MEMORANDUM

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ITALY KEEN ON IVORIAN EMERGENCE PROJECT

Italy's Foreign Affairs and International Cooperation Minister, Paolo Gentiloni, on a 48-hour official visit to Cote d'Ivoire, on Friday spoke of his country's keen interest in the Ivorian emergence project.
"Italy is very interested to deepen ties with Cote d'Ivoire. The country is getting more stable with decisive roles in a West African region of great importance economically," the Italian diplomat said after meeting with Prime Minister Daniel Kablan Duncan.

"The transformation of Cote d'Ivoire into an emerging country interests us. We are interested in the stability of the country... Italy can contribute in the fields of infrastructure, roads, railways, art, industry, fisheries as well as energy and small and medium industry" the Italian diplomat added.

"Through trade, we can do much more" he added.

The Ivorian PM for his part said Gentiloni's visit "marks the true intention of Italy to expand its network of preferred partners and strengthen cooperation with Cote d'Ivoire."

Extolling his country's virtues which "after decade of turbulence, is writing new pages of its history", the Ivorian Premier insisted that Cote d'Ivoire is "a profitable pool of business opportunities that could be the gateway for the West African Economic and Monetary Union (UEMOA)."

Duncan said while expressing optimism about these figures improving in the future: "Our exchanges have increased from CFA221 billion in 2011 to CFA357 billion in 2015".

Gentiloni also held fruitful exchanges with his Ivorian counterpart, Albert Mabri Toikeusse and President Alassane Ouattara.

Diplomatic relations between the two countries date back to 26 July 1961.(APA 05-08-2016)

NETHERLANDS OFFERS A MARKET FOR ZIMBABWE'S ORGANIC FRUIT

According to ZimTrade, Zimbabwe's trade development and promotion organisation, the Netherlands presents a growing market for organic fruits, particularly dates, figs, mangoes, pineapples, avocados and guavas.

The import bill for mangoes, mangosteens and guavas in the Netherlands has been on an upward trend, increasing by 38 percent from $197 million in 2011 to $272 million in 2015. As the Netherlands does not produce these fruits, it is one of the largest importers globally.

In 2015, amongst the European Union (EU) 28 member countries, the Netherlands accounted for 25 percent of the total import bill ($929 million) for mangoes, mangosteens and guavas.

It was followed by Germany and the United Kingdom, both at 18 percent.

The Netherlands imports the bulk of its mangoes between November and May, which coincides with Zimbabwe's mango harvesting season (December to mid-April).

The interim Economic Partnership Agreement offers opportunities for Zimbabwe to export its fresh produce to the EU bloc duty free and quota free.

Zimbabwean companies in the food and agro-processing sector now have access to a new Chromatography Trace Elements Testing Laboratory.

It can assist mango producers/exporters in testing their products for safety and quality in order to ensure that they meet international standards for export. Commercial production of mangoes in Zimbabwe has been minimal.

According to a study done by Farming Solutions for Windmill (2014), there is untapped potential for good quality mango farming in Zimbabwe. The study indicates that a range of improved mango cultivars with exceptional skin colour and excellent internal quality as well as flavour, which were bred in Florida, have been cropping well on a research station in Chiredzi.(All Africa 03-08-2016)

INDIA BUYS 375,000 TONS OF PULSES FROM MOZAMBIQUE

India has signed a memorandum of understanding with the Mozambican government to import 375,000 tons of legume pulses by 2019, indicates information delivered by Commerce and Industry Minister Nirmala Sitharaman to the Indian Parliament.

India will accordingly buy 100,000 tons of Mozambican pulses in 2016/7. The amount will increase the following year to 125,000 tons and to 150,000 tons in 2018/9.

In 2015/6 India spent US$3.90 billion to import 5.79 million tons of pulses, versus US$2.78 billion for 4.58 million tons the previous agricultural year, reports the Press Trust of India news agency.

Last June the Indian government approved the purchase from Mozambique of up to 200,000 tons annually of legume varieties most appreciated in India over the next five years.

Domestic legume production fell to 17.06 million tons in the 2015/16 agricultural year (July to June), versus 17.15 million tons the previous year and 19 million tons in 2013/14. (04-08-2016)

ACP GROUP KEEN TO SECURE ROBUST MULTILATERAL RULES ON FISHERIES SUBSIDIES

Group of States has called for an agreement for disciplines on fisheries subsidies in the World Trade Organisation, to ensure the sustainability of key marine resources on which many of the 79 ACP member states depend.

Reacting in support to the UNCTAD-FAO Joint Statement on regulating fisheries subsidies, ACP Secretary General Dr. Patrick Gomes said that such an agreement would be a major contribution by WTO members towards attaining one of the key targets of the 2030 Agenda for Sustainable Development.

“Harmful fisheries subsidies are part of the problem that is contributing to overcapacity and overfishing. Subsidies directed at fishing fleets that target a stock in an overfished state, or subsidies given to fishing entities involved in Illegal, Unreported and Unregulated (IUU) fishing, undermine the sustainability of fisheries resources… The ACP Group is keen on playing its part within the WTO framework in securing robust and enforceable multilateral rules providing for disciplines of fisheries subsidies,” he stated at the 14th session of the UN Conference on Trade and Development (UNCTAD XIV) held in Nairobi, Kenya.

According to the FAO, more than 30% of the world’s fish stocks are overfished. In fact, over the past four decades, the proportion of fish stocks fished within biologically sustainable levels fell from 90% in 1974 to 68.6 percent in 2013.

Harmful forms of fisheries subsidies remain one of the major factors that lead to such overfishing and depletion of fish stocks. Fisheries subsidies are estimated to be as high as US$35 billion worldwide, of which about US$20 billion directly contribute to overfishing as capacity-enhancing subsidies.

Goal 14 of the globally endorsed 2030 Agenda for Sustainable Development is exclusively dedicated to the conservation and sustainable use of oceans, seas, and marine resources. This marks the first time in which achieving sustainable management of fisheries and marine resources has been included in the global governance agenda.

This goal encompasses a specific target (SDG 14.6) to prohibit by 2020 those fisheries subsidies that lead to overcapacity and overfishing, to eliminate subsidies that contribute to illegal, unreported and unregulated (IUU) fishing and to refrain from adopting such subsidies.

“The ACP Group recognizes that fisheries subsidies that contribute to overfishing and overcapacity cause economic losses in the fisheries sector and creates serious distortions in global fish markets impacting food security and livelihoods. Therefore effectively addressing fisheries subsidies will deliver trade, economic, development and environmental benefits,” continued SG Gomes.

“Any disciplines on fisheries must take into account appropriate and effective special and differential treatment for ACP countries, including Small Island Developing States (SIDS), due to the importance of fisheries sector for their development and food security.”

The ACP Group backed the UNCTAD-FAO joint statement, which identified several minimum outcomes that could contribute to the members’ efforts to meet SDG Target 14.6, including:

- accurate, additional, practical and feasible provisions for the transparent notification of all relevant fisheries subsidies;
- clear prohibition of subsidies that contribute to overfishing and overcapacity, including subsidies linked to IUU fishing, and those that undermine sustainable development, food and nutritional security, jeopardizing the livelihoods of coastal populations;
- adequate and appropriate instruments and tools to deter introduction of new harmful subsidies; and
- special attention and treatment to developing countries, in particular, the least developed ones and Small Islands Development States (SIDS), so they can continue to use their marine resources sustainably.

The ACP Group of States include 79 member states, of which 37 are Small Island Developing States and 62 are full members of the WTO. (ACP Secretariat 21-07-2016)

EGYPT EYES $900M FROM YEARLY SHARE SALES

Egypt has announced its target of $675 to $900 million a year from the yearly sale of shares in state-run companies.

Finance minister Amr el-Garhy said choosing state companies and banks for Initial Public Offering (IPOs) will be pursuant to the country’s economic reform programme.

Egypt will sell stakes of between 20 and 30 percent in state companies that it decides to float on the stock exchange, el-Garhy told reporters on Thursday.

Egypt is planning to list some state-owned petroleum companies and banks as it seeks to cut an inefficient public sector and raise funds.

Meanwhile the Egyptian Finance minister said the government’s negotiations with the International Monetary Fund (IMF) for some development loans are proceeding very well, although it is still too early to talk about results.

He explained that the IMF mission still has 10 to 12 days to study and discuss the Egyptian programme before approving a $12bn loan to Egypt over three years.

He added that the mission is in talks with a number of Egyptian ministries.

The mission is meeting with the Ministry of Social Solidarity to discuss social protection, the Investment ministry to review the Unified Investment Law, the Planning ministry to assess elements of the Egyptian reform programme, and the Finance ministry, in addition to the Central Bank of Egypt, according to El-Garhy.

He noted that no conditions will be imposed on Egypt to obtain the loan, adding that the reforms in negotiations with the IMF are the same measures included in the government's economic reform programme. (APA 04-08-2016)

EAST AFRICA: WHAT IS IN EPAS DEAL FOR EAC?

Civil society groups in the East African Community (EAC) have retaliated their call for a review of the Economic Partnership Agreements (EPAs) deal to address all the issues raised by key stakeholders.

Rebecca Tanui of Kenya-based CSO, Building Eastern Africa Community Network (BEACON), said maneuvers by Kenya to lobby other states to sign EPAs deal between EAC and European Union should be ignored.

She urged EAC member states to first sensitise their citizens on the implications of signing the EPAs and also involve their national parliaments and more stakeholders.

Tanui urged Rwanda, Kenya, and Burundi to move cautiously. She added that the pullout of Tanzania and Uganda provides an opportunity for the region to review the deal to ensure EAPs benefit the masses.

The EAC bloc was slated to sign the EPAs deal with the EU in the first week of October. The EPAs provide for EAC exports access to European markets duty-free and quota-free, while the European Union access to EAC market provides for a "gradual liberalisation of tariffs" over three phases spanning 25 years. EPAs will replace the African, Caribbean and Pacific-European Union Partnership Agreement (ACP-EU) signed in June 2000 in Cotonou, Benin.

TZ, Uganda walk away

Last month, Tanzania announced it would not sign the agreement at a time when it was believed the deal would be concluded on June 18, in Nairobi. Uganda also said the region would sign the EPAs deal only after fully studying it, without committing itself to the earlier set date.

This means Kenya, Rwanda and Burundi are the only countries that have not raised any objection to the deal.

However, Kenya has been carrying out a lot of lobbying since then to convince the two countries to relax their stance.

The World Trade Organisation guidelines do not allow countries to sign deals related to trade individually.

"EAC policy-makers and negotiators should not succumb to the pressure to sign the EPAs if the terms of the deal are not reviewed to protect the region's structural transformation and sustainable development," Tanui said in an interview last week.

Options

Tanui added that the EPAs deal in its present form puts the region's industrial sector at stake.

"Therefore, member states should first harmonise their ratification processes, and involve their respective parliaments for transparency and to allow for more stakeholders' engagements. We should look for alternatives to EPAs to boost both intra-African and south-south trade," she said last week.

She said EAC should promote intra-regional trade, and the continental free trade area which is planned for 2017.

African leaders last year agreed to create the continent's largest free-trade zone, covering 26 countries. This will be made up of the three existing regional economic blocs - the Common Market for Eastern and Southern Africa (COMESA), EAC, and the Southern Africa Development Community (SADC).

TFTA seeks to remove trade barriers on most goods, making them cheaper, and stimulating $1 trillion worth of economic activity across the region of over 600 million people.

These initiatives, experts argue, present the region a much bigger market than that of the EU.

"This is a much bigger market. Besides, our goods are more competitive on the African market compared to Europe which has a lot of restrictions. Therefore, we should not sacrifice the future industries and all these opportunities to continue exporting some raw agricultural goods to Europe," Tanui said.

"The objective now is to industrialise and add value to our agricultural products. We cannot do this with EPAs because high quality and affordable goods from the EU will flood our market."

No need to rush

Jean Bosco Kanyangoga, a Kigali-based private trade consultant, said the main concern with the EPAs is on development component, adding that this issue should be discussed further to ensure that opening the regional market does not suffocate local industries and other sectors.

"It is critical to provide more time to deliberate on some of these concerns," he said, adding the deal should cater for development need of the region. "These concerns should first be discussed before rushing to sign the deal," he said.

Kenya exports 30 per cent of its cut flower and other horticulture products to the EU, which experts say is the key reason Kenya is pushing for the signing of EPAs.

Kenya is categorised as a developing nation and will lose benefits provided by the Cotonou agreement, which will not be the case for Rwanda, Uganda, and Burundi as they are in the least developed nations group.

RESULTS OF EVALUATION ON ACP-EU COTONOU PARTNERSHIP AGREEMENT ANNOUNCED

The European Commission announced the results of its evaluation of the Cotonou Partnership Agreement (CPA), and report on the good progress being made towards the main objectives of the partnership between the EU and the African, Caribbean and Pacific (ACP) States.

Announcing the results of the evaluation, **EU Commissioner for International Cooperation and Development Neven Mimica** said: "*The findings of this evaluation are an important step forward in terms of putting in place our future relationship with ACP partners. It allows us to build on existing successes and improve in areas where progress can still be made. With one single objective in mind: bringing more prosperity to all*".

A press release by the European Commission stated that the agreement is making a considerable contribution to the eradication of poverty, and increased integration of the African, Caribbean and Pacific (ACP) countries into the world economy, and is enhancing the capacity of regional organisations to intervene in conflict management, according to the evaluation.

The current agreement with the EU and its ACP partners - the Cotonou Agreement - runs from 2000 until 2020. It has a huge geographic scope - 78 ACP countries adhere to it - and is wide ranging, covering many policy areas. The evaluation, carried out by the European Commission services and the EEAS, will be used to draw lessons from the past and provide inputs to the reflection process on how to govern relations with ACP countries after 2020.

Evaluating the principle pillars

The evaluation by the European Commission points to clear examples of significant progress, as well as a range of issues where improvements could be made:

Political dialogue is a relatively young but important feature in the partnership, which has fostered better mutual understanding of views. The CPA has also inspired the African Peace Facility (set up to support peace and security on the African continent). However, in some partner countries there is a need for more political will to change or improve the human rights situation, according to the evaluation.

Trade policies have influenced the increase in trade flows to and from ACP countries. The increase in World Trade Organisation (WTO) membership accompanied with the groups' increasing role in international trade negotiations, and the conclusion of several Economic Partnership Agreements between the EU and ACP countries has supported the integration of ACP States into the world economy. Results on increasing diversification and reducing dependence on a limited number of agricultural products and minerals still need to be improved, according to the evaluation.

Development cooperation has made a significant contribution to the eradication of poverty, improved food security and provided more equitable access to basic services for the most vulnerable communities, and has been key in raising awareness on environment and climate issues. However, significant challenges remain, notably in conflict zones, where support has not been geared sufficiently towards tackling the root causes of conflict, but to mitigating the consequences. Equally, there has been little impact on income distribution, while population growth has not received sufficient attention, according to the evaluation.

The results of the evaluation will be used for discussions with EU Member States on future relations with ACP countries at the next informal meeting of EU Development Ministers in September 2016.

Background

The European Union's relationship with the African, Caribbean and Pacific States has been governed by a number of agreements, dating back to the Lomé convention signed in 1975, aiming to support the ACP States' efforts to move towards self-sustained development.

The Cotonou Partnership Agreement was signed in 2000 for a 20-year period and will expire on 29 February 2020. It is a wide-ranging agreement with underlying values and principles that covers many policy areas under three pillars: (i) the political dimension, (ii) economic and trade cooperation, and (iii) development cooperation. (ACP Sec 20-07-2016)

BOTSWANA OKAYS ENERGY FIRM'S ENVIRONMENT POLICY

Tlou Energy Limited said Friday that it is edging closer to operating its coal bed methane project in Botswana after the government approved its environmental impact assessment policy.

In a statement on Friday, the Australian based company said its Coal Bed Methane (CBM) Project has been approved and will now be submitted for the final review process.

Tlou Acting Managing Director Gabaake Gabaake said: "This confirmation from the Department of Environmental Affairs (DEA) is a significant step for the company as we look to develop a project that is not only positive for the people of Botswana by combating severe power shortages in the country, but also meets the needs of the environment"

He described the Environmental Impact Statement (EIS) as an essential step in the process of converting existing license areas from exploration licenses to full gas production licenses.

CBM production licenses in Botswana are termed mining licenses.

The company said it is focused on delivering power in Botswana and Southern Africa through the development of coal bed methane. (APA 05-08-2016)

MOZAMBICAN GOVERNMENT LAUNCHES TENDERS FOR ROAD CONCESSIONS

The Mozambican government has put out public tenders for the concession to private entities of several national roads, the Minister of Public Works, Housing and Water Resources, Carlos Bonete, has announced.

The first phase of the concession project involves the Matola/Boane, Marracuene/Lindela, Nampula/Nacala, Vanduzi/Changara and Monapo/Mozambique Island sections and the introduction of tolls, said Bonete, cited by the Maputo-based daily Notícias.

At the opening of his ministry's second Coordinating Council, under way in Marracuene, Bonete explained that the introduction of toll roads is crucial, given ongoing growth of the national road network and increased maintenance needs.

The minister recalled that large sums have been spent to build and maintain roads, mentioning as examples the work on the Boane/Moamba, Maputo/Ponta do Ouro and Boane/Bela Vista sections in Maputo province.

He also highlighted ongoing work on the Beira/Machipanda, Alto Benfica/Milange and Nampula/Cuamba/Mandimba/Lichinga roads.

The first phase of the latter encompasses 350 km between Nampula and Cuamba, of which about 234 have been completed between Nampula an Malema. The second phase involves the Cuamba/Mandima/Lichinga section, about 330 km long. (04-08-2016)

ACP GROUP HIGHLIGHTS SPECIAL NEEDS OF POOR, VULNERABLE COUNTRIES AT UN CONFERENCE ON TRADE & DEVELOPMENT

The ACP Group of States reaffirmed its support for a renewed four-year mandate for the United Nations Conference on Trade and Development (UNCTADXIV), with particular attention to the special needs of the poorest and most vulnerable economies of the world.

Amongst its membership, the ACP Group includes 39 Least Developed Countries (LDCs), 37 Small Island Developing States (SIDS), 18 Small and Vulnerable Economies (SVEs) and 15 Landlocked Developing Countries (LLDCs). They face particular challenges, characterised by commodity dependence; market concentration; low growth; macroeconomic and financial difficulties; trade deficits; and debt burdens, among others.

During the general debate of the 14th session of UNCTAD held in Nairobi, Kenya this week (17-21 July), ACP Secretary General Dr. Patrick I. Gomes called for the enhancement of UNCTAD's capacity to address the 2030 Agenda in support of all developing countries and economies in transition.

“We agree with the strong appeal to use trade in implementing the Agenda 2030. The momentum, from the international agreements [such as the 2030 Agenda for Sustainable Development, Addis Ababa Action Agenda, Paris Agreement on Climate Change and the Nairobi Declaration of the 10th WTO Ministerial Conference] has reinforced the critical role of trade and development and interrelated issues of finance, technology and investment for inclusive and sustainable development,” said the Secretary General.

“UNCTAD should further enhance its work on the special problems of the African continent; and as appropriate, accelerate its work on the special needs and problems of Small Island Developing States (SIDS), Landlocked Developing Countries (LLDCs) and other structurally weak, vulnerable and small economies,” he said about the Geneva-based UN body which helps developing countries to access the benefits of a globalised economy more fairly and effectively.

The ACP Group reaffirmed its full commitment to conclude talks on the Doha Development Agenda of the World Trade Organisation, where it is an influential negotiating group.

An ACP delegation, led by the Secretary General took part in various sessions at the week-long UNCTAD XIV conference, including the general debate, ministerial roundtables on the future of the multilateral trading system and fostering green economies through trade, investment and innovation (represented by Assistant Secretary General Viwanou Gnassounou), a number of side events, including one on harnessing the blue economy in ACP countries, jointly organised by ACP, UNCTAD, CTA, and the ACP-EU programmes TradeComII and TBT, and events organised by the OIF on regional value chains as well as a ministerial meeting on the state of play of trade issues from the 10th WTO Ministerial Conference to UNCTAD XIV.

Aside from its focus on trade negotiations in the WTO and with the EU through regional Economic Partnership Agreements, the ACP Secretariat co-manages large-scale EU-funded programmes related to trade in ACP countries, such as TradeComII, TBT Programme (Technical Barriers to Trade) and Hubs and Spokes (implemented in partnership with the Commonwealth Secretariat and the Organisation Internationale de la Francophonie). These programmes focus on enhancing trade capacity in ACP countries, supporting governments in trade negotiations, as well as in the formulation of effective trade policies. Meanwhile, the joint ACP-EU Technical Centre for Rural and Agricultural Development (CTA) advocates for various aspects of sustainable agricultural trade.

Dr. Gomes stressed the need to seek out new sources of growth, as well as ensuring resilience and long-term sustainable growth through the structural economic transformation of ACP economies, including diversification to more technologically-advanced activities and higher value products.

He proposed tapping economic growth avenues in South-South cooperation such as through the strengthening of domestic markets of developing countries and the building of sub-regional trading and economic co-operation as Africa's CFTA.

“The ACP Group considers South-South and Triangular cooperation as fundamental avenues for enhancing the trade and development of developing countries in this critical time of multiple challenges,” he said.

Secretary General Gomes added that he looked forward to deeper cooperation between the ACP Group and UNCTAD, with which the group signed a memorandum of understanding in 1998. (ACP Sec 22-07-2016)

SOUTH AFRICAN CITRUS COULD BENEFIT FROM BREXIT

Britain's decision to leave the European Union could benefit the citrus industry in the Eastern Cape say producers. Although there will be little change in the short term as the “divorce” process could still take up to two years, according to Justin Chadwick, head of SA Citrus Processing Association.

Chadwick said the import regulations for citrus shipped to Britain were at present the same as for other countries in the EU, but Britain could ease these in future.

“An independent Britain would later introduce its own agricultural regulations, or at least scrap those EU regulations which did not necessarily have to apply in Britain,” Chadwick said.

Such a move would make citrus export easier and as a result give a strong boost for the South African citrus industry.

“Because citrus will not be a sensitive product with regard to the protection of British producers, it can be expected that Britain will have lower tax levels for South African citrus.”

At present 10% of South African citrus exports go to Britain and 29% to the EU.

Hannes de Waal, managing director of the Sundays River Citrus Coop, said South Africa could expect more favourable conditions, especially because Britain was not a citrus-producing country.

“This should mean that we get a longer season to sell there and that the unfair black spot regulations will fall by the wayside.”

“We do not want to underestimate any remaining ‘pro-EU’ sentiment in Britain. International trade agreements can be complex.”

Spes du Preez, chairman of the Gamtoos Farmers Association, says it is perhaps too early to draw conclusions.

“Few people can actually predict the international impact that Brexit will have on the economy as well as on imports and exports.

“We must just remember that Britain’s citrus market is not necessarily a growing one. It will therefore not be able to make up for market losses in European countries,” Du Preez said. (News 24 28-07-2016)

EGYPT'S TOURISM PERFORMANCE WORST IN 15 YEARS

Egypt's Finance minister said tourism revenues in FY 2015/ 2016 will reach $4 - $4.5 billion, with losses in its last ten months being "the worst in 15 years."

In a press conference on Thursday, Amr al-Garhy said that tourism revenues in the fiscal year that ended in June would not exceed $5 billion compared to $6.1 billion in 2015.

Russian tourist arrivals decreased by 61.3 percent in May, which was likely part of the consequences of the 2015 plane crash that occurred in the Sinai.

Last October, a chartered flight operated by Russian airline Metrojet broke up midair 23 minutes after takeoff from Egypt’s Sharm el-Sheikh Airport.

It was heading to St. Petersburg, Russia when it fell from the skies over the Sinai, killing all 224 passengers and crew on board.

According to the official statistics, Egypt lost over half of its tourists in May compared to the previous year.

Approximately 431,800 tourists visited Egypt in May this year compared to 894,600 in May 2015.(APA 04-08-2016)

BREXIT: OPPORTUNITY OR PERIL FOR TRADE WITH SMALL AND POOR DEVELOPING ECONOMIES?

The UK is rethinking its position in global trade. In the wake of the UK's EU referendum and the vote to "leave," the government has created a new Department for International Trade and is busy re-deploying several hundred civil servants to staff it. Yes, after more than 40 years, trade negotiations are seeing a revival in the UK. They are suddenly all the talk in town.

Crucially, if the UK does exit the EU, then under all conceivable scenarios it will need to renegotiate its trade relations with third parties. This is vital for developing countries as they all access the UK market on preferential terms, through a myriad of agreements that have been brokered by the European Commission. If the UK leaves the EU, these agreements will no longer apply, and quick action will be needed to avert the severe trade disruption that faces some developing countries. Yet Brexit may offer a silver lining: precisely because new trade arrangements will need to be agreed, it provides developing countries with an opportunity to restructure and improve their trade relations with the UK.

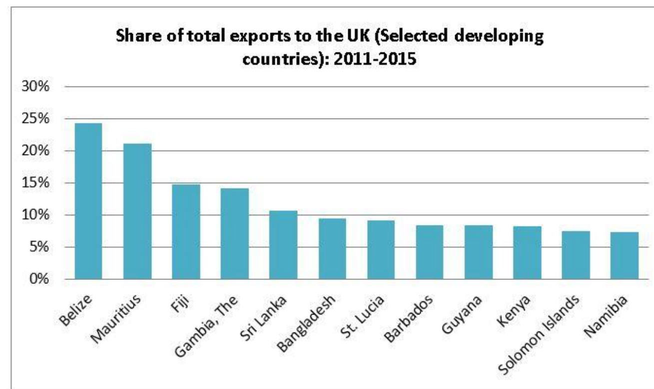
Trade with the UK is vital for some developing countries

The headline figures suggest that the UK isn't a major trade partner for many developing countries. Over the past five years the UK accounted for just over two percent of exports of goods from developing countries and four percent of exports from least developed countries. For the largest developing countries, including China, India, and Brazil, the UK accounts for less than three percent of exports on average. While these countries may find interesting new opportunities in forging deeper links with the UK, they don't face a major threat of trade disruption in the event of a UK exit from the EU.

The reality is very different for some small developing countries that rely heavily on the UK market (see Figure 1). Belize, for instance, sent nearly one quarter of its goods exports to the UK over the past five years. Other countries that rely heavily on the UK for their exports include Mauritius (20%), Fiji (15%), Gambia (14%), Sri Lanka (11%), Bangladesh (10%), and St Lucia (9%).

These countries typically export a narrow range of products that would not be competitive on the UK market in the absence of preferences. Alternatively put, were the UK to exit the EU without a mechanism in place to safeguard existing preferences, garments and textiles factories in Bangladesh, cane sugar producers in Mauritius, Fiji, and Belize, and smallholder banana farmers in St Lucia could go out of business overnight. As these economies are heavily reliant on external trade, the economic impact of any disruption could be substantial. By way of illustration, exports of goods and services as a percentage of GDP in 2013 were 61 for Belize, 49 for Mauritius, and 57 for Fiji.

Figure 1



Source: Author's own, data sources listed below.

Preferences key for developing country access to the UK market will expire

All developing countries currently have preferential access to the UK market under the EU's Generalized System of Preferences (GSP) scheme. Under this scheme, developing countries pay lower tariffs than developed countries to access the EU market, while the latter have to rely on the EU's most-favoured nation (MFN) tariffs which are agreed at the WTO.

By far the most valuable aspect of the EU's GSP scheme is the Everything But Arms programme that has provided duty-free quota-free access to the EU market to all least developed countries since 2001. This scheme has been particularly important for cultivating new revenue streams in some of the world's poorest nations, including Bangladesh and Cambodia, which depend on the scheme to export garments.

Many developing countries also have valuable preferential access to the UK market through EU free trade agreements. At present, the EU has trade agreements with just over 50 countries, most of them developing. These include Mauritius, Fiji, Belize, and St Lucia.

In the event of a UK exit from the EU the EU's GSP scheme and the EU's free trade agreements will no longer apply. In the absence of a new arrangement developing country exporters will no longer have preferential access to the UK market.

Brokering new preferential access important for developing countries

If the UK leaves the EU, a new arrangement will need to be agreed for UK-EU trade relations, and under all scenarios trade relations between the UK and developing countries will need to be reconfigured. Six broad scenarios are possible: the Norway scenario where the UK joins the European Economic Area (EEA) and is part of the EU single market; the Swiss scenario where the UK joins the European Free Trade Area (EFTA) but stays out of the single market and relies on a series of bilateral deals to access the EU; the Turkey scenario where the UK is in a customs union with the EU but is not in the single market or EFTA; the Canada scenario where the UK negotiates access to the EU market based on a new free trade agreement; and the WTO scenario where the UK relies on WTO tariffs to access the EU market as the US does now.

While the debate in the UK is focused on the differences between these various scenarios for the UK economy, they all have similar implications for the structure of UK trade relations with developing countries. To see this, it is helpful to examine the Norway model, which from the UK's perspective is the closest to the current status quo.

Under the Norway scenario the UK would be part of the EEA and would stay in the EU single market. The vital difference is that under this and all the other scenarios the UK would manage its own external trade relations. Like Norway, the UK would not be party to the EU's preferential trade agreements with third parties. The UK may decide to devise a new scheme for granting developing countries access to its market; Norway has its own Generalized System of Preferences, which is modelled on the EU's and includes duty-free quota-free access for least developed countries.

The UK would also need to negotiate its own free trade agreements and economic partnerships. If the UK joined EFTA it could negotiate free trade deals together with Norway, Iceland, Switzerland, and Liechtenstein, which have free trade deals covering 38 countries. Alternatively, and more likely, the UK could go it alone to strike its own deals.

The UK would no longer be party to the EU's common external tariff. Instead, like Norway, the UK would have discretion over the MFN tariffs it sets. If the UK dramatically lowers its MFN tariffs, or declares "unilateral free trade" as some Brexit supporters have advocated, this will create winners and losers among developing countries. While many would welcome increased market access, countries that currently enjoy high margins of preference into the UK market would face preference erosion.

A temporary bridging agreement will be needed

The costs of trade disruption from "Brexit" could be very high for some small developing countries. Yet brokering new free trade agreements with these nations and devising a new GSP scheme is unlikely to be top of the UK's priorities as it focuses on averting its own trade disruption. The ball is therefore squarely in the court of those developing countries that stand to be most affected by a change in UK preference arrangements following withdrawal from the EU.

To ensure trade is not disrupted developing countries could club together and work with legal experts to identify a creative "bridging arrangement" that the UK government can implement while a more permanent solution is worked out. For instance, it may be possible for the UK to simply replicate the EU's GSP schemes for a limited period, pending the development of its own. Given how stretched the UK government will be, any solution will need to be relatively simple, and quick to implement. Developing countries have ready allies in the UK for this task, ranging from the UK's Department for International Development, to non-profit groups that have championed fair trade, and British businesses whose supply chains would be disrupted.

Shaping UK-EU relations

Developing countries also have an interest in the nature of UK-EU trade relations after Brexit. The Norway scenario is the only option that would continue to provide almost seamless access to the EU's single market and under which the UK would mirror most EU regulations. Other scenarios offer varying degrees of integration and alignment of a myriad of rules affecting trade between the UK and the rest of the bloc.

This matters for developing country exporters and investors. If rules and regulations in the UK and EU start to diverge, exporters from developing countries will have to keep abreast of, and comply with, new requirements ranging from rules of origin, to product standards, and labelling. Brexit may then require a reconfiguration of business models by developing country investors that use the UK as a base for smoothly accessing the EU market. Jaguar Land Rover, one of the UK's largest car manufacturers and majority owned by the Indian company Tata Motors, is a case in point.

As the UK and EU start to negotiate new trade relations, developing countries will need to identify the implications for their exporters and investors, and look for ways to shape or respond to these negotiations.

A silver lining?

There may be a silver lining for small developing countries in all of this. The UK has a track record of pushing the EU to open up its markets to developing countries because, unlike for many southern European countries, imports from developing countries don't compete directly with its own producers. Assuming that the UK doesn't declare unilateral free trade, developing countries, particularly least developed countries, should identify areas where it would be valuable to have greater access to the UK market. In a post-Brexit world, they may be pushing on an open door. (BD August 2016)

BRAZIL'S VALE GROUP CLOSES AGREEMENT ON MOZAMBIQUE WITH MITSUI & CO

Brazil's Vale group has completed the process of renegotiating the deal reached in 2014 with Japan's Mitsui & Co group for the sale of a percentage in coal-related interests in Mozambique, reports the Brazilian newspaper Valor Económico.
Mitsui & Co, a shareholder of the Vale group, should pay less than the originally agreed amount, which sources indicate may be reduced by 30 percent, the respective article states.
In 2014 Mitsui & Co agreed to pay US$763 million for stakes in Vale's projects in Mozambique: 15 percent in the Moatize coal mine and 50 percent in the logistics corridor comprising the railway line from Moatize in Tete province via Malawi to the terminus in Nacala and that city's port.
Vale CEO Murilo Ferreira recently said that the agreement with Mitsui should be concluded by this September.
He highlighted that the process was "in a very advanced stage" with only Malawi government approval still required, "something that is in the final negotiation phase" following last month's approval by the Mozambican government.
The Brazilian newspaper reported that negotiations still also under way with the banks financing the operation, specifically the Japanese Bank for International Cooperation (JBIC), the International Finance Corporation of the World Bank group and the African Development Bank.
Coal mining at Moatize in Tete province has accounted for losses of US$500 million per year for Vale, down to US$112 million in the first quarter and US$100 million in the second quarter of 2016. (04-08-2016)

KENYA TO RE-TABLE TALKS WITH EAC OVER EU DEAL

Kenya plans a new round of talks next month in an attempt to convince the other members of East African Community (EAC) to sign the EPA deal with Europe.

The agreement is meant to see local goods continue enjoying duty-free access to European market.

Kenyan officials Tuesday downplayed fears that the EAC trade bloc will miss the October 1 deadline set by the European Union secretariat, in what would introduce duty and quotas on Kenyan exports to Europe, making them uncompetitive.

This came after Tanzania recently said it would not sign the Economic Partnership Agreement (EPA) with the European Union that grants regional goods duty-free access to Europe, citing Britain's exit from EU.

Uganda later on joined the band wagon and said it is still reviewing the terms.

According to EPA terms, the EU can only strike a trade deal with a bloc comprising several nations, meaning a single country cannot go it all alone. This has limited Kenya and Rwanda that are willing to sign up.

Kenya's Industrialisation and International Trade secretary Adan Mohamed said at a press briefing that he was optimistic of fruitful talks and of beating the set deadline.

"We are optimistic that the talks planned for early August will be fruitful and beat the deadline," said Mr. Adan.

Failure to reach a deal spells doom to thousands of workers involved in cut flowers, fruits, fish, beans, coffee and tea which are mainly exported to the EU.

The previously tax exempt products would attract duty ranging from 8.5 per cent to 14.5 per cent, making them less competitive and significantly cutting the returns to growers.

The bloc had expected to strike a deal on July 18 in Nairobi but the plan failed.

A lack of commitment by Tanzania has in the past delayed the signing of the pact.

The EU last month entered a deal with Southern African Development Community (SADC). The interim preferential trade arrangement between EU and Kenya, Uganda, Tanzania, Rwanda and Burundi was signed in 2007 after the expiry of a similar programme by the World Trade Organisation (WTO) the same year.

Unlike Kenya, which is a developing nation, the other EAC members will continue to enjoy duty-free access to the EU market under the Everything-But-Arms arrangement accorded to the least developed nations like Uganda, Rwanda, Burundi and Tanzania.(the Exchange 27-07-2016)

NAMIBIA: ENERGY MINISTER INCENSED BY NATIONWIDE POWER OUTAGES

Namibia's Mines and Energy Minister Obeth Kandjoze has criticised the national power utility, NamPower for the power blackouts experience across the country, saying management at the state power company need to pull up their socks.
So far this year Namibia has experienced three unscheduled power blackouts, with the latest on July 22. Speaking during the Electricity Supply Industry Stakeholders Forum on Thursday night, the minister this cannot continue.

"We cannot keep having these power outages, we have to drive change. Each power outage places the minister under frustration and shame.

"With each of those incidents, I tried my level best to explain to President Hage Geingob and my fellow countrymen and women as well as investors what happened," he said.

The unexplained nationwide blackouts have caused panic among the business sector. Canadian copper smelter, Dundee Precious Metal located at Tsumeb, 430km north of capital Windhoek said it might incur huge losses this year due to power blackout. CEO Rick Howes told media that concentrate throughput is expected to decrease by approximately 20 000 tones.

“Subsequent to a power blackout on Friday, July 22, 2016, cooling water entered the Ausmelt finance as a result of the back-up system for power and cooling water not operating as expected, which compromised the integrity of the refractory lining.

“As a consequence, and following initial inspections completed on Sunday, July 24, management believes that the refractory lining will need to be fully replaced,” Howes said. (APA 05-08-2016)

SECIL MARÍTIMA TO ENSURE TRANSPORT IN CHINA/ANGOLA LOGISTICS CHAIN

The Secil Marítima shipping company will ensure transport in the China/Angola logistics chain, a measure meant to cut costs associated to merchandise imports, Transport Minister Augusto Tomás said in Luanda.

At the end of a Thursday meeting with directors of Chinese companies operating in the country, Tomás said the decision would enable goods to arrive in Angola at a lower price.

The meeting aimed to present the new model for management, control and coordination of the logistics chain with China, which will “establish a door-to-door control system for equipment and materials that arrive in the country,” Tomás said.

The head of Secil Marítima in turn told Angop news agency that the initiative would help re-launch the company as a national-flag shipping company.

In the 1990s Angola was one of the African countries with the biggest fleets of long-haul merchant marine vessels, dominated by the companies Angonave and Secil Marítima.

Secil Marítima was transformed into a state economic unit in 1987, with the respective purpose of transporting maritime cargo and associated activities, namely commercial exploitation of maritime transport, operation of shipping agencies and tourism and freight forwarding services. (05-08-2016)

RWANDA SEEKS SUPPLY OF ON GRID ELECTRICITY SERVICE

Rwanda’s Electricity Access Rollout Project (EARP) has been awarded funding from Belgium Kingdom to improve access to electricity.

In East Africa, the government of Rwanda has received a grant from Belgium within the framework of improving access to reliable on grid electricity services for households and public priority institutions.

Government intends to apply a portion of the funds to eligible payments under the contract for the supply of electrical material and accessories for power lines.

Bidding will be conducted in accordance with the law No 05/2013 of 13/02/2013 modifying and complementing the Law No 12/2007 of 27/03/2007 on public procurement.

Bidders may be eligible to receive a margin of preference: Lot A:10% for local material; Lot B and Lot C; 10% for local bidders, as well as in bid evaluation in compliance with the public procurement law (law no 12/2007 of 29/03/2007) as modified and completed to date.

Tender information for on grid electricity service

The tender is divided into 3 Lots:

- Lot A: Poles and accessories
- Lot B: Cables, conductors, insulators and accessories
- Lot C: Transformers, LV distribution boxes and accessories

Tender documents in English may be obtained from the office of the procurement specialist of the project BE1EARP/BE2EARP, Kigali City Tower (KCT) 6th floor from 8:00am to 17:00pm.

To acquire the documents, the bidder will have to present proof of payment of a non-refundable fee of 30,000 Frw ($38) or equivalent in any freely convertible currency.

The amount is to be deposited into the following bank account:

Bank Name: National Bank of Rwanda (BNR) account name: RECO/EARP Counter Parts Funds and the account number is n° N° 100002327, Swift Code: BNRWRWRW

All three bids must be accompanied by a bid security issued by a bank, for: Lot A: 10,000 euros ($11); Lot B: 10,000 euros ($11); Lot C: 5,000 euros ($5,503).

The bid security shall be valid for a minimum of 30 days beyond the deadline of the extended validity period of the bid.

Tender submission

Bids are to be deposited at Kigali City Tower (KCT) 10th floor, at the address mentioned above, no later than 12th August 2016 at 10:00am Kigali local time, (8:00am GMT), in the following two ways:

1. Bids must be printed and properly bound together and presented in four copies
2. Secondly the bid documents must be supported with one non-rewritable CD

Please ensure that the outer envelope clearly indicates the tender name and number and note that electronic bidding will not be permitted.

Enquiries regarding this tender may be addressed to the RWANDA ENERGY GROUP (REG)/EDCL.

Attention: Head of Transaction Advisory and Procurement E-mail: procurement@edcl.reg.rw ; with copy to: BE1-EARP/BE2EARP Project Procurement Specialist(ESI Africa 27-07-2016)

The Memorandum is supported by the ACP-African, Caribbean, Pacific Secretariat, Chamber of Commerce Tenerife, AHEAD-GLOBAL, Business Council for Africa, Corporate Council on Africa, ELO - Portuguese Association for Economic Development and Cooperation, Hellenic-African Chamber of Commerce and Development, HTTC - Hungarian Trade & Cultural Centre, NABA - Norwegian-African Business Association, NABC- Netherlands Africa Business Council, SwissCham-Africa and other organisations.

The Memorandum is also made available by AHEAD-GLOBAL, BCA, Chamber of Tenerife (by posting it at the Africa Info Market), CCA - Corporate Council on Africa (USA), ELO,HTTC ,NABA,NABC (by posting selected news) and SwissCham-Africa to their Members.

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