MEMORANDUM

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SUMMARY

EU STRIKES A COMPREHENSIVE TRADE DEAL WITH EAST AFRICAN COMMUNITY

Negotiators from the EU and the East African Community (EAC) finalised today a new comprehensive Economic Partnership Agreement (EPA) between both regions.

The agreement will provide legal certainty for businesses and open a long-term perspective for free and unlimited access to the EU market for products from Burundi, Kenya, Rwanda, Tanzania and Uganda.

"The East African Community region stands out for its dynamism, and ambition to develop as an integrated region. The comprehensive partnership agreement we have just reached is the best way in which we can support EAC's aspirations", said EU Commissioner for Trade Karel De Gucht. *"We have concluded two other development-oriented partnerships with African regions this year. It's a source of my personal satisfaction also to see East Africa benefiting from the opportunities that Europe wants to offer. I hope that these EPAs will be signed and implemented soon."*

The new comprehensive EPA lays the new and stable grounds for EU-EAC trade relations. East African Community countries will now be able to focus on improving their economic performance without worrying about the potential loss of full duty-free quota-free access to the European market due to their improving status. All EAC members, least developed or more advanced, will benefit from the same predictable and uniform trade scheme.

To comply with the rules of the World Trade Organisation, the EAC countries committed to increase the share of their duty-free imports to 80% over the coming 15 years. As EAC customs union tariffs on imports are already low, absorbing the EPA is a feasible endeavour. Also, when EAC countries will be ready to grant more far-reaching concessions to the Europe's main competitors, the EU will be able to claim those same improvements. The EU and EAC have also reached a balanced outcome on export taxes.

Beyond the elimination of customs duties, the agreement covers important issues, such as free movement of goods, cooperation on customs and taxation, and trade defence instruments, which mirror the effort of the EAC to strengthen its customs union and to set up an effective internal market. This is the EU's most tangible contribution to support the regional objectives of the EAC.

The agreement, initialled today by all negotiators, is now going to be presented for approval according to the domestic procedures of each partner.

The Eastern African Community (EAC) consists of Burundi, Kenya, Rwanda, Tanzania and Uganda. All EAC members, with the exception of Kenya, are least developed countries according to the UN classification. The current development prospects indicate however they may be successful in leaving this group in a relatively near future.

The geographically and economically homogeneous group is strongly committed to regional integration, with an ultimate goal of becoming a federation. The EAC established a common external tariff in 2005, removed customs duties in intra-regional trade, ratified a common market protocol as of 2010 and most recently took steps towards achievement of a far-reaching monetary union.

In 2007, the East African Community finalised a framework agreement on tariff elimination, which became a basis for the comprehensive Economic Partnership Agreement, initialled today.

In 2013, total trade between the EU and the East African Community amounted to €5.8 billion. The EU imports from the EAC are worth €2.2 billion and consist mostly of coffee, cut flowers, tea, tobacco, fish and vegetables. Exports from the EU into the EAC, mainly machinery and mechanical appliances, equipment and parts, vehicles and pharmaceutical products, amount to €3.5 billion. (EC 16-10-2014)

TRADE DEAL WITH EAST AFRICAN COMMUNITY

Negotiators from the EU and the East African Community (EAC) have finalised a new comprehensive Economic Partnership Agreement (EPA) between both regions, the European Commission has announced.

The agreement, concluded Thursday, will provide legal certainty for businesses and open a long-term perspective for free and unlimited access to the EU market for products from Burundi, Kenya, Rwanda, Tanzania and Uganda.

'The East African Community region stands out for its dynamism, and ambition to develop as an integrated region. The comprehensive partnership agreement we have just reached is the best way in which we can support EAC's aspirations', said EU Commissioner for Trade Karel De Gucht.

'We have concluded two other development-oriented partnerships with African regions this year. It's a source of my personal satisfaction also to see East Africa benefiting from the opportunities that Europe wants to offer. I hope that these EPAs will be signed and implemented soon,' the Commissioner added.

The new comprehensive EPA lays the new and stable grounds for EU-EAC trade relations. EAC countries will now be able to focus on improving their economic performance without worrying about the potential loss of full duty-free quota-free access to the European market due to their improving status, according to a statement issued by the EC.

All EAC members, least developed or more advanced, will benefit from the same predictable and uniform trade scheme, the statement said, noting that, 'to comply with the rules of the World Trade Organisation, the EAC countries committed to increase the share of their duty-free imports to 80% over the coming 15 years.'

'As EAC customs union tariffs on imports are already low, absorbing the EPA is a feasible endeavour. Also, when EAC countries will be ready to grant more far-reaching concessions to the Europe's main competitors, the EU will be able to claim those same improvements. The EU and EAC have also reached a balanced outcome on export taxes,' the statement pointed out.

Beyond the elimination of customs duties, the agreement covers important issues, such as free movement of goods, cooperation on customs and taxation, and trade defence instruments, which mirror the effort of the EAC to strengthen its Customs Union and to set up an effective internal market.

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WORLD FOOD DAY: JOINT STATEMENT BY COMMISSIONERS ANDRIS PIEBALGS (DEVELOPMENT AID) AND KRISTALINA GEORGIEVA (HUMANITARIAN AID)

Today's World Food Day is an opportunity to reflect on how European Union aid is alleviating the world's greatest solvable problem: hunger. As we are about to pass on the work on humanitarian aid and *development to the next European Commission, it is time to take stock of what we have achieved and what remains to be done.*

Eradicating extreme poverty and hunger is the first Millennium Development Goal (MDG). With the MDG deadline now less than 500 days away, we have to up our game.

Back in 2009 the number of hungry people in the world hit the critical one billion mark. Since then, this number has fallen to 805 million, or one in nine people worldwide. That's still 805 million people too many. But the numbers show that the international community - including the EU - is going in the right direction.

Europe is helping feed the world's hungry and helping them feed themselves: through the generosity of our citizens; through building stronger links between our relief, rehabilitation and development assistance; through our partnerships with organisations like UNICEF, the World Food Programme, the Food and Agriculture Organisation and others whose mission is to end hunger.

We are taking action on the policy front, making sure the EU speaks with a single and decisive voice on the on the international scene, and working to maximise the value of every Euro we spend on our fight against hunger.

The European Union will continue to play a leading role in food and nutrition security. For the millions of children under the age of five threatened by malnutrition, for those affected by the conflicts in Syria, the Central African Republic, South Sudan, Mali or Somalia, for those whose livelihoods are taken away from them by the growing impact of climate change.

We must do more, and we will. In the next seven years, food and nutrition security and agriculture will be a priority in our cooperation with more than 60 of our partner countries.

This will mean focusing on the most off-track countries and using the most effective financing mechanisms to reduce mortality related to hunger and undernutrition, such as the EU Food facility from which almost 60 million people have already benefited. We will also need to promote sustainable agricultural development, and increase the resilience of the most vulnerable ones in the long run building on the great work so far of the SHARE and AGIR initiatives. (EC16-10-2014)

EU TO DISCUSS ‘INNOVATIVE’ MILITARY COORDINATION AGAINST EBOLA

Medical staff working with Medecins sans Frontieres (MSF) prepare to bring food to patients kept in an isolation area at the MSF Ebola treatment centre in Kailahun July 20 [Reuters]
On 16 October, European Union diplomats will discuss a plan to give the EU a coordinating role for European military missions countering the spread of Ebola in West Africa.

EU officials and diplomats said the plan, proposed by outgoing foreign policy chief Catherine Ashton, lists several options to step up and coordinate efforts by the bloc's 28 countries. It could include cooperation among military personnel deployed by member states for rescue missions and for building field hospitals.

Britain and France, the bloc's main military powers, are among EU and other states that have pledged military and civilian personnel alongside cash and medical supplies to combat the disease.

It is unclear how far London and Paris would support an EU coordinating role. Diplomats who spoke of the proposal said it may run into stiff resistance from some member states.

EU cooperation in the military field usually takes the shape of a formal mission under the European Security and Defence Policy (ESDP). But one EU official said that this was not being considered for now. Diplomats note that preparing formal protocols for such missions typically takes many months.

Envoys are instead being asked to consider an "innovative" approach, the official said, whereby Ashton's EU diplomatic service, the EEAS, would coordinate military airlifts and other support operations against the deadly virus. Ashton will be replaced next month by Italy's Federica Mogherini.

Under the proposal, the coordinating role would be played by the EU military staff, a body directly under the control of the EU foreign affairs chief. This approach would spare the long negotiations and bureaucratic steps that precede the launch of a full EU military mission, the official said.

However, consensus support for such a plan "is far from guaranteed," one diplomat said.

On Thursday, EU health ministers are holding an emergency meeting on measures to increase precautions at airports. Ebola will also be high on the agenda for a meeting of EU foreign ministers on 20 October. (EurActiv 14-10-2014)

AID PROGRAMMES HIT HARD BY EU BUDGET WOES

Commissioner Kristalina Georgieva will become Vice-President for the Budget in the new Commission. The European Union's humanitarian aid and development aid programmes are being compromised by EU debts, and budget cuts forecast for 2015.

Europe's unpaid bills are accumulating, and with them fears for development aid and humanitarian aid.

Since 2011, the European budget has been amassing unpaid bills, which continue to rise in value. The budget is currently 26 billion euro in arrears, €23 billion of which are owed to the cohesion policy. This impacts the whole spectrum of European politics.

Unpaid bills

"Unpaid bills in the budget category of "Global Europe", which includes development aid and humanitarian aid, have reached 1 billion euro," according to a source close to the dossier.

Jacek Dominik, the European Commissioner in charge of the budget, has also raised the alarm. In a speech on 24 September, the Polish Commissioner said that the debts of the Financing Instrument for Development Cooperation (DCI) had accumulated to a value of "14 million euro since July".

The European Commission says that these arrears relate to payments to the Multi-Donor Food Security Trust Fund for 2009-2018 in Burma.

The lack of funds has also forced the EU to roll back some humanitarian aid programmes. "Some projects in the Sahel region of Africa, the Horn of Africa and Haiti have been postponed," the budget Commissioner announced.

Paring back humanitarian aid

According to Oxfam, the lack of funding will also affect other humanitarian aid programmes. "The impact of the EU's current constraints on humanitarian aid is already being felt by the beneficiary countries. For example, aid to Iraqi refugees in Jordan has been reduced. We are sending less aid to Yemen (housing, food security, etc.)" says Hilary Jeune, the head of European policy at Oxfam.

"Furthermore, NGOs are signalling that food security operations [...] in Somalia and Ethiopia are being delayed and that their priority level is being reduced," she added.

Today, the coffers stand empty. A source told EurActiv France that "the Directorates General responsible for development aid and humanitarian aid has no money left to pay for their projects until the end of 2014".

2015 budget in danger

The strain on the 2014 budget is in danger of becoming even worse in 2015, as member states have proposed significant cuts to the European Commission budget. These cuts would leave the EU unable to pay its currently outstanding bills and those that would arise in the course of the 2015 budget.

The cut of 2.1 billion euros, equivalent to 1.5% of the total approved expenditure for 2015, will affect a broad range of European projects, but spending on development aid and humanitarian aid "will be the hardest hit by these proposed cuts", according to a source close to the dossier.

The total budget of the section "Global Europe" could be reduced by 10%, representing €384 million. The budget of EuropeAid, dedicated specifically to development aid, will soak up a large part of these cuts, losing 192 million euros; 12% of its funding.

"This cut will worsen the budget situation next year, all the more because the 2015 budget will be partly consumed by the unpaid bills from 2014, which already represent 36% of the current EuropeAid budget!" a source within the European Institutions revealed.

"Next year, we are in danger of breaking the budget even earlier in the year".

NGOs have responded to the cuts with disbelief, particularly as the External Action Service does not account for a very large proportion of the total EU budget.

"Only 6% of the EU's total budget is allocated to the External Action Service, which allows the EU to maintain its position as the biggest donor of humanitarian aid and development aid in the world," Hilary Jeune from Oxfam explained.

Parliament on the defensive

For now, the European Parliament is united in opposition to the member states' plans.

The Development Commission raised the alarm, judging that "certain cuts proposed by the Council are unacceptable, given that the Union's development aid requires adequate funding that should also be acceptable to our partners".

The final budget will only be made public after negotiations between the European Institutions in mid-October, and a vote in the European Parliament in Strasbourg on 22 October.

Georgieva to the rescue

By a quirk of fate, the current European Commissioner for International Cooperation, Humanitarian Aid and Crisis Response, the Bulgarian Kristalina Georgieva, will be handed the Budget portfolio in the Juncker Commission.

"Kristalina Georgieva is extremely well informed on the budget problems that affect development aid and humanitarian aid," according to a source from the European Institutions.

The mission letter of the future Commission Vice-President, due to take up her new position on 1 November, says that she will be expected to "address systematic shortcomings of the EU budget".(EurActiv 14-10-2014)

ANGOLA HAS A POPULATION OF 24.3 MILLION PEOPLE

Angola has 24.3 million inhabitants, according to preliminary figures from the population census conducted last May, the President of Angola, José Eduardo dos Santos said.

According to the census 52 percent of Angola's 24.3 million people are women and the province of Luanda alone has a population of 6.5 million.

This is the first census carried out since Angola's independence in 1975. Previous figures pointed to a population of 20 million.

The census also shows that 26.7 percent of Angola's population lives in the province of Luanda, followed by Huila (10 percent), Benguela (8 percent), Huambo (8 percent), Kwanza Sul (7 percent), Bie (6 percent), Uige (6 percent) and Bengo (1 percent).

Angola has an area of 1,246,700 square kilometres. (16-10-2014)

EBOLA ADDS TO SIERRA LEONE MINERS' WOES

In Sierra Leone, one of the poorest countries on the continent, the hardships of Ebola hit at victims and nonvictims alike.

Sulaiman Kamara, a handcart pusher in Freetown before the outbreak began in May, used to earn 50,000 leones ($11) a day, before a shrivelling economy took away his job. The father of three now hawks cigarettes and candy on streets with shuttered shops and restaurants, empty hotels and idling taxis. Some days, he is lucky to make a quarter of his former earnings.

Things are about to get worse again. Iron ore, the biggest export earner, is in a major tailspin, leaving Sierra Leone's two miners on the verge of collapse and jeopardising 16% of gross domestic product (GDP) in a country where output per person was just $809 last year.

Used in steelmaking, iron ore has slumped 39% this year as the world's largest miners spend billions of dollars expanding giant pits in Australia and Brazil.

Digging up ore that is less rich in iron and operating with restrictions imposed to stop the disease's spread, local producers cannot compete.

"The impact of Ebola in terms of iron-ore revenue is huge," Sierra Leone ministry of finance and economic development senior economist Lansana Fofanah says. "Iron ore is responsible for the country's double-digit growth since 2011 until the Ebola outbreak."

Iron ore contributes more in mining royalties than any other mineral to government revenue, which has fallen since the outbreak began, and as the budget deficit worsens, the International Monetary Fund has agreed to step in.

The economy will grow at half last year's pace, the World Bank forecast, even before the volatility in the global commodity markets threatened more upheaval in a country that has had to rebuild itself since the end of a 12-year civil war in 2002.

African Minerals is the biggest single contributor to Sierra Leone's economy, employing 7,000 people at the Tonkolili mine. As ore prices have fallen, the company's stock has slumped 92% this year as it tries to renegotiate loans and strip out cost to remain profitable.

"African Minerals continues to operate, and myself and the CEO rotate between West Africa and our office in London," Chairman Frank Timis says.

The other producer in the country, London Mining, is down 96% this year and said last week that its shares had no value as it looks for a rescue investor. The stock was suspended from trading last Friday after it said the only investors it was still engaged in talks with were those not seeking to keep the firm operating.

"It's an unfortunate side effect of the markets," Jimmy Wilson, head of iron ore at the world's largest miner, Melbourne-based BHP Billiton, said last week as he announced a $2bn plan to produce more from the company's mines.

"Any person that actually ends up losing their job because their company closes through no fault of their own, we don't take any joy from that," he said, admitting the strategy would hurt higher-cost competitors. "At the end of the day, it's a reality of the world we live in."

African Minerals' royalty payment to the nation dropped to $1.3m in July from an average of $2.5m monthly before, Mr Fofanah says, citing the preliminary assessment of the effect of the Ebola outbreak on the Sierra Leone economy.

Goldman Sachs Group forecast the global surplus in the commodity will triple next year as output expands and a property slump and tight credit conditions restrict demand growth in China, the biggest consumer.

"The majors want to protect market share and their feeling is that if they don't build the capacity, someone else will," Liberum Capital analyst in London Richard Knights says. "This is capitalism. It's the way the mining industry works. High-cost mines get put under pressure in periods of oversupply."

While BHP works to lift output, Rio Tinto, the world's lowest-cost producer, plans to raise capacity to 360-million tonnes a year by 2017 from mines in Western Australia.

Brazil's Vale, the biggest producer of the commodity, wants to double shipments to China in five years.

"The only difference about me not introducing my tonnes is that the shareholders for Rio Tinto will lose out on a long-term stream of very profitable investment," Rio's iron-ore unit head Andrew Harding says. "It's probably a harsh reality of the global competitive market place."

It is not only in Sierra Leone that miners have been affected. Sable Mining Africa, which is developing an iron-ore mine in Guinea, has tumbled 85% this year, while Bellzone Mining's shares have been suspended while it seeks funds needed to keep its operations running.

Ebola has killed more than 4,000 people in Africa, mostly in Guinea, Sierra Leone and Liberia. The US Centers for Disease Control and Prevention has projected the outbreak could surge to 1.4-million cases by January next year without further intervention.

(Bloomberg 15-10-2014)

INSTALLATION OF UNDERSEA CABLE BETWEEN ANGOLA AND BRAZIL COSTS US$260 MILLION

The Government of Angola has approved a bank guarantee of US$260 million to install an undersea fibre optic cable linking Angola, Brazil and the United States, according to a presidential order issued by the Angolan press.

The bank guarantee, from two Angolan banks, was granted to state-owned company iAngola Cables, and is intended to lay an undersea telecommunications cable between Angola and Brazil, called the South Atlantic Cable System, and another between Brazil and the United States, called the Americas Cable.

The cable, which will be 6,000 kilometres long, will link Luanda (Angola) to Fortaleza (Brazil), should be operational in 2015 and will have a data transmission capacity of 40 Tbps (terabits per second).

The second cable, which was presented this month in Brazil, will connect the cities of Santos and Fortaleza with Boca Raton, Florida (United States). It will be some 10,556 kilometres long and have a capacity of 64 Tbps .

Angola Cables is majority-owned by Angola Telecom (51 percent), and its shareholders also include Unitel (31 percent), Mstelecom (9 percent), Movicel (6 percent) and Startel (3 percent). (16-10-2014)

UN ENVOY URGES INCREASED EFFORTS TO PROTECT DRC'S NATIONAL PARK

Head of the UN Organisation Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) Martin Kobler has urged national and international actors to step up efforts to preserve the natural resources and rich biodiversity of the Garamba National Park located in the north-eastern part of the DRC.

Mr. Kobler, who made the appeal during a visit to the Garamba National Park, said armed group activity in eastern DRC is largely funded by the proceeds from illegal trade and trafficking of the country's rich natural resources.

A UN statement obtained by PANA in New York Tuesday quoted the envoy as saying that efforts to track down these negative forces must also address the drivers of the conflict.

It said poaching had in recent years greatly depleted the wildlife population in the Garamba National Park and, despite intensified anti-poaching efforts, more than 60 elephants have been killed in the Park since April 2014.

It noted that the main perpetrators are armed groups, which included the Ugandan rebel group, the Lord's Resistance Army (LRA).

Mr. Kobler, therefore, called for a more sustainable and concerted effort to eliminate the threat of armed groups and their illegal economic activities, saying: 'Increased protection of the park will not only save endangered animal species, but also ensure a secure environment for the local population.' (Pana 15/10/2014)

ZAMBIA'S DEBT WORRIES OPPOSITION

The opposition United Party for National Development (UPND) has described Zambia's foreign debit of US$4.7 billion and local debt of K21 billion (about US$4 million) as unsustainable and reckless.

This follows the revelations by Finance Minister Alexander Chikwanda in his budget speech in parliament last Friday that Zambia's foreign debt is now a staggering US$4.7 billion while the local debt is at K21 billion.

UPND youth leader Kenny Ng'ona wondered how the ruling Patriotic Front (PF) government has accumulated close to US$5 billion foreign debt in the three years that the party has been in power.

“We all know the painful path that this country went through in begging for debt forgiveness and write-off under the Jubilee 2000 campaign over money borrowed by the United National Independence Party (first government of Kenneth Kaunda) over a period of 27 years.

“As a country, we thought it was recklessness for Kaunda and UNIP to have accumulated US$7billion debt but it has taken President Michael Sata and Alexander Chikwanda only 3 years to hit close to US$5 billion foreign debt,” Ng'ona said Tuesday.

Former Commerce, Trade and Industry Minister Felix Mutati has also expressed concern at Zambia's debt, arguing that the debt accumulation under the three years of the PF is too huge for a small economy like Zambia's.

“The foreign debt now stands at US$4.7 billion while domestic debt is now in the region of K21 billion which is almost half of the budget,” Mutate who is Member of Parliament for the opposition Movement for Multiparty Democracy, observed.

According to Mutati, who served in the previous government of President Rupiah Banda, the level of borrowing by the PF threatens stability to macroeconomic position and also threatens the country's growth prospects, including the inflation targets and impacts on cost of doing business in Zambia.

The Finance Minister disclosed, while presenting the 2015 national budget to parliament, that the external debt stock has increased to US$4.7 billion as of last month, representing an increase of 34 percent from US$3.5 billion recorded last year.

Domestic debt also increased to K21.9 billion, reflecting an increase of 5.6 percent from K19.7 billion registered last year.

Chikwanda explained that the increase in the external debt was mainly on account of the US$1 billion issued in April this year as part of programmed financing in the 2014 Budget.

According to the Finance Minister, the net present value of Zambia's external debt at 23 percent of GDP remains below the internationally accepted threshold of 40 percent.

He however assured parliament that the PF government will exercise fiscal prudence in contracting debt and that borrowing will therefore be restricted to financing only critical capital investments. (Pana 15/10/2014)

TUNISIA: BIOTECHNOLOGY IN FOCUS TO STRENGTHEN ECONOMY AND DEVELOPMENT

Key socio-economic players, researchers, associations and professional organisations, national and international experts have gathered in Tunis to attend an international conference on "biotechnologies and socio-economic development in Tunisia: perspectives of development", organised by the Tunisian Ministry of Industry, Energy and Mines, with the support of the EU-funded Support Programme to the System of Research-Innovation (PASRI).

Participants discussed international experiences and good practices, an overview of biotechnologies in Tunisia and the prospects for biotechnologies in many sectors such as the food industry, environment, textile and health.

In her speech, the Head of the EU Delegation to Tunisia Laura Baeza insisted on the fact that "*biotechnology significantly contributes to the modernisation of industrial sectors and represents, after the technologies of information, the next wave of knowledge economy*". She stressed Tunisia's potential in the scientific field and the experience acquired by the EU in terms of biotechnology strategy, confirming that "*the EU is ready to share its experience and provide its partners with the main lessons learnt*." (EU Neighbourhood 15-10-2014)

ANGOLA PRODUCES 2,100 TONNES OF COFFEE IN 2013

Angola produced 35,000 bags of robusta coffee in 2013, which represents about 2,100 tons, according to data collected by Angolan newspaper Expansão.

The newspaper reported that the 2013 harvest was just 7.8 percent less than the 2008 crop when Angola produced 38,000 bags of coffee or a total of 2,280 tons.

Between 2009 and 2011 coffee production declined considerably and only in 2012 did production begin to increase again when production reached 33,000 bags.

Angola's National Coffee Institute (INCA) wants the government to make a significant investment in the sector so that it is possible to produce 60,000 tons of coffee per year – 26 times more than in 2013 – allowing for exports with a value of approximately US$100 million.

According to the International Coffee Organization (ICO), the world's leading coffee producers are Brazil, Vietnam, Indonesia, Colombia, Ethiopia, India, Honduras, Mexico, Guatemala and Uganda.

In 1973, Angola was the third-largest coffee producer in the world. (17-10-2014)

AFRICA RIDES THE RAILS ONCE MORE

"I thought I was bored for five minutes once," says the American railway man as he wanders around the site of the previous night's train wreck, picking his way over torn sleepers and bent rails, and staring at the freight cars lying on their sides in the Mozambican bush. "But I was wrong."

Operating railways in Africa is not for the fainthearted, but that has not stopped South African companies from piling into rail projects across the continent as it undergoes a rail and infrastructure renaissance worth billions of dollars.

From Sierra Leone to Ethiopia, Kenya to Mozambique, governments and mining companies are rehabilitating decrepit state-owned railways or building new lines to carry minerals to feed the global commodities boom.

In West Africa alone, some 5 000km of railway track and almost a dozen new ports have been built, or are planned. Closer to home in Mozambique, rail companies are developing rail and port infrastructure to properly exploit the Moatize coalfields near Tete.

Where governments and mining companies would once have looked to Europe or the US for locomotives and rolling stock, now they are doing business with firms in China and South Africa.

One such company is Port Elizabeth-based Sheltam, which hires out mainline diesel locomotives and offers rail operating expertise to railways throughout Southern Africa.

“I wouldn’t call it a boom,” said Sheltam managing director Roy Puffett, “but there is definitely a lot of activity.”

Sheltam, which has a fleet of 40 locomotives and 420 staff, is operating in the Democratic Republic of Congo (DRC), Mozambique and Swaziland as well as pulling ore trains at a number of South African mines. In Mozambique, its engines haul coal for Brazilian miner Vale on the Moatize-Beira corridor.

“There are two sides to the current activity,” said Sheltam commercial director Wes Kruger. “One is commodity-driven, the other is corridor-driven.”

Corridors are in vogue in Africa, he said, because they help reduce the cost of doing business in economies where transport has for decades been monopolised by trucks.

“All countries have ambitions to get rail back to where it should be because the cost of road transport is high,” said Kruger.

“And there are risks with the road infrastructure.”

Sheltam’s model has been to supply locomotives and crews as a package deal to rail operators. In the DRC, however, demand for an alternative transport provider has spurred the company to become more of a logistics operator, said Puffett.

Sheltam has benefited from a long-running shortage of locomotives in Southern Africa where state fleets have been destroyed by war, accidents or shoddy maintenance. The company runs a mixed fleet of locomotives bought new from General Electric’s Brazilian subsidiary along with an assortment of refurbished diesels bought from Transnet.

“African railways don’t have a lot of cash -they can’t afford a $3-million or $4-million [about R44-million] locomotive,” said Puffett.

As a result, a lot of locomotive-leasing companies have set up shop in South Africa to facilitate the supply of locomotives to cash-strapped governments.

Thelo Rolling Stock, 50% owned by the Industrial Development Corporation, arranges financing for rolling-stock deals across the continent. Although young, Thelo is no bit player. T his month, it supplied the first of four locomotives and 75 ore wagons, part of a $17-million deal with Swaziland Railway.

In June, the firm secured financing for a $68-million deal to supply 16 new locomotives from General Electric (GE) for Vale’s Moatize coal operation.

The locomotives are the first of a vast fleet of GE diesels that will be hauling coal in Mozambique by the end of 2015.

“Vale was a very interesting transaction,” said Thelo chief executive Ronnie Ntuli with deadpan restraint.

“Actually it was momentous. It’s a big deal for Vale, South Africa, Mozambique, Transnet, Vale ... it’s a Brics story more than anything.”

Thelo also arranged the financing for a $21-million deal for five diesel locomotives and 95 cars for Minas Moatize, near Tete.

The Minas Moatize locomotives were built by South African locomotive builder Grindrod Locomotives, a relatively new player.

Grindrod -which declined to be interviewed for this story -has built about 80 110-tons, 3 000HP diesel-electric locomotives at its Pretoria works and shipped them throughout Africa.

Not all railwaymen are enthusiastic about the “boom”. Henry Posner III, chairman of Pittsburgh-based Railroad Development Corporation, bemoans the fact that rail transport of general freight has not benefited.

"The lack of a programme for branch lines in South Africa is one of the best examples of this," he said. "A general policy objective of rail use is to develop economies and that means diversifying away from commodities."

That, said Posner, is not happening, even in South Africa where much of Transnet's recent substantial largesse has been funnelled into the heavy-haul ore and coal lines, while trucks still dominate the single-wagon load freight business.

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Privatising railways is uphill most of the way

THE locomotive building and leasing sectors may be booming, but it is a long leap from there to actually running a railway in another country.

Just ask Henry Posner III, a man the US press once dubbed "the Indiana Jones of African Railroads" for his willingness to operate in places other American railroad companies would not go.

Posner's Railroad Development Corporation, a small Pittsburgh-based company, has an enviable record of taking over moribund railways in far-flung parts of the world and, along with suitable investors, operating them back to health.

In the late 1990s, the company won the concessions to operate Malawi's rail network and Mozambique's Nacala corridor, the country's northern line which runs from the deep-water port of Nacala to link up with the Malawi network 872km to the west.

At the time, Posner noted that railroad privatisation had not been attempted before in Africa. "Normally the first people to do it end up being the lightning rod, carrying the costs and making the mistakes," he said.

It took his company nearly seven years to get funding for the Mozambican part of the concession. Financing a railway on which he did not own any of the equipment was "very difficult", Posner said.

Tim Schweikert, president and chief executive of General Electric South Africa, agreed that raising finance may be the hardest trick of all.

Getting the funding usually means first going to the offtakers, those who will be buying the service.

"But the off takers want the railroads up and running before they make any commitment. It's a chicken and egg thing," he says.

Railroad Development Corporation eventually raised a $29.6-million (about R328-million) loan from the Overseas Private Investment Corporation, which allowed it to get the Nacala corridor on track.

It worked out well. In 2008, after getting both the Malawian network — now called Central East African Railways — and the Nacala corridor back on their feet, the company sold its stake to local investors.

The next big challenge is the poor state of much of Africa's rail network, said Schweikert.

"There is at least 20 years of work that needs to be done on the continent to get to the right level of rail infrastructure," he said.

Then there's the government: "It's not easy negotiating with governments and railways particularly because they are monopolistic by nature and they hate sharing," said Roy Puffett, MD of Port Elizabeth-based Sheltam, which hires out diesel locomotives.

"It's almost a historic thing — they've been the provider and they don't like admitting that they've failed and letting private operators into their domain."

That may have been a factor in the protracted negotiations between mining group Exxaro and rail and government officials in the Republic of Congo over rail and port access agreements for the miner's proposed Mayoko iron ore project. Exxaro planned to ship ore from Mayoko to Pointe Noire port on the state-owned Congo-Ocean Railway and had bought locomotives from Grindrod and acquired a large fleet of ore cars.

By early 2014, however, the project was on hold. Business Day reported in March that Exxaro had taken a R5-billion impairment on the project and its rolling stock was for sale.

Exxaro declined to comment, saying negotiations were at a sensitive stage. One observer suggested that Exxaro's discussions with the Congolese government had been hampered by political naivety and the lack of a French-speaker on the negotiating team.

Posner is not as bullish as some would-be operators. "I regret to conclude that most countries are not serious about privatisation as we would recognise it," he said. (Business Times17-10-2014)

PRIVATE INVESTMENT IN ANGOLA RISES TO US$2.15 BILLION IN THIRD QUARTER

Non-oil private investment in Angola rose to over US$2.15 billion in the third quarter of 2014, according to a report from the country's National Agency for Private Investment (ANIP).

According to ANIP between 1 July and 30 September, 59 new private investment projects were approved.

The approved projects represent a global investment of US$2.15 billion compared to US$261 million in the third quarter of 2013. The increase in investment is a result of the proposed fibre optic network of Angola's Unitel, estimated to cost US$1.9 billion.

This investment translates into the creation of 9,519 new direct jobs, of which 726 will be for expatriates and the remainder for Angolans.

Most of the investment is from Angolan entities.

Among foreign investors, Portugal tops the list with investments totalling US$39 million. After Portugal were investors from Spain, with US$18.7 million dollars, and China, with US$16.6 million. (17-10-2014)

BUILDING RELATIONS WITH THE EU'S SOUTHERN NEIGHBOURS – SEVEN YEARS OF RESULTS THROUGH THE ENPI

The EU has been fully engaged in the transformation process in the Southern **Neighbourhood** and has mobilised significant resources, according to the DG Europe Aid report **"**European Neighbourhood Instrument 2007-2013 – Overview of Activities and Results**"**, recently released. It says the EU stepped up its engagement with civil society and offered increased trade and market opportunities and mobility partnerships.

The European Neighbourhood and Partnership Instrument (ENPI), with a €13.4 billion commitment, operated from January 2007 to January 2014, when it was replaced by the **European Neighbourhood Instrument** (ENI), which runs until 2020.

One of the ENPI's main priorities in the Southern **Neighbourhood** had been to support **good governance**, **democracy** and the **rule of law**, especially in the light of the 'Arab Spring'. The political upheavals of 2011 coincided with a review of the EU's policy towards the region and a modification of the priorities of its cooperation programmes.

The wave of reforms in the region has shown **variable progress**, according to the EuropeAid report, and has resulted in different outcomes: however, in general the results of EU cooperation and development programmes are assessed as positive, although quite diverse.

The report notes that in implementing the ENPI, there was a continuous dialogue between the EU and each of the partner countries, in order to achieve a spirit of **co-ownership and partnership**, ensuring that programmes funded were adapted to the needs of partner countries and contributed to their **economic and social development**, and ultimately to the well-being of the **citizens**.

In **financial terms**, the EU made available over €4.2 billion between 2011 and 2013. This includes the **response to the Syrian crisis**, the resources provided under the SPRING **programme**, which translates the 'incentive-based approach' for the Neighbourhood South into operational terms, and under the **Southern Neighbourhood Civil Society Facility**, which, with more than €11 million per year since 2011, provides support to civil society organisations in particular to enhance their role in advocacy and monitoring reforms.

Overall, the report notes, the **mix of available tools and modalities for aid delivery** in the Neighbourhood became **richer**, which translated into more opportunities for adapting the ENPI response to different needs and changing situations. Partners were granted access to **institution building tools** and the use of **budget support** opened areas of dialogue with the governments.

The role of **civil society**, as a key stakeholder in policy making and monitoring, has become more recognized and prominent in EU cooperation with partner countries.

Bilateral assistance South

The resources allocated to each country and some of the priority areas over the period 2007-2013 are:

Algeria: €366.1 million mainly for economic reform, with a strong emphasis on employment, diversification of the economy and economic governance.

Egypt: €1,007 million for political reform and good governance, competitiveness and economic productivity, and socio-economic sustainability of the development process.

Israel: €13.5 million mainly for institutional Twinning projects in employment and social affairs, health and consumer protection, justice and home affairs, telecommunications and transport, agriculture, environment and statistics.

Jordan: €589 million committed, with major progress made in the education, energy and public finance sectors. Support is offered to help the country's effort to handle the effects of the Syrian crisis.

Lebanon: €388 million committed. Urgent needs arose following the 2006 conflict with Israel, for reconstruction and recovery activities and political and socio-economic reforms. Support is offered to handle the effects of the Syrian crisis.

Libya:€83 million for strengthening civil society and for dialogue and developing working relations with Libyan institutions, especially the Ministry of Planning.

Morocco: €1,431.1 million mainly for economic modernization, with results in education reform, democracy and social cohesion, especially ensuring citizens' equal access to basic quality services like health.

Palestine: €2,051.7 million committed, with the largest share for Direct Financial Support through PEGASE. Refugees are supported through UNRWA and a development package focused on governance/rule of law, private sector, and water, infrastructures/land development. There is a special action for East Jerusalem.

Syria: €358 million initially committed to support political, administrative, economic, social and environmental reforms. Since the crisis, funds were mobilised to address its consequences and complement the major EU humanitarian effort.

EU Cooperation in the South funds projects ranging from reform of the justice sector in **Tunisia** and providing for education of **Syrian** children, to basic public services in the **West Bank** and **Gaza** and fighting illiteracy in **Morocco**. Other projects included support to civil society in **Libya**, backing to ministries in **Lebanon** and **Jordan** so they tackle the challenge of education for Syrian refugees, a coexistence project for **Israelis** and Palestinians, women's empowerment in **Egypt** and public sector expertise in **Algeria**. (15-10-2014)

CUNENE, ANGOLA, TO HAVE RAIL LINK WITH NAMIBIA

A new extension of the Moçamedes Railroad will, in teh mid term, connect the Angolan border area of Santa Clara, in Cunene province, to the neighboring Republic of Namibia, allowing greater flow of trade between the two countries, said the governor of Cunene, António Didalelwa.

According to the governor of Cunene the 987-kilometre railway line will be laid between Namibe, Huila and Kubango, Onjdiva (Cunene) and Santa Clara (Cunene).
Didalelwa said construction of the Ondjiva/Santa Clara section is part of the Cunene Provincial Development Plan, estimated to cost around US$5.5 billion.
With 55 substations, the Moçamedes Railroad, is the second-largest railway in Angola after the Benguela Railroad. (17-10-2014)

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Download the Programme:

HTTP://NORWEGIANAFRICAN.NO/WP-CONTENT/UPLOADS/2014/04/NABA-SUMMIT-PROGRAM-30TH-OF-OCTOBER-2014-DRAFT-UPDATED-OCT-7TH-20146.PDF

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Next Events

October 11-25, 2014

Trade mission D.R. CONGO (Lubumbashi/Mbuji Mayi/Kinshasa)

Organizers : AWEX/BIE/FIT/CBL-ACP

October 15, 2014

Mauritius Board of Investment - B2B organized by AWEX in cooperation with the CBL-ACP

October 23, 2014 - 15:00

Round table "Trade and Investment Opportunities in Zambia" followed by a networking reception offered by the Ambassador of the Republic of Zambia on the occasion of the National Day (50th Anniversary of the Independence)

October 30, 2014 - 12:00

Joint conference-lunch CRAOM/CBL-ACP

Guest of honour : Mr. Peter Moors, Director General, Belgian Development Cooperation

Theme : "La Coopération au Développement a-t-elle encore un avenir ?"

November 16-21, 2014

Economic and trade mission to Kenya and Tanzania organized by AWEX in cooperation with Brussels Invest and Export, and the CBL-ACP

November 25-28, 2014

Economic and trade mission to Egypt organized by FIT in cooperation with the ABLCC, CBL-ACP and EBBA

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