



## **MEMORANDUM N° 150/2011**

**15/09/2011**

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## ONE) – EUROPEAN PARLIAMENTS ADOPTS COMMISSION PROPOSAL FOR STRONGER EU BORDER MANAGEMENT AGENCY

The European Parliament today adopted the European Commission's proposal to strengthen the European Union's border management agency (Frontex). Frontex will have more equipment and personnel from Member States at its disposal, thus enabling it to better coordinate the border patrol operations of EU Member States.

Even though Frontex proved to be very useful in providing a framework for Member States to cooperate with each other when faced with particular pressures on their external borders, operational cooperation could still be improved.

Thanks to these new powers, Frontex will be deploying European Border Guard Teams in the near future. These teams will consist of national border guards assigned or seconded by Member States.

More technical resources will be at the Agency's disposal, and it will now have the ability to acquire or lease its own technical equipment such as vessels or helicopters for border surveillance.

Frontex will also be able to strengthen its cooperation with third countries and will have the possibility to provide them with technical assistance.

The respect of fundamental rights and obligations under various international law instruments received specific attention in the proposal. A Fundamental Rights Officer will, for instance, assist in matters having implications for fundamental rights and a Consultative Forum on Fundamental Rights will be created also involving relevant international organisations and NGOs.

With these changes the Frontex agency will be better prepared to face the challenges at the external borders of the Union together with Member States.

Frontex was established to coordinate and facilitate the management of the external borders of the Union.

The Agency became fully operational on 3 October 2005 and is based in Warsaw (Poland). Its primary responsibility is to coordinate operational cooperation between Member States (joint border operations and pilot projects) and to maintain a centralised record of technical equipment that Member States are ready to place at the disposal of other Member States.

Its other activities include developing a common integrated risk analysis model, establishing the common EU training standards for border guards and following developments in research relevant to control and surveillance of external borders.

Following its launch, evaluations carried out by the Commission and Frontex itself have shown that, if Frontex is to coordinate border control operations more efficiently, particularly in the Mediterranean, and support the increased use of joint return flights, it needs to have more resources at its disposal. Indeed, EU governments called on the Commission to propose improvements to Frontex, as part of the Stockholm Programme, at the European Council of 10-11 December 2009.

To heed this call, the proposed revision of the Frontex regulation seeks to clarify the mandate and enhance the role of Frontex by:

- Ensuring the availability of **technical equipment** for joint operations
- Ensuring the availability of **qualified border guards** for joint operations
- Ensuring **efficient coordination**, implementation and evaluation of joint operations
- Ensuring efficient cooperation between Frontex and **third countries** on border management
- Improving the efficiency of **joint return operations**
- Improving the **evaluation of the performance of Member States** in the area of border management.

## TWO) - EU - SOUTH AFRICA SUMMIT - EU27 SURPLUS IN TRADE OF GOODS WITH SOUTH AFRICA CONTINUED TO GROW IN THE FIRST HALF OF 2011

After **EU27** trade in goods with **South Africa** dropped in 2009, both exports and imports showed a renewed growth in 2010. The value of **EU27** exports to **South Africa** increased by one third and reached a peak of

21.4 billion euro in 2010, while imports rose by 20% to 17.9 bn, still not reaching the level of imports recorded in 2006.

The first half of 2011 showed a sustained growth in **EU27** trade with **South Africa**, compared with the first half of 2010. Exports rose from 10.1 bn in the first six month of 2010 to 12.3 bn in the first half of 2011, and imports from 8.8 bn to 9.1 bn. As a result, the **EU27** surplus in trade of goods with **South Africa** increased from 1.2 bn in the first half of 2010 to 3.2 bn in the same period of 2011. **South Africa** accounted for around 1.4% of the **EU27's** external trade in goods, and was the **EU27's** fifteenth most important trading partner in the first six months of 2011.

On the occasion of the fourth **European Union - South Africa** summit, which will take place on 15 September in **South Africa**, Eurostat, the statistical office of the European Union, issues data on trade and investments between **South Africa** and the **EU**?

#### Germany and the United Kingdom account for almost half of EU27 trade with South Africa

Among the **EU27** Member States, **Germany** (4.1 bn euro or 34% of EU27 exports) was by far the largest exporter to **South Africa** in the first half of 2011, followed by the **United Kingdom** (1.8 bn or 15%) and **France** (1.1 bn or 9%). **Germany** (2.5 bn or 28% of EU27 imports) was also the largest importer, followed by the **United Kingdom** (1.5 bn or 16%). The highest surpluses in trade with **South Africa** in the first six months of 2011 were observed in **Germany** (+1.6 bn) and **France** (+0.7 bn), and the largest deficits in **Italy** (-0.4 bn) and the **Netherlands** (-0.3 bn).

#### EU27 Member States trade in goods with South Africa

million euro

	Exports		Imports		Balance	
	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011
<b>EU27</b>	<b>10 095</b>	<b>12 311</b>	<b>8 846</b>	<b>9 146</b>	<b>1 250</b>	<b>3 165</b>
<b>Belgium<sup>1</sup></b>	572	794	716	991	-144	-197
<b>Bulgaria</b>	3	61	4	10	-1	51
<b>Czech Republic</b>	147	197	34	75	113	122
<b>Denmark</b>	85	106	55	91	31	15
<b>Germany</b>	3 743	4 130	2 161	2 541	1 582	1 589
<b>Estonia</b>	1	2	1	2	-1	0
<b>Ireland</b>	140	146	47	69	92	77
<b>Greece</b>	11	8	20	27	-9	-18
<b>Spain</b>	383	490	406	534	-22	-43
<b>France</b>	816	1 113	399	390	417	724
<b>Italy</b>	573	767	1 074	1 128	-501	-360
<b>Cyprus</b>	0	1	4	5	-4	-4
<b>Latvia</b>	1	2	1	0	1	2
<b>Lithuania</b>	3	2	2	2	2	1
<b>Luxembourg</b>	16	69	1	1	15	69
<b>Hungary</b>	145	311	13	56	132	255

<b>Malta</b>	1	1	6	0	-5	1
<b>Netherlands<sup>1</sup></b>	827	923	1 028	1 244	-201	-322
<b>Austria</b>	210	242	106	159	105	82
<b>Poland</b>	161	192	63	67	98	125
<b>Portugal</b>	32	40	59	45	-26	-6
<b>Romania</b>	29	79	8	14	21	65
<b>Slovenia</b>	13	13	4	10	9	3
<b>Slovakia</b>	22	35	1	1	21	35
<b>Finland</b>	133	177	85	53	49	124
<b>Sweden</b>	674	615	147	167	527	448
<b>United Kingdom</b>	1 355	1 797	2 405	1 466	-1 050	331
<b>Total Extra-EU27</b>	<b>630 209</b>	<b>743 240</b>	<b>709 590</b>	<b>835 700</b>	<b>-79 382</b>	<b>-92 460</b>
<b>South Africa / Total</b>	1.6%	1.7%	1.2%	1.1%		

0 = less than 0.5 million

### EU27 trade in goods with South Africa

million euro

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>South Africa</b>											
<b>Exports</b>	11 810	12 584	12 622	13 592	16 051	18 105	19 891	20 374	20 222	16 121	21 447
<b>Imports</b>	14 696	16 354	15 916	15 057	15 812	16 835	18 535	20 870	22 360	14 985	17 944
<b>Balance</b>	-2 886	-3 771	-3 294	-1 465	239	1 270	1 356	-496	-2 139	1 136	3 503
<b>Total Extra-EU27</b>											
<b>Exports</b>	849 739	884 707	891 898	869 236	952 954	1 052 719	1 160 100	1 240 555	1 308 796	1 097 141	1 348 504
<b>Imports</b>	992 698	979 145	936 972	935 245	1 027 522	1 179 569	1 352 787	1 435 015	1 566 296	1 206 494	1 503 618
<b>Balance</b>	-142 959	-94 438	-45 073	-66 010	-74 567	-126 849	-192 686	-194 459	-257 501	-109 353	-155 114
<b>South Africa / Total</b>											
<b>Exports</b>	1.4%	1.4%	1.4%	1.6%	1.7%	1.7%	1.7%	1.6%	1.5%	1.5%	1.6%
<b>Imports</b>	1.5%	1.7%	1.7%	1.6%	1.5%	1.4%	1.4%	1.5%	1.4%	1.2%	1.2%

### Surplus of 1.6 bn euro for trade in services in 2009

Both exports and imports of services between the **EU27** and **South Africa** showed a decline from 2007 to 2009. In 2009, the **EU27** exported 5.4 bn euro of services to **South Africa**, while imports amounted to 3.9 bn. As a result, the **EU27** recorded a surplus of 1.6 bn in trade in services with **South Africa** in 2009,

compared with 1.8 bn in 2008 and 1.9 bn in 2007. **South Africa** accounted for 1% of extra-EU27 trade in services in 2009.

**EU27 trade in services with South Africa**  
million euro

	Credit			Debit			Net		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
<b>South Africa</b>	6 470	6 214	5 428	4 557	4 371	3 868	1 913	1 844	1 559
<b>Total extra-EU27</b>	506 136	528 995	477 848	419 111	453 401	414 577	87 024	75 594	63 271
<b>South Africa / total extra-EU27</b>	1.3%	1.2%	1.1%	1.1%	1.0%	0.9%			

**Growth of EU27 FDI in South Africa in 2009**

Foreign Direct Investment (FDI) flows between the **EU27** and **South Africa** followed different patterns. While **EU27** foreign direct investments in **South Africa** increased to 5.9 bn euro in 2009, after a drop in 2008, **South African** direct investment into the **EU27** fell to 1.0 bn in 2009, after a growth in 2008.

**EU27 FDI flows with South Africa**  
(million euro)

	2007	2008	2009
<b>EU27 FDI in South Africa</b>	5 118	3 018	5 918
<b>South African FDI in the EU27</b>	1 861	2 476	1 008

1. Belgian and Dutch imports, and therefore the trade deficit, are over-estimated because of the "Rotterdam effect", where goods destined for the rest of the EU arrive and are recorded in harmonised EU external trade statistics in Belgian and Dutch ports. This then has a positive effect on the external trade balances with South Africa of those Member States to which the goods are re-exported, as these shipments would be recorded as intra-EU trade with Belgium and the Netherlands, rather than extra-EU trade with South Africa.

**THREE) - PAN AFRICAN EYES MORE GOLD, PLATINUM OPPORTUNITIES, PROFIT JUMPS**

Aim- and JSE-listed Pan African Resources, which posted a strong performance for the financial year ended June 30, is looking to pursue further gold and platinum opportunities in South Africa, CEO **Jan Nelson** said on Monday. Attributable profit jumped 20% to £17.2-million and headline earnings a share increased to 1.20p from 1.07p in 2010.

While organic growth opportunities remained its strategic and key focus, Nelson said that it would consider potential acquisitions in gold and platinum projects, from a prefeasibility stage onwards. "It is not just about finding a resource, but about find the right grade and quality of resource that enhances growth," he explained.

Other growth opportunities included the Phoenix Platinum Chrome Tailings Retreatment Plant (CTRP), which Nelson said could see further expansion phases in future. Commissioning of the CTRP is expected at the end of September, and production is forecast to start in December. Upon completion, revenue would be generated from platinum-group metals and gold.

The project has a defined a total indicated resource of 147 500 oz, with 3.130-million tons at an in situ grade of 1.47 g/t. The Bramber tailings project at Pan African's Barberton operations also featured in its growth strategy.

A feasibility study covering plant design, final process flow design, volume throughput, chemical and reagent consumption, recoveries and capital and operating expenditure will be completed in the second quarter of the 2012 financial year. If feasible, a new plant will be constructed to treat about 1.2-million tons a year of tailings for three years. An order of magnitude estimate study completed by Matomo estimated that the project would cost about R250-million and that plant construction would take about 12 months.

The company also completed initial auger drilling on another nine-million tons of tailings, which, if viable, could extend the project's life to ten years and increase the yearly production profile by about 20 000 oz.

The company is also looking to sustain and increase its production profile at the Barberton mines through continued capital investment, with over £6.8-million (about R80-million) spent in the period under review.

A further R80-million will be spent on this project in the next year, Nelson said.

However, production, during the financial year under review, was affected by a strike at the Fairview section in the first quarter, which impacted the operations by an estimated 3 000 oz.

Nelson said that management had made significant progress in making up the lost production and that it was on schedule to produce close to 100 000 oz by the end of December.

Production had to be stopped at a section at the Fairview mine in April, in order to address poor rock wall conditions.

Barberton sold 92 197 oz of gold during the year, a decrease of 6.01% from the previous year's 98 091 oz.

This decrease is the result of the mining operation milling 296 200 t, a decrease of 5.42% from the previous year's 313 167 t. Head grade and overall recoveries remained relatively constant at 10.55 g/t and 90.80% respectively.

The Barberton operating sections, comprising the Fairview, Sheba and New Consort mines, showed further improvement year-on-year in the lost-time injury frequency rate (LTIFR). The LTIFR improved to 2.2 and the serious injury frequency rate decreased to 0.66. During the month of July, Barberton mines achieved one-million fatality-free shifts.

Outside South Africa, Nelson said he could not disclose any further information regarding the possible separate listing of Manica Gold, in Mozambique.

It was envisaged that a separate listing will benefit stakeholders owing to the new entity having its own dedicated management team, separate access to capital to fund an aggressive project development plan, operational flexibility, and being able to attract strategic development partners.(Africa Mining)

#### **FOUR) - EGYPT CANCELS PLAN TO TIGHTEN TOURIST VISA RULES**

Egypt has cancelled plans to tighten visa restrictions on tourists, state media reported on Sunday, after tour operators said the new rules would drive visitors away. Egypt's government approved the restrictions three days ago, saying it wanted to improve security.

But it changed its mind when officials warned the changes would damage a vital industry, already hurting after this year's uprising against former president Hosni Mubarak.

The rules would have forced individual tourists to get entry visas in their home countries before entering Egypt. Only people travelling with approved tour companies would have been able to continue getting visas at Egyptian airports. "Issuing a decision like this would have severe negative effects on tourism which was made obvious by reactions from inside and outside Egypt and this led to canceling the decision completely," Tourism Minister Mounir Fakhry Abdel Nour was quoted as saying.

Tourism revenue plunged 47.5 percent to \$3.6 billion in January to June this year compared with \$6.9 billion in July to December 2010, before the uprising. (Reuters)

#### **FIVE) – EGYPT NEGOTIATING HIGHER GAS PRICES TO JORDAN**

Egypt is negotiating with Jordan over increasing the price of Egyptian natural gas it exports to the fellow Arab state, an official Egypt's Oil Ministry said on Monday. "Negotiations are moving forward in a positive direction and soon an agreement will be signed to modify gas prices," the official, who asked not to be named, told Reuters. He said he did not expect a signing on Thursday as some news reports had suggested.

A previous gas deal between Egypt and Jordan was signed in 2004 and was meant to last 15 years. It stipulated the export of 240 million cubic feet of gas a day, enough to generate around 80 percent of Jordan's power.

In July 2010, the two countries agreed to, but did not sign, a deal for additional exports that would bring the total figure to 300 million cubic feet per day of gas. Jordan's Energy Minister Khaled Toukan has said gas exports from Egypt would resume in September despite repeated attacks on the pipeline in Egypt's Sinai region.

Since a popular uprising ousted Egyptian President Hosni Mubarak, armed militants have used a security vacuum in North Sinai to stage attacks on the gas pipeline supplying Jordan and Israel, disrupting flows in both countries.(Reuters)

#### **SIX) – NIGERIAN GOVERNMENT TO BE MORE TRANSPARENT**

Nigeria's finance minister, Ngozi Okonjo-Iweala, said on Sunday she would make government spending more transparent and fight the country's corrupt who are trying to stunt progress in Africa's most populous nation. Okonjo-Iweala said detail of the revenue federal government distributes to different departments and local offices will be published on the finance ministry website, starting this week with detail of distributions for the past 18-months. "We are committed to actualising transparency and accountability because they are a vital component of good governance," the coordinator of the economy and finance minister told reporters in her office.

Africa's top crude exporter distributes revenues, mostly from the sale of its oil, to state and local government on a monthly basis. Nigeria is regularly ranked by international agencies as one of the most corrupt countries in the world.

Okonjo-Iweala, a former World Bank managing director, was sworn into her new role last month, pledging to cut Nigeria's budget deficit, boost job creation and finish failing infrastructure projects. During her previous tenure as finance minister from 2003-06, Okonjo-Iweala stepped on some toes. She said her efforts to fight corruption this time were already putting her in the line of fire.

A leaked U.S. diplomatic cable released by Wikileaks last week alleged she steered \$50 million contracts to her brother for contracting work during her previous tenure. "(The story) is baseless fiction devoid of even a semblance of truth. It is based on two sentences in the alleged Wikileaks cable allegedly uttered by an unidentified person," her office said in a statement.

She said the cable had been manipulated by Nigerians with a vested interest in her anti-corruption practises failing. "The attacks have started. They have been launched by people trying to do damage to my reputation. They will never succeed. You will see absolutely no turning back." "Their underlying motivation is for this administration not to succeed. This will not stop, those people won't stop. When you fight corruption, corruption fights back."

## SEVEN) – HOW COMPETITION WILL DRIVE FUTURE OF TELECOMS INDUSTRY

Despite Nigeria 's saturated tele-density, many multinational telecom corporations still craved for space in Nigeria , West Africa 's leading market. The reason seems to be a notion in the global telecoms market that any operator with strong financial base could still find a footing in the country. The position was made clear by Steven Evans, chief executive officer of Etisalat Nigeria , in an exclusive interview with Business Day in Port Harcourt during the recent flag-off of the company's 2011 merit awards to students of selected universities.

As far as Evans is concerned, Etisalat is one of the giants with enough financial muscle to withstand and even excel in the kind of battle he is talking about. He pointedly said that Etisalat had huge funds to compete in Nigeria where the likes of MTN and Globacom had seemingly established pole positions.

Apparently undeterred, the Etisalat CEO said that "what makes competition is when government and the Nigerian Communications Commission (NCC), make sure of regulation and tax environment". According to him, the government of any country willing to drive its telecoms to greater viability must ensure that investors were protected so they could make long-term investment decisions. As far as he is concerned, Etisalat is here to participate on long-term basis.

Part of this new strategy could be the company's decision to play deeper and harder in Nigeria 's south-south and south-east which spot active commercial hubs. The ceo alluded to Etisalat's hard-won 3G license from the NCC, admitting that it is the latest technology in the global system of mobile communication industry.

He reaffirmed that Etisalat was building a big 3G network and that in the next four weeks, this would be launched. "We are excited because it is a modern thing. It is a key technology to deliver the broadband in the market". A broadband uses a wide range of electromagnetic frequencies in transferring data fast and is able to transfer large amounts of data at high speed.

Still on the oil region and the south east market, the ceo said Port Harcourt was undergoing what he called a renaissance of a sort, speedily growing and expanding. "Talking with the deputy governor of the state shows everything. This is a region where we want to spend more money, where we want to invest. At the moment, we have 50 workers in our Port Harcourt office and more will join. We intend to invest here".

Anticipation of a highly competitive future in Nigeria and plans to play hard in the broadband technology may be reason behind Etisalat's inclination to educational development in Nigeria as its own corporate social responsibility (CSR) slant.

Part of this strategy, he said, is to develop Nigerians in the ability to work with the broadband technology aided by sound education of the future generation who today are in the universities. "Education is critical to development of Nigeria and it encourages competition to induce hard work", he declared.

The ceo admitted that Etisalat seemed immersed in education projects in Nigeria in four key areas of the knowledge industry. He explained: "We have the adopt-a-school, which began with schools in Lagos, expanding to Port Harcourt and some other towns; teacher-training scheme with emphasis on teaching of English Language because it is an international language and one very important to Nigerians; sponsorship of Corporate Social Responsibility (CSR) as a department in the Lagos Business School to make corporate bodies take the issue very seriously; and the annual merit award/scholarships to university students in Nigeria".

Etisalat was in Port Harcourt for the third time in three years to dole out merit awards to top 10 undergraduates in six of the 26 selected universities in Nigeria. The Port Harcourt event topped the company awards to 460 undergraduates and the number is still counting every year.

On the passion for education, Evans revealed that his parents back home in Britain were educationists, and dispelled fears of anything bad happening to the project should he leave Nigeria. “The key is sustainability and we expect it to grow and outlast Steven Evans”.

Supporting the ceo’s CSR inclination in education, the director, Brands and Communication, Enitan Denloye, said the company had started feeling the impact of its investments in education on the brand. “The notion is strong on that, look, others start only when they begin to make profits, but that Etisalat started right from the onset”. He too admitted that the future of the market would be driven by education and competition. He urged companies to support Nigeria in the quest for educational advancement.

About 60 students from five universities in the south-south and east sat with rapt attention during the proceedings that made each of them N100,000 richer. In the 2011 edition that just kicked off in the garden city, 60 students, 10 each from the University of Port Harcourt, Rivers State University of Science and Technology, University of Nigeria Nsukka, Anambra State University, Ebonyi State University, and Delta State University won a one-year scholarship to pursue academic studies in any of Electrical Electronics, Computer Science or Management Studies.

A three-time award winner, David Isijola Olufemi (300-level Management) from the UST, heaped more praises on Etisalat, saying the award had lifted him very high and had provoked competition in campuses. He told BusinessDay that each time he received the award, it gave him a new mindset to achieve more, to do more and get more. He debunked insinuations that lecturers deliberately marked down students, just as he urged fellow students to stop hiding under excuses. He also admitted that many colleagues now besieged him to know how to win these scholarships.

Earlier at the ceremony, the triple award-winner recalled tough situations: “I remember situations where I consistently and continually calculated my Cumulative Grade Point Averages (CGPA) to make sure I put in more efforts to excel. At times, I had to walk around the school premises reading notes to drive away sleep. I spent late nights to make sure I covered my course outlines to the point that I sometimes fell ill, but never did I quit. I committed myself to sacrifices in order to remain the best”.

He went on as the audience fell silent: “Being the best, I am not saying it’s easy, neither is the selection the best. But the degree of sacrifices made and the degree of gratification delayed in making one the best today points to the degree and extent to which one would be celebrated, and that of future success too. As you sow, the same you shall reap. So I encourage that one sows into life what one wants out of life”.

Other awardees seemed to nod when he said: “My fellow awardees, I want to assure you that if you work hard continuously, improve yourself academically and trust in God at all times, your name will also be a regular one in the Etisalat Scholarship Awards Scheme like mine. Aim to be the best, because you have got the requisite potentials to be the best. Be a role-model for those behind you; that they may aspire to be like you. And when in doubt, remember a statement my Dean, Seth Accra–Jaja, once made to me - “You are an academic leader, you cannot fail””.

The governor, Chibuike Amaechi, represented by Thank God Ekine, a director in the office of the deputy governor, said the state was pleased with what Etisalat was doing without prompting, and offered a hand of partnership to the company. A motivational speaker, Niyi Adesami, reminded the awardees that the life of hard competitions just got started.

The head of Information and Communication Technology (ICT) in the Rivers State University of Science and Technology (UST), said at the beginning, many students did not take the screening for awards seriously due to the Nigerian factor in awards, saying but now that cheques have started flying about, that many students are also falling over themselves to be part of the cheques. This must be the spirit of competition Etisalat’s Evans was talking about.

## EIGHT) – EAST AFRICA WANTS TO TRADE BEYOND THE EU

The East African Community (EAC) and European Union head back to negotiations on Monday to resolve the controversy over the delay in signing an economic partnership agreement between the two trading blocs. Economic partnership agreements (EPAs) between the EU and the African, Caribbean and Pacific (ACP) group of countries are aimed at promoting trade between the two groupings. But since 2007 talks between the EAC and the EU have lagged.

EAC and EU officials will meet from Sep. 12 to 14 in Zanzibar, Tanzania to agree on a roadmap to guide the negotiations.

The EAC and EU hope to negotiate outstanding articles in the interim EPA, which include issues of export taxes, the most favoured nation (MFN) clause, rules of origin and agriculture.

Permanent secretaries from EAC member states and EPA experts met in Arusha, Tanzania in June as the first step towards resuming negotiations with the goal of signing the final agreement before the end of 2011. One of the unresolved issues in the negotiations is the MFN clause, which obliges the EAC to extend the same preferences to the EU it grants to third parties under future trade agreements.

EAC negotiators and civil society groups say the clause could severely undermine South-South trade as it introduces disincentives for the EAC to negotiate agreements with other developing countries.

Dr. James Ndahiro, Rwanda's representative to the East African Legislative Assembly, told IPS that the MFN clause should be removed or modified to restrict its application to agreements with more developed economies. "We are concerned that the outstanding issues, if not resolved and included in the EPA framework, will bind the EAC to poor trading terms," said Ndahiro.

Sam Kasirye, a programme officer at the Southern and Eastern African Trade, Information and Negotiations Institute, told IPS that the EU was trying to insulate itself from competition by insisting on the MFN clause. "The EU will be the biggest beneficiary of the MFN clause because it wants to insulate itself against emerging economies like India and China," said Kasirye.

The EAC and EU signed the interim EPA, also known as a Framework EPA (FEPA), in November 2007 in order to avoid any trade disruptions with Kenya's horticulture and fisheries sectors, the country's leading export earners. Kenya, which is not a least developed country (LDC), would have lost its free market access to the EU as its preferential trade agreement with the bloc was set to expire in December 2007.

The FEPA was signed to safeguard against job losses in Kenya's horticulture, fisheries and related sectors, as well as the loss of revenue by the Kenyan government as a result of reduced exports.

The EAC's civil society, politicians and trade experts say some of the clauses in the FEPA are incompatible with the World Trade Organization's (WTO) provisions and flexibilities accorded to EAC states as LDCs.

Critics of the EPA have raised a red flag against articles of the agreement, which relate to subsidisation, unfair competition and stringent protectionist policies.

One of the other unresolved issues is the agricultural subsidy offered by the EU to its farmers. The EAC is concerned that highly subsidised agricultural products will flood local markets and affect local farmers in its member states.

Members of the East African Legislative Assembly in a June 2010 resolution asked EAC states to halt signing the EPA until the Framework EPA was reviewed.

The EPA deal would require Burundi, Kenya, Rwanda, Tanzania and Uganda to liberalise tariffs on 82.6 percent of EU goods imports by 2033, while the EU would liberalise all tariffs on EAC goods imports, with transition periods for rice and sugar.

Kasirye told that liberalisation of the EAC markets to EU products is one of the contentious issues under negotiation. "The agreement may not favour East Africa if not well negotiated and implemented. Most of the infant industries in the region will collapse once cheap goods from Europe flood our markets," he said. Dr. Nathan Irumba, Uganda's former ambassador to the WTO, said that the EPAs are likely to have an impact on smallholder farmers in the EAC who will not be able to compete with highly subsidised EU farmers. He said the EU was exerting pressure on the EAC to have the agreement signed, regardless of the outstanding issues.

Benjamin Mkapa, the former president of Tanzania, warned that signing the EPAs in their current form would compromise the future development of the EAC and jeopardise the potential of regional trade and integration. Mkapa said the EPAs are being negotiated with the misconception that the EU is the EAC's main partner. "Up-to-date trade statistics show that the trend, for quite a long time, has been that EAC exports to the EU as a percentage of overall trade are declining. At the same time, EAC exports to Africa are on the rise. By 2008, EAC exports to Africa surpassed EAC exports to the EU," he said. The EAC exported four billion dollars worth of products to Africa while only exporting 2.9 billion dollars of products to the EU.

Ridolfi Roberto, head of the EU delegation to Uganda, denied that they were exerting pressure on Uganda to sign the EPAs. "Indeed the EU cannot want the comprehensive EPA more than the region," said Roberto. Roberto said the EU has no objection to the EAC's refusal to open up competition with key products like meat, fish, dairy products, vegetables, fruits and textiles.

Kenya enters the negotiations in a weakened position as it faces pressure to sign the EPAs or risks taxes being imposed on its exports to the EU.

#### **NINE) – TANZANIA CEMENT INDUSTRY POISED FOR GROWTH WITH ADDITION OF MORE PLANTS**

Tanzania's cement production will have grown by 18 per cent by the end of 2011, well above the region rate of 13 per cent, thanks to higher than expected growth in the retail, infrastructure and mining sectors. The Equity Research Cement Sector survey conducted by Tanzania Securities Ltd, an investment advisory firm shows that the construction and housing sector, which has compounded the annual growth rate of about 10 per cent, is the main driver of cement consumption, thus pushing up demand for the commodity. "The growth will be pushed by retail business, infrastructure development such as roads and bridges as well as real estate and if mining investments are sustained," said Moremi Marwa, the chief executive of Tanzania Securities Ltd. "The outlook is good for investors who should buy stocks in cement companies"

Tanzania's current cement production stands at three million metric tonnes per annum against a demand of 2.2 million metric tonnes while in Kenya the annual production stands at 2.2 million metric tonnes. Tanzania's increased spending on the construction of roads and bridges is also expected to give the cement business a big push. The major producer is Tanzania's Portland Cement, with a production capacity of 1.4 million tonnes, followed by Tanga cement with 1.25 million tonne annual capacity and Mbeya cement with a 350,000 tonne capacity. Still the country has the lowest cement consumption per person in Africa. According to sub-Saharan Africa data, the country's per capita cement consumption is 50 kilogrammes compared with the recommended rate of 70 kg per person.

Officiating at the construction of the Maweni Limestone Ltd, a subsidiary of Kenya's Athi River Mining, President Jakaya Kikwete said cement production plays a crucial role in the development of Tanzania's construction sector.

The contribution of the construction sector to the overall GDP of the country rose from 5.1 per cent in 2001 to 6.5 per cent in 2007. The demand for cement in East Africa is anticipated to grow at approximately five to six per cent in the next few years, twice the rate of projected economic growth. The rapid growth of Kenya, Uganda and Tanzania in the past five years has spurred rapid development in the construction industry and infrastructural projects.

#### **TEN) – OIL INDIA PLANS TO CLOSE GABON DEAL BY MARCH**

Last year, India imported 163.59 million tonnes (mt) of crude oil. It also imported 17.31 mt of petroleum products and 9.79 mt of liquefied natural gas (LNG) in 2010-1. New Delhi: State-owned Oil India Ltd, which is in talks with French oil explorer Maurel and Prom SA to acquire a stake in its Gabon blocks valued at around \$2 billion (Rs. 9,310 crore today), plans to close the deal by March. "We plan to complete the acquisition in this financial year," a company executive said, requesting anonymity. "There are strict timelines in place and we plan to adhere to them."

Chairman and managing director N.M. Borah declined to name the French explorer, but said: "The process is on and the effort is to acquire the blocks." A Maurel and Prom spokesperson declined to comment.

Oil India is in talks with Maurel and Prom for its assets in the west central African country *Bloomberg* news agency reported on 20 July. With India importing more than 80% of its energy needs, government-owned firms have been scouting overseas for securing assets. Last year, India imported 163.59 million tonnes (mt)

of crude oil. It also imported 17.31 mt of petroleum products and 9.79 mt of liquefied natural gas (LNG) in 2010-11. By 2030, the country is expected to import 90% of its energy needs.

Such efforts need government and companies to work in concert, an expert said. "National oil companies typically succeed in acquiring acreages if there is a strong political connect and support between the countries involved," said Gokul Chaudhri, partner at audit and consulting firm BMR Advisors Pvt. Ltd. "Stand-alone efforts have had limited success."

The growing demand for energy assets has pitted India against China in a geopolitical race to acquire as much of the world's resources as they can. The rivalry for control of natural resources and energy assets has inflated overseas acquisition costs. Experts partly attribute China's greater presence in Africa's hydrocarbon sector to the Indian government's failure to actively engage African countries.

Maurel and Prom, with a focus on Africa and Latin America, has reserves of 288 million barrels of oil or oil-equivalent. It has been present in Gabon since 2004 and holds exploration and production permits in seven blocks. Its fields in Gabon produce around 17,000 barrels of oil per day. Earlier this year, it sold two units—Maurel and Prom Venezuela to Argentina's Integra Group and Caroil SAS, a drilling subsidiary, to Tuscany International Drilling Inc., a Canadian oil services company.

Oil India has set aside up to Rs. 4,500 crore for overseas acquisitions in the hydrocarbon sector and is looking at producing assets overseas. While state-owned companies such as Oil and Natural Gas Corp. Ltd and Oil India have invested Rs. 64,832.35 crore for acquisition of exploration and production assets overseas, the financials of Indian state-owned energy firms are stretched as fuel is sold below cost in the country, limiting their ability to buy overseas energy assets. Oil India aims to acquire a technology firm in the hydrocarbon space and plans to run it as a strategic business unit on the lines of oilfield service firms such as Schlumberger Ltd and Halliburton Co.

## **ELEVEN) – UGANDA TO ESTABLISH PETROLEUM FUND**

The government is to establish a petroleum fund that will manage oil revenues. The fund that will be separate from the Uganda Consolidated Fund (UCF), is expected to generate a mechanism that will keep an eye on the savings and budget financing in the sector.

A senior economist in the Ministry of Finance Planning and Economic Development (MoFPED), Mr. David Mugisha says that the emergence of oil and gas presents a unique opportunity for Uganda's next development phase if revenues are managed effectively.

"There should be a revenue management policy in place to ensure that revenues are centrally managed both in collections and accounting," Mugisha said.

Mugisha says the fund will be managed by the Ministry of Finance, Bank of Uganda and advisory committee from various line ministries.

He added that the fund will be separate from non oil revenues and will be assessed by the Auditor General.

"Special audits will be prepared on operations of the petroleum fund which will be submitted to parliament for scrutiny and thereafter made public within a stipulated period," explained Mugisha.

With the public concern over the distribution of oil money amongst all people of Uganda, Mugisha said that a revenue sharing arrangement will involve royalty sharing with the local governments.

A portion of the fund will be invested abroad to minimize risks of spending large foreign exchange in a domestic economy.

"We cannot risk investing too much money in a small economy like Uganda because it will create competition with the national budget," Mugisha explained.

He referred to other economies like china, which have invested their revenues outside because it brings in more foreign exchange to the country. Uganda is looking at investing the oil revenues partially in the USA.

Mr. John Mary Matovu of the Economic Policy Research Centre Uganda, in his report of managing future oil revenues advised that one way to deal with revenue volatility and concerns about spending inefficiency is to transfer oil revenues into a foreign 'oil fund'.

"A smaller and more stable revenue flow is extracted and the first option is to set up a budget stabilization fund, which involves allocating a certain share of government's oil revenues to a fund that can be tapped when low oil prices cause revenues to drop below projected flows," said Matovu. An extract from a National

Seminar on Managing Oil Revenue in Uganda held in Kampala in 2008 states that Uganda needs to follow a phased utilization of oil revenues.

"There are four areas of potential focus including strategic infrastructure, human resource development, health, scientific research, and industrialization," reads a section of the report.

Oil and gas revenues present mixed feelings amongst Ugandans about their effective management to have all Ugandans have a share.

## TWELVE) – INCREASED PRODUCTION CAN SOLVE UGANDA CRISIS, SAY ECONOMISTS

Economists argue that the easy way out of high inflation in Uganda is to boost agriculture.

They say that though the Uganda government is currently exercising a liberalized economy, it should come out and support the agricultural sector to bring down food inflation - a major element that feeds into the headline inflation.

"They should immediately get involved in growing of food and support mechanized agriculture. They should not wait for hoe-wielding farmers to feed the entire 33 million Uganda population together with South Sudan, western Kenya, Rwanda, Burundi, eastern DR Congo and Northern Tanzania," notes an economist who preferred anonymity.

He suggests that the government should also attract more of the redundant youths on motorbike taxis locally called boda bodas, those working as commission agents, the jobless to the agricultural sector.

"You cannot leave the old and aged women to grow food for 33 million people without any means of mechanization. Attract the youth, pay them handsomely, they will definitely move into agriculture," he stresses.

The Uganda government has for many years exercised a liberalized economy where forces of demand and supply have always determined the market price.

However, this policy seems not to be working at the moment, with demand for commodities exceeding supply.

This can easily be noted in all sectors, including the cost of a plate of food that ranges from between Ush4000 (\$1.7) to Ush60,000 (\$24) depending on where you are dining in the city.

Commercial rent is charged in dollars, as landlords are beginning to render the Uganda shilling worthless. Mr. Alex Wanjohi, the managing director Chartis Uganda, one of the leading insurance companies concurs that the government should strongly involve in the agricultural sector to boost food production and bring down food inflation.

"It is unacceptable that a country can run short of sugar. These are all signs of lack of food but when there is enough food for the country definitely the economic situation can stabilise," explains Wanjohi. "If it's the exchange rate being destabilized by speculators I think the BOU can do something."

He says the government should invite a stakeholder's forum to discuss the economic situation in the country.

Uganda's economic situation is worrying. Prices of goods and services are going up at a faster pace. It is not unusual to buy the same product at a different price within a space of two hours.

This is what worries Ms Feristus Nakangu a resident of Kifumbira, a Kampala suburb who fears that "the volatility of commodity prices could soon hit the Zimbabwe mark".

Zimbabwe is known for having the highest levels of inflation.

Nakangu, a mother of two wondered how she had bought a kilogramme of rice at Ush3200 (\$1.2) only to go back a few hours to the same shop to find a Ush300 (\$.1) increment.

The Bank of Uganda and the Ministry of

Finance insist "the economy is sound and robust," even as the Uganda Bureau of Statistics (UBOS), has since October 2010, recorded increasing figures of Consumer Price Index, a major determinant for Inflation. In August this year, UBOS announced inflation at 21.4%, the highest in 18 years. This was followed by Bank of Uganda forecasting increasing inflation figures until January 2012.

"Looking ahead, the BOU forecasts that annual headline inflation will begin to decline towards the end of 2011 and that this fall will continue during 2012, with core inflation falling to the range of 10-14% by September 2012," says Mr. Louis Kasekende the BOU deputy governor.

He adds "such forecasts are unavoidably characterized by considerable uncertainty."

On the shilling volatility, the economist argues that the government should install strict measures on importers of commodities that are less essential.

"For example, importers of substandard Chinese products, necklaces, used cars and clothes, luxury

products, all these use and drain dollars yet they are not very important to the society. The government can put stringent measures on such importers," he adds.

### THIRTEEN) – SIERRA LEONE: CHILD RIGHTS EXIST ONLY ON PAPER

The six-year-old girl pulls her T-shirt up to show the dozens of pale lines across her back. They are fresh scars from the lashing she received from her caregiver after she lost 500 Leones, the equivalent of about 10 cents. The burns on her hand are from when her caregiver stuck it in a fire. That time she had disobeyed, and then refused to submit to a beating. The half-inch high bump on her head with a thick scar at its summit was from when her head was smashed into a wall. What she did to warrant that one, she is not sure. She doesn't know how she came to be given the huge lump above her elbow.

Every scar has its own story, says the warm-eyed social worker, to whose side the girl is glued. But hers is not such a remarkable case, at a recently opened girls' shelter in the teeming core of Freetown, Sierra Leone's capital city.

This West African nation of more than five million is still recovering from the devastation of a decade-long civil war that ended in 2002.

Its government has signed various international agreements and passed its own Child Rights Act in 2007. The four-year-old legislation enshrines basic rights and provides for structures to enforce them.

But many argue those rights still exist on paper only.

Agencies tasked with enforcement are overwhelmed and under-resourced, while those providing shelter are unable to cope with the need. Deep-rooted traditions and near-universal poverty fuel the abuse of Sierra Leone's children.

Theresa Ojong, a programme manager for Don Bosco Fambul, says government needs to take the issue seriously and provide for more advocacy, sensitisation - and people need to speak up. "We have this culture of silence in this country," says Ojong, whose organisation is a local branch of an international NGO that provides shelter, counselling and rehabilitation for homeless and vulnerable children in Sierra Leone. "(The government) has to come out very strong because it is they who have the policies. They are only being talked about, but they are not being implemented."

In its 2011 country profile, Amnesty International reported that Sierra Leonean children faced serious violations in many domains, citing child labour and inadequate government programmes to address the needs of youth such as war-affected children and orphans. Street children are particularly vulnerable to abuse, with little or no protection. "The government failed to uphold and enforce its domestic legislation and to respect its international treaty obligations to protect children and guarantee their rights," says Amnesty International.

Mariatu Bangura, Director of Children's Affairs at the Ministry of Social Welfare, Gender and Children's Affairs, says a number of provisions in the Child Rights Act are in place. Others are in the works; some are under amendment.

"We are really trying to enforce the Child Rights Act," says Bangura. "It is to some extent working. Before now, we've been having a lot of abuse cases that have been swept under the carpet."

The ministry, however, is allotted just 0.9 percent of the annual budget, and doesn't always receive the full amount, says Bangura. Numerous international agencies contribute to the effort. "As a ministry, if we could really get government commitment on that, that would go a long way."

Sierra Leone remains near the bottom of the United Nations Human Development Index, with an estimated 70 percent of the population living on less than one dollar a day. The gross domestic product per capita in 2008 was 332 dollars.

In its African Report on Child Wellbeing 2011 by the Ethiopia-based African Child Policy Forum, Sierra Leone was ranked among the bottom eight African countries for its investment in child welfare.

Child abuse is referred to the Family Support Unit (FSU) of the Sierra Leone Police, tasked with investigating and prosecuting crimes such as domestic violence, sexual abuse and child trafficking.

About 40 units with 435 police personnel and 60 social workers service the country. They have five vehicles - on loan from the United Nations Children's Fund - and some motorcycles to do it, says FSU head Aiesha Bangura.

In 2010, the FSU received more than 4,200 reports of sexual abuse and domestic violence. About 2,200 cases are under investigation and only half of those have led to charges being laid. There were 57 convictions.

Back at the girl's shelter, the battered little girl speaks in a small voice, her hair braided straight up the sides

of her head to the crown, where it splays out every which way.

The little girl's mother died in childbirth, says social worker Yatta Thomas. One in eight women die as a result of pregnancy in Sierra Leone. The government launched an ambitious programme of free health care for women and young children last year in a bid to address one of the world's highest rates of maternal mortality.

The girl was passed through various hands, ending up with an unwilling caretaker who had half a dozen mouths to feed and no means to do it. She frequently lost her temper, beating them.

It's a vicious cycle, of poverty and abuse, says Thomas.

At Don Bosco's headquarters in Freetown, some 60 boys plucked off the streets go through a 10-month rehabilitation programme before, usually, reunification with families. The NGO estimates there are some 2,500 children on the streets of Freetown, pushed from their homes by sexual and physical abuse, trafficking, hunger and other factors.

More than three-quarters of street boys under 12 reported unwanted sexual acts perpetrated by older street boys. Nearly a third reported experiencing physical violence at the hands of police. "The policemen, who are actually in charge of security and justice on the streets of Freetown, are sometimes guilty of the gravest human rights violations from brutal beating up to forced labour," says the report.

Don Bosco takes a bus of food and nurses and social workers to a vacant lot downtown each evening where they host street boys who do not want to go to the shelter or for whom there is no room. The youths play games; get food, medical attention, and support.

One boy, who estimates he's lived under market stalls for about five years, says he lost a family member's money long ago and was too afraid to go home. "I didn't want to be beaten, so I decided to stay on the streets," says the youth, who is perhaps 14.

He collects scrap metal and sells it for money, sleeping outside with a posse of other boys for protection from gangs, criminals, and police. "It's a hard life on the streets. The big criminal guys, older boys, attack us at night for our money," he says. "If we have no money, they light plastic bags on fire and put them on us. "Some of us want to go home. No one wants to stay."

#### **FOURTEEN) – NEW LIBYA LAWS TO BE BASED ON ISLAM, SAYS REBEL LEADER**

"L'islam sera la principale source de la législation" dans la nouvelle Libye, a déclaré lundi soir le président du Conseil national de transition (CNT), Moustapha Abdeljalil, dans son premier discours en public à Tripoli. Le numéro un du CNT a tenu ces propos devant des milliers de Libyens réunis sur la Place des martyrs à Tripoli, au surlendemain de son arrivée dans la capitale, qu'il visite pour la première fois depuis le début du soulèvement contre le régime de Mouammar Kadhafi le 17 février dernier. (AFP)

#### **FIFTEEN) – "DON'T LECTURE US ON DEMOCRACY," ZIMBABWE'S MUGABE TELLS EU**

Europe should not "give lectures to Zimbabwe about democracy and elections," Zimbabwean President Robert Mugabe told a visiting EU envoy Monday, according to state television. Nicholas Westcott, the managing director for Africa for the European External Action Service, told Mugabe during a one-hour meeting in Harare that the bloc would only lift sanctions against the president if free and fair elections were held in the southern African country. Mugabe reportedly responded by asking why the European Union was "keen on dictating what Zimbabweans should do," according to the Zimbabwe Broadcasting Corporation, and said it was wrong for "Europe to give lectures to Zimbabwe about democracy and elections." The EU imposed sanctions against Mugabe and his inner circle in 2002 as punishment for human rights abuses and alleged vote rigging. The bloc has renewed the sanctions, which include asset freezes, an arms embargo and travel restrictions on Mugabe and more than 160 allies, every year since then -including since the formation of a coalition government between Mugabe and former opposition leader Morgan Tsvangirai in 2009. Westcott said: "It would be fair to say that if the people of Zimbabwe and the parties here achieve full implementation of the (coalition deal) and there are elections held that are free, fair, transparent, peaceful, then I can see no reason why sanctions should continue." Despite opposition from Tsvangirai, Mugabe has called for elections by March 2012. He has ruled out allowing election observers from the EU or former colonial power Britain. (Dpa)

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