purchase / Download the book at *http://publications.worldbank.org/ecommerce/*

INSIDE THE TRADE HUB

AGOA PROGRAM

The Trade Hub is carrying out a range of services on AGOA, including assistance to countries in developing national AGOA export strategies, firm-level export assistance, and training programs for small and medium sized enterprises. To date the Hub has provided AGOA training to over 250 small to medium-sized enterprises in Mozambique, Botswana, and Malawi. The seminars improved understanding of U.S. market requirements, helped exporters to organize themselves to meet large marketing orders, and led to export contracts for producers. The Hub also focused on sending export-ready companies to trade shows in the United States, resulting in an increase in AGOA exports from the region in the apparel, handicraft, and processed food sectors. In the agriculture sector, the Hub is prioritizing agricultural products based upon market potential in the United States with the aim of increasing AGOA exports in the medium term. The Hub also plans to focus on opportunities in the seafood sector, particularly in shrimp from Mozambique.

INTER-AGENCY PARTNERSHIPS KEY TO SUCCESS

On Friday, March 18, the US Ambassador to Botswana, H.E. Joseph Huggins paid a visit to the Trade Hub to meet the new contractors. Ambassador Huggins was briefed on the work plans at the Hub and given an opportunity to respond to our presentations with some of his own suggestions and questions. Ambassador Huggins emphasized the importance of inter-agency partnership and the collective advantage we enjoy as Team Botswana - comprising the US Embassy in Gaborone, the USAID Regional Centre for Southern Africa (RCSA) and the Southern Africa Global Competitiveness Hub. He encouraged the Hub team to use the opportunity of being based in Botswana to reach out to the private and public sector in our host country to improve their competitiveness in addition to fulfilling our mandate as a regional intiative working towards trade expansion in Southern Africa.

PUBLIC OUTREACH AND PROFESSIONAL DEVELOPMENT PROGRAMS

The Hub has developed a new public outreach program in order to raise the profile of the Hub in Botswana and throughout the region. The program will continue to be developed over the next quarter, led by the new Hub Manager Marty Norman. The outreach program will include the hosting of breakfasts and lunches to introduce the Hub to public and private sector stakeholders in Botswana. It will also involve a Lunch Series on topics of interest to stakeholders. The first Lunch Series event was held in February when Luc de Wulf, an International Customs Expert, spoke to a group composed of Senior Botswana Customs Officials, SADC Customs Advisors and donor representatives on the topic of Customs Modernization.

Members of the Fact Finding Mission at the Karan Beef abattoir in South Africa.

LIBERALIZING TRADE IN BOTSWANA'S CATTLE INDUSTRY

Over the past month, the Hub has forged a strong relationship with the newly established Botswana Cattle Producers Association (BCPA). On March 9, TCC Resident Agribusiness Specialist, John Keyser attended the inaugural meeting of the BCPA, which marked the first time all 12 of Botswana's regional associations came together to speak with a common voice. In April, the TCC funded the BCPA's participation in a joint Fact Finding Mission (FFM) to Namibia and South Africa to investigate regional market opportunities for live weaners and potential for creating a new auction system in Botswana. Kilo for kilo, the FFM found that weaners in Namibia sell for 250% more than in Botswana and that the type of small weaners produced by communal farmers are the most highly sought after by South African feedlots. The TCC is now working with the BCPA to complete its legal registration and to establish itself as a new generation production and marketing cooperative. The recommendations of the FFM will be presented to Government in May.

INSIDE THE TRADE HUB

NEW CONTRACTORS AT THE TRADE HUB - REACHING FOR NEW HEIGHTS

Durng the last quarter of 2004 two new consortia were appointed to run technical programs at the Southern Africa Global Competitiveness Hub in Gaborone, Botswana

A consortium led by The Services Group (TSG) and Nathan Associates was awarded an initial 4-year contract to implement components aimed at improving the policy and regulatory environment for competitiveness and free trade; and the reduction of key transaction costs.

A second consortium led by CARANA Corporation and Abt Associates was also awarded an initial 4-year contract to implement programs and projects aimed at strengthening the capacity of targeted clusters to produce and market competitive goods and services.

Michigan State University was awarded a cooperative agreement to help accomplish RCSA SO 15 – the diversification of rural livelihoods in Southern Africa.Called the Partnership for Food Industry Development - Fruit and Vegetables (PFID - F&V), the project is being headed by Chibembe Nyalugwe and is housed at the Trade Hub.

During the first quarter of 2005 key long and short-term staff were mobilized and new work programs were put into action. As of April 1, 2005, the TSG consortium is also responsible for the management of the Trade Hub.

For further information, please contact us:

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Robert Kirk, Project Director. Robert has over 20 years of experience working on economic and trade policy issues in Southern Africa and around the world. As Project Director, he provides strategic direction and technical leadership to the Hub and the Trade Facilitation and Capacity Building Project. As Vice President of TSG, he is based in Washington DC.

Lisa Yarmoshuk, Project Director. Lisa has over 10 years experience in international trade law, strategic management and policy issues. As Project Director she is currently involved in leading all aspects of the Hub and the new USAID/RCSA Trade Facilitation and Capacity Building Project.

Martin Norman, Trade Hub Manager. Marty has more than twelve years experience in the management of multi-use facilities in Africa and Latin America, investment promotion, country competitiveness analysis and project management. He will spearhead the efforts to establish the Hub as a "Center of Excellence" for trade within Southern Africa.

Paulina M. Elago, Deputy Director, Trade Facilitation and Capacity Building. Paulina is a trade economist with over 15 years experience in trade policy and international trade issues. As Director of International Trade in Namibia she served as Chief Negotiator for the SADC Trade Protocol, the SACU Agreement and multilateral negotiations.

Amanda Hilligas, AGOA Advisor. Amanda has 10 years experience working on economic development issues in Southern Africa. Prior to working at the Trade Hub she worked in the Market Access and Compliance Division of the U.S. Department of Commerce where she was an advocate for U.S. business interests in Southern Africa.

John Keyser, Director and Agribusiness Specialist, Trade Competitiveness. For the past 10 years John worked as an independent consultant in agricultural economics and rural development in Southern Africa and beyond. His focus has been on production systems, value chains, project appraisals, regional investment strategies and poverty reduction.

Bridget Chilala, Director Trade Capacity Building. Bridget is an economist with 20 years of experience in trade policy and trade negotiations. She was Zambia's Chief Trade Negotiator between 1994 and 1999. Most recently she was an advisor at the Commonwealth Secretariat where she designed and managed the Hub and Spokes project.

Ranga Munyaradzi, Senior Customs Advisor. Ranga has more than 20 years experience in Customs operations in the region. He served as Head of the Zimbabwe Customs Administration from 1986 to 2002, and as Customs Transit Advisor at the Hub during the period 2002 – 2004.

Joshua Setipa, SACU Trade Capacity Building Advisor. Joshua has more than 10 years experience as a trade policy consultant and advisor. He recently worked on a Trade Capacity Building project with SADC, funded by USAID. Prior to this he represented Lesotho at the UN and WTO in Geneva.

Gina van Schalkwyk, Information and Communications Coordinator. Gina is a political analyst with experience working in research and policy analysis with leading think-tanks in South Africa. She previously edited the SADC Barometer and African Security Review. She edits the INSAT Newsletter and coordinates outreach activities at the Hub.