



ATF NEWS BRIEF

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WHAT IS NEW!!!

1. Word Trade Organisation

Doha! What Is Next?

The Ministerial meeting that took place in Geneva had the optimists' hoping for a breakthrough for the 10 year talks. With the announcement of Russia's accession to the WTO, there was not much progress made during the Ministerial especially regarding the DDA.

The World Bank has just published a book entitled "*Unfinished Business? The WTO Doha Agenda*", edited by Will Martin and Aaditya Mattoo. The book aims at offering empirical basis for informed choices. It asks three questions and answers them as follows:

- (1) What benefits does Doha currently offer individual participants, and what would be lost if Doha were abandoned?
The global gains are conservatively estimated to be around \$160 billion per year from the agricultural and NAMA agreements alone. The true gains would be larger because the proposed cuts in bound tariffs would reduce the uncertainty associated with the current large gaps between applied and bound tariffs.
- (2) What are the implications of potential modifications proposed to the Doha drafts?
The study presents evidence that deeper liberalisation in the sectors being considered for sectoral agreements could treble the trade expansion from reforms in non-agricultural trade. In agriculture, the evidence reviewed suggest that the proposed special safeguard mechanism (SSM) envisaged for developing countries, with quantity and price triggers, could both reduce market access and increase the instability of world and domestic markets.
- (3) And if the World Trade Organization did start afresh, what have we learned from Doha about going forward?
Firstly, in negotiating cuts in tariffs, top-down formulas with very sharp reductions in the highest tariffs as used in the DDA are economically desirable. However, they may generate political costs even more rapidly than economic efficiency gains, and lead to intense pressure for exceptions from the formula. Better outcomes may be achieved through proportional cuts.
Secondly, in agriculture, the limited disciplines on export restrictions hurt the confidence of importers that world markets would be a reliable source of food supplies. Negotiation disciplines on both import and export restrictions, and dealing explicitly with both food security and price insulation issues could lead to a more desirable negotiated outcome.
Thirdly, in services, market access negotiations have floundered in large part because of inadequate attention to the regulatory context in which any liberalisation must take place. Greater progress might be made by addressing regulatory weaknesses in developing countries and promoting international regulatory cooperation, especially in areas like financial services and labour mobility.

The volume also identifies several critical trade related matters that lie outside the DDA, such as the trade and trade policy implications of climate change mitigation, exchange rate management, food security, and oil and energy security. The conclusion of Doha would create space for some these issues which need to be resolved at a multilateral cooperation platform.

For more information please find the full book at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/11/07/000112742_20111107120307/Rendered/PDF/654560PUB0mart0ness0Doha00CEPR02011.pdf

2. SADC

A Ministerial meeting took place in November 2011. The SADC Customs Union as well as other matters were discussed.

Below are some of the considerations made with regards to the customs union. The ministers have agreed that there is need to decisively address and overcome the following practical realities on the ground in order to achieve a functional and effective Customs Union.

- (i) overlapping membership of most Member States in similar trading arrangements;
- (ii) divergent trade policies and strategies and economic conditions among Member States;
- (iii) varied tariff levels amongst Member States, in particular, countries with low tariff regimes, which may have to raise their tariffs in order to correspond to the proposed CET;
- (iv) varied WTO tariff bindings of Member States, which may require compensatory tariff adjustment to affected WTO Members;
- (v) existence of bilateral trading arrangements of Member States with third parties;
- (vi) varied dependence of Member States on customs revenue; and
- (vii) unique circumstances of island states which do not share land borders with other SADC Member States and only accessible by sea and air trade routes.

Although according to the SADC Regional Indicative Strategic Development Plan (RISDP), the road map for deeper economic integration, the Customs Union should have been launched in 2010, the above indicates that substantive progress needs to be made in order for its realisation. It is also encouraging to see that issues are being realistically assessed. The Customs Union is still some time away, especially considering the priority that the Tripartite Free Trade Area between COMESA, EAC & SADC is now taking.

2.1 Tripartite Free Trade Area: COMESA, EAC & SADC

The first Technical Negotiating Forum meeting of the T-FTA took place in Nairobi during the first week of December 2011. The aim was to formally constitute it as well as to put in place administrative arrangements necessary to facilitate the conduct of negotiations and agree on how the substantive negotiations will be approached and conducted.

The terms of reference were adopted as well as the proposed work plan and schedule of technical negotiations. The first phase of the negotiations should commence in February 2012 to April 2014 and will cover the negotiations on the elimination of tariff, non-traffic barriers, rules of origin, custom and transit related issues.

The following was recommended by the Namibian delegation regarding the T-FTA negotiations;

- Namibia should constitute a negotiating committee for the TTNF.
- SACU Member States meet in order to device a common negotiating strategy.
- Namibia, through the Ministry of Trade and Industry, sets-up and capacitate a Tripartite coordinating desk and;
- That Namibia compiles trade statistics and any other relevant information and forward it to the Tripartite Task Force by February 2012.

2.2 SADC Economic Partnership Agreements

A meeting was held with the European Commission and the SADC – EPA senior officials on the 14th and 15th November 2011 in Johannesburg, South Africa. The meeting was precluded by the different technical working groups of the EPA negotiations, i.e. market access, trade in services and unresolved negotiation issues from the 11th till the 13th of November.

In **market access negotiations** virtually no progress was made, while in **the unresolved negotiation issues** progress was made virtually leaving very few issues are outstanding. These are mostly technical issues that are pertaining to the alignment of the TDCA to the EPA process.

Senior officials sent the delegations back with the hope that they can improve on the market access proposals made by the E C in June 2011.

The EC further informed the SADC- EPA delegation that the negotiations should be finalised by June/July 2012 because the Commission needs at least 18 month to finalise their internal processes. The SADC-EPA delegation was not very happy and will revert to the EC at the next meeting with their own proposals.

The next meeting with the EC is scheduled to take place mid April 2012, which will be preceded by the technical working groups on rules of origin and market access towards the end of February 2012.

3. SACU

3.1 Summit, Council and Commission

A meeting of the SACU Commission and Council took place in Windhoek in the beginning of December. A summary of the issues addressed is as follows

- The main issue was the distribution of the Revenue Sharing Pool and the results thereof. It should be noted that Lesotho got a substantially larger part of the pool than in the previous years. (Approximately an additional 1,3 billion)
- Other issues were taken note of especially as the running consultancies were not finalised as yet.
- A dedicated session of the senior officials will take place on 21-22nd February 2012 to discuss the SACU Trade Agenda. More details will be provided in the next issue.

3.2 Technical Liaison Committees

A decision was made by the Commission to reactive the technical liaison committees. The committees are vital to ensuring that technical and empirical basis support decisions of the Commission and Council.

3.3 Negotiations and Agreements

3.3.1 SACU India Preferential Trade Agreement (PTA)

in December 2011, India sent a request list to SACU on product for tariff reduction. Currently a process of national consultation is taking place. Firstly, Customs is finalising the current applied rates on the products and these will then be sent to various stakeholders, such as the ATF, NMA, NCCI, etc in order to comment on the list.

A SACU consolidation process will then take place after the member states have completed their consultations. The exchange of the response will then be made with India around mid March 2012. It is possible that a joint negotiation can take place during the first quarter, after nearly 18 months since the last engagement.

3.3.2 SACU Mercosur (PTA)

There is nothing new to report. Member states are being urged to complete the ratification process.

3.3.3 SACU EFTA Free Trade Agreement (FTA)

The Commission has instructed that a process begins to carry out an in-depth analysis of economic implications of the EFTA proposals. This was a result of the view that EFTA will only consider the beef expansion quota to Norway, if there is a simultaneous consideration of their request for market access of processed agricultural products.

In the meantime, 460 tons from the Botswana EFTA quota were transferred to Namibia, as Botswana is not able to fulfil its 2011 quota to Norway. The quota was divided between the two export abattoirs on a 50% basis.

3.3.4 SACU OTHER

3.3.4.1 None

List of Acronyms

ACP	African, Caribbean and Pacific
BLNS	Botswana, Lesotho, Namibia and Swaziland
CET	Common external tariff (of the SACU)
COMESA	Common Market for East and Southern Africa.
DDA	Doha Development Agenda (current round of WTO negotiations)
DFQF	Duty and Quota Free market access to EU markets
DoP	Directorate of Planning at Ministry of Agriculture Water and Forestry
DVS	Directorate of Veterinary Services at MAWF
EAC	Eastern African Community
EC	European Council / Commission
EPA	Economic Partnership Agreements
EFTA	European Free Trade Area (Switzerland, Norway, Iceland and Lichtenstein)
EU	European Union
FTA	Free trade Agreements/ Area
FSIS	Food Safety and Industrial Standards
FVO	Food and Veterinary Office – inspections from the EC
IPPC	International Plant Protection Council
ITAC	International Trade Administration Commission of South Africa
Mercosur	Latin American Common Market (Spanish translation) comprising Argentina, Brazil, Paraguay and Uruguay
MTI	Ministry of Trade and Industry
MAWF	Ministry of Agriculture, Water and Forestry
NAMA	Non Agricultural Market Assess
NCA	Northern Communal Areas
NTBs	Non Tariff Barriers
OIE	World Organisation for Animal health
RoO	Rules of Origin
SACU	Southern African Customs Union
SADC	Southern African Development Community
SPS	Sanitary and Phytosanitary
SSM	Special Safeguard measures
TBT	Technical Barriers to Trade
T-FTA	Tripartite Free Trade Area: COMESA, EAC, SADC
WTO	World Trade Organisation

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