THE REGULATION OF AGRICULTURAL TRADE UNDER WORLD TRADE ORGANISATION (WTO)

A User's Guide

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ABBREVIATIONS

AMS	Aggregate Measure of Support
AOA	Agreement on Agriculture
BOP	Balance of Payments
CAP	Common Agricultural Policy
COMESA	Common Market for East and Southern Africa
DSB	Dispute Settlement Body
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Area
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalised System of Preferences
IMF	International Monetary Fund
LDC	Least Developed Country
MFN	Most Favoured Nation principle
NSAs	Non State Actors
NTB/NTM	Non-Tariff Barrier/Measure
OAU	Organisation of African Unity
OECD	Organisation for Economic Co-operation and Development
PTA	Preferential Trade Area
SADC	Southern African Development Community
SAP	Structural Adjustment Programmes
SPS	WTO Agreements on Sanitary and Phyto-sanitary Measures
TBT	Technical Barriers to Trade
TE	Tariff Equivalent
UNCTAD	United Nations Conference for Trade and Development
UR	Uruguay Round
VERs	Voluntary Export Restrictions
WB	World Bank
WTO	World Trade Organisation

1. FOREWORD

As globalisation gains momentum, it becomes apparent that the African economic renaissance in the new Millennium will like never before, depend on the forces of globalisation, in particular the World Trade Organisation (WTO). Agreements signed in these forums have far reaching effects on developing countries, particularly the marginalised groups such as smallholder farmers, the informal sectors and women. There is growing concern by developing countries on whether the general neo-liberal philosophy will enhance economic development for these countries. At present, it seems indisputable that global trade is not as smooth as assumed by the WTO. Inevitably, there should be more emphasis on fair than free trade. Developing countries find themselves in weak negotiating positions due to their weak economies. In addition, developing countries face a major risk of losing benefits offered by bilateral trade agreements signed outside WTO. Under WTO all bilateral and multilateral trade arrangements must be compatible with WTO rules

Trade and Development Centre Trust (TRADES CENTRE) is a non governmental and non profit making organisation involved in studies, training and trade policy dialogue in the context of globalisation, North-South co-operation and regional integration. The Centre has taken this initiative to make a study on the roles of Non State Actors in regional integration within the framework of COMESA and SADC. The study also identifies issues of focus by the non-state actors so that the regional integration process in Africa can achieve its declared goals of poverty reduction and eradication.

The Friedrich-Ebert-Stiftung (FES), is a German NGO, which is deeply involved in the issue of globalisation and regional integration through research and facilitation of dialogue. The foundation thus jointly conducted this study with Trades Centre with the aim of creating more database on WTO agreements and their implications for the benefit of policy makers and other stakeholders in Africa. It is our sincere hope that this publication is useful to its intended target group (stakeholders in trade policy) and will add value to the discussion on regional trade policy

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1. INTRODUCTION TO WORLD TRADE ORGANISATION (WTO)

WTO is a multilateral agreement among countries, providing a forum for negotiating trade concessions and removing of trade barriers, monitoring the multilateral trade system and developing a rule based trading system.

1.1 Basic WTO Principles[1]

The basic principle of WTO is that goods and services, when exported from a country to another, should generally have free entry into the importing country. Customs duty (tariff) can however be imposed at the boarder. WTO provides the basis for the negotiations on the scale of the tariffs. WTO also permits countries to impose Non-Tariff measures in certain situations.

The principles can be summarised as
- Non discriminatory
- Free Movement of Goods and Services
- Predictability
- Competition and
- Helping less developed countries

Non Discriminatory
In order to ensure non-discrimination of goods and services, two principles are used namely Most Favoured Nation (MFN) and National Treatment.

> **Most Favoured Nation (MFN):** WTO members must offer every other member the same treatment in regard to trade as the most favourable terms it offers to any specific member. For instance if a country lowers customs duty for a specific product from a specific country, the reduced customs rate must apply to all other WTO members for the specific product. Exemptions include the General System of Preferences (GSP), formation of regional preferential trading agreements and some anti-dumping measures.
>
> **National Treatment:** Once they have entered the market, imported goods and services must be treated the same as the local ones. Customs tax does not violet the national treatment. Exemptions to national treatment include subsidies provided by developing countries contingent on the use of domestic goods.

Free Movement of Goods and Services
Trade liberalisation is achieved through multilateral trade negotiations with the aim to lower trade barriers in the form of tariffs and non tariff barriers (NTBs) such as import licensing, quotas or Voluntary Export Restrictions (VERs).

Predictability

WTO seeks to create a stable, secure and transparent environment for business Foreign companies, investors and governments should be confident that trade barriers should not be raised arbitrarily.

Competition
Unfair trade practices such as dumping and export subsidies are discouraged.

Help Less Developed Countries:
Developing countries are given more time, special treatment and greater flexibility to adjust after signing trade commitments.

1.2 Origins of WTO

The World Trade Organisation (WTO) was created on 1 January 1995 when it replaced the (General Agreement on Trade and Tariffs (GATT). GATT emerged from the abortive idea of creating an International Trade Organisation (ITO); an envisaged UN specialised organisation to exist along World Bank and International Monetary Fund (IMF). ITO was set up initially to restore world economic order after the second world war (Jones and Whittingham, 1998). ITO failed after its charter (the Havana Charter, which covered the disciplines of employment, commodity agreements and restrictive business practices) was rejected by the US Congress After the rejection, 50 members who drew up the Havana Charter decided to negotiate to reduce and bind customs tariffs hence the formation of General Agreement on trade and Tariffs (GATT). GATT was all about the negotiation of the reduction and binding of customs tariffs.

GATT Multilateral Trade Negotiations

1947	Geneva
1949	Annecy, France
1950	Torquay, England
1956	Geneva
1960-61	Dillon Round
1964-67	Kennedy Round
1973-79	Tokyo Round
1986-94	Uruguay Round

By participating in all these negotiations, developing countries hoped that their position in the international trade was going to improve. This did not turn out to be so because developed countries tended to concentrate on issues of their interest, centring on improving market access of industrial products. Realising this, developing countries diverted their attention to the UN Conference on Trade and Development (UNCTAD), a forum which they regarded as more developmental in outlook and was based on equity (Jones and Whittingham, 1998). Failure by GATT to address developing countries issues is also illustrated by the forming of preferential trading arrangements such as the Lome Convention signed between ACP countries and the European Economic Community EEC. Due to US pressure, however, developing countries agreed to a new GATT Uruguay Round in September 1986. The Uruguay Round was concluded in mid 1994 in Marrakech with a Ministerial Meeting of 125 countries signing the formation of WTO.

1.3 WTO Membership

The WTO has a membership of 143 countries. China and Taiwan are the most recent members, admitted in September 2001 and January 2002 respectively. About 80 % of the members are developing countries (Keet, 2000). There are 33 observers, who are negotiating for membership, notable ones being Russia and other former Soviet States. Other organisations such as Organisation for Economic Co-operation and Development (OECD) and several UN agencies, including UNCTAD, the World Bank and the IMF are observers to the general council. The WTO secretariat is located in Geneva and has a staff of 500 The functions of the secretariat are to

- Administer WTO trade agreements
- Provide a forum for trade negotiations
- Handle trade disputes
- Monitor national trade policies
- Provide technical assistance and training for developing countries
- Co-operate with other international organisations

1.4 WTO Institutional Structure

The Ministerial Conference

The ministerial conference is the institutional structure of highest authority (see figure 1). It is composed of representatives of all WTO member states and must meet at least once every two years. It met in Singapore in 1996, in Geneva in 1998 and in Seattle in December 1999. The

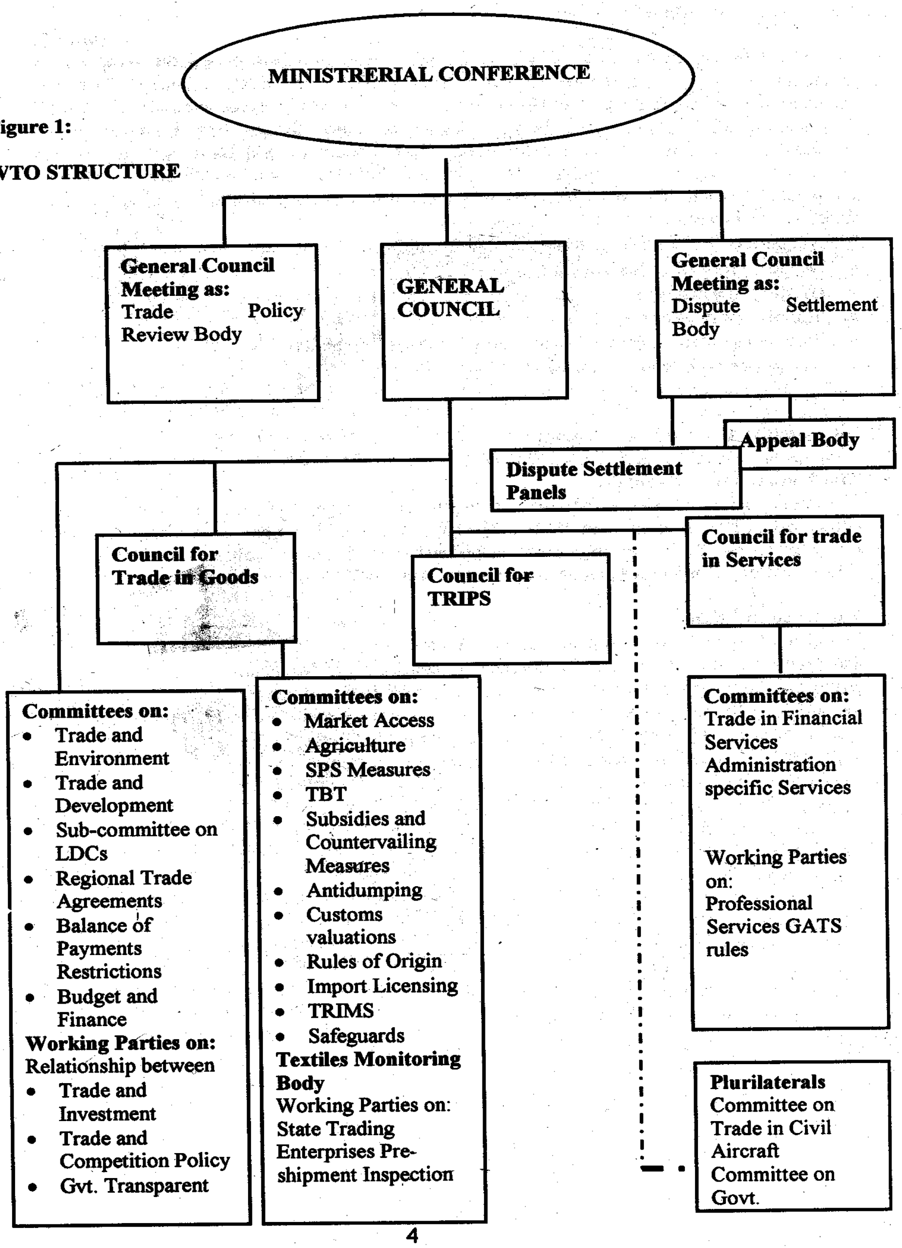
Ministerial Conference can decide on any matters in WTO Agreements

The General Council

The general council, also composed of representatives of all WTO members is subordinate to and reports to the Ministerial Conference. It conducts the Ministerial Conference's daily duties and convenes in two alternative forms: the Dispute Settlement Body (DSB) and the Trade Policy Review Body (TPRB). Under the General Councils are three councils - that of goods, services and Trade Related Aspects of Intellectual (TRIPS). The councils oversee the implementation and functioning of their respective agreements.

Figure 1:

WTO STRUCTURE



The Committees

There are six committees, which report to the general council. Composition of the committees is also from all members of the WTO. The six committees cover issues of trade and development, the environment, regional trading arrangements and administrative issues. The Singapore Ministerial Conference created additional working groups to examine investment and competition policy, transparency in government procurement and trade facilitation.

Voting

The decisions in WTO are made by consensus. If there is no consensus, the voting is based on one member one vote, with the majority winning. The WTO agreement envisages four specific voting situations:

- **Adoption of an interpretation of any Multilateral Trade Agreement:** A majority of three quarters
- **Waiving of an obligation:** A majority of three quarters
- **Amendment of the provisions of a multilateral agreement:** Approval by all members or two thirds majority
- **Admission of a new member:** Two thirds majority in the Ministerial Conference (or General Council in between conferences)

1.5 Overview of WTO Agreements

WTO Agreements are divided in the three categories of goods, services and Intellectual Property rights (TRIPS). The agreements are;

> Agriculture
> Textiles and Clothing
> Sanitary and Phytosanitary Measure [SPS] and Technical Barriers to Trade [TBT]
> Services
> Customs Valuations
> State Trading Enterprises
> Trade Related Property Rights (TRIPS)
> General Agreement on Trade and Services (GATS)
> Trade Related Investment Measures (TRIMS)
> Technical Barriers
> Import Licensing
> Plurilateral Agreement
> Trade and Development
> Trade and Environment
> Dispute Settlements
> Anti-Dumping

This paper is going to focus on:

- The Agreements on Agriculture
- Agreement on Textiles and Clothing
- Sanitary and Phytpsanitary Measures (SPS)
- Technical Barriers to Trade (TBT)
- Trade Related Intellectual Property Rights (TRIPS)

These agreements directly affect and have wider implications on the welfare of smallholder farmers, who form the largest group of marginalized people in Africa.

2. WTO AGREEMENT ON AGRICULTURE

2.1 Introduction

Agriculture forms an integral part of WTO agreements. Provisions of this agreement cover both primary and processed agricultural products. For practical reasons, agricultural products are divided into tropical and temperate zone products. Tropical products, as the name may suggest are those commodities largely grown in tropical and, sub-tropical areas, covering most of the developing countries. They range from beverages like tea, coffee and cocoa; cotton and hard fibres like jute and sisal; and fruits like mangoes, guavas, bananas and pineapple. Temperate zone products are those normally grx>wn in countries with moderate temperatures and these include diary products, grains such as wheat, meat and meat products and fruits such as apples.

Before GAIT 1947, rules applying to the agricultural sector were less rigorous and lenient compared to the rules governing industry. Countries therefore were free to apply high levels of tariff and non-tariffs measures on products they felt needed protection from imports. Developed countries in particular maintained high level tariffs and imposed quantitative restrictions, discretionary and variable levies (see box 1). The objective behind these measures were to guarantee high prices for domestic producers in order to assure them high-income levels. Negative effects of these policies were that they reduced opportunities for competitive foreign producers and put heavy burdens on the budgetary resources for governments. The process inevitably encouraged export subsidies because high costs of production in excess of domestic requirements could be disposed of in the international market through subsidies.

Box 1

In 1990 for instance, OECD countries estimated that its members as a whole subsidised their agricultural sectors to the tune of 2 % of its GDP, while agriculture itself only accounted for 3% of GDP. As a result of these subsidies, developing countries' share of agricultural trade fell from 29% in 1982 to 27% in 1992. Over the same period, developing countries' exports of merchandise rose from 16% to 20%. In addition, the unit value of their exports fell by 0.4% per year in the period 1982-92. During the same period, the unit value of exports from developed countries increased by 3% per year. As a result, developing countries' terms of reference worsened by 13 % during this period, whilst trade of terms form the developed countries improved by 14%

Source: (Evans and Walsh, 1995)

2.2 Main Elements of the Agreement

The Agreement on Agriculture is about gradual agricultural reform whose major objective is to establish a fair and equitable market-orientated agricultural trading system. Commitments under this agreement are on:

1. Market Access
    - Tariff and Non-Tariff Measures
    - Tariff Reductions
    - Special Safegard Measures
2. Domestic Support to Producers
3. Export Subsidies

2.2.1 Commitments on Market Access

Restrictions on market access have been in the form of tariff and non-tariff measures. Non-tariff measures include quantitative restrictions, variable import levies, minimum import prices, discretionary import licensing and voluntary export restraints. A key factor about this commitment is that all countries, even the least developed ones, are required to bind all tariffs on agricultural products.

Tariffication of Non-Tariff Barriers (NTBs)

It was evident during the Uruguay Round that most of the barriers to market access in agricultural trade were non-tariff barriers (Lai Das, 19^8). In order to achieve uniformity in reductions of these barriers, members agreed to convert Non-Tariff Barriers (NTBs} into tariff equivalents (TE). This would be calculated on the basis of average world market prices subject to non-tariff barriers and its internal price in the importing country as:

TE = [(internal price - external price)/external price]

Whereby Internal prices are representative of wholesale prices, External prices are the actual c.i.f unit import price and 1986-1988 is the base year for average annual data

After the tariffication, members bound the resultant tariff level on all agricultural products and this bound level became the basis for tariff reduction. In many cases however, developed countries took very high tariff equivalents of non-tariff measures, creating extremely prohibitive tariffs as shown in table 1.

Table 1: Base tariff level after tariffication (%) by selected developed countries

Country	Products	Base tariff level (%)
USA	Sugar	244.4
	Peanuts	173.8
	Milk	82.6
TheEU	Beef	213.0
	Wheat	167.7
	Mutton	144.0
Japan	Wheat	352.7
	Wheat products	388.1
	Barley products	361.0
Canada	Butter	360.0
	Cheese	289.0
	Eggs	263.3

Source: E. Jones & P. Whittingham (1998)

Tariff Reductions

Tariffs resulting from the tariffication process are to be reduced by a simple average of 36% for developed countries over the period 1995-2000 [with a minimum of 15%] while developing countries committed themselves to an average reduction *of 24%* [with a minimum of 10%] over the same period LDCs are not required to reduce their tariffs, but all members have to bind all tariffs on agricultural products. Non-tariff measures may however be maintained under special conditions such as:

- If the imports of a specific product comprise less that 3 % of domestic consumption
- If the product has been granted special treatment based on food security (e. g. Staple food in developing countries) or environmental concerns

Special Safeguard Measures

Special safeguard measures are regulated in article 5 of the Agreement. The measures respond to concerns by importing countries that, despite tariff equivalents, removal of quantitative restrictions may result is sudden increases of imports which can distort domestic markets. The special safeguard measures are in the form of additional duty imposed on the imported product. The additional duty imposed however, should not exceed one third of the ordinary customs duty for the product. Special safeguard measures allow the imposition additional tariff when certain criteria are met such as:

- If a certain maximum import volume (volume trigger) is reached, above which customs duty may be applied
- If a certain price level (price trigger) is reached, below which customs duty may be applied

For many African countries, who largely depend on exporting agricultural products, the reduction in tariffs appear to be a positive move since it allows these countries to realise their comparative advantage in exporting to more lucrative markets of the North. However there strong resistance by most countries to cut tariffs and food exporting developing countries will have to wait longer to realise their comparative advantage (Killick, 1992).

2.2.2 Commitments on Domestic Support Measures (DSM)

Distortions in the international trade is not only caused by high level protective measures, but also by domestic support measures to producers adopted by member countries. These can be in the form of export subsidies or direct payment to farmers by the government. The EU market for instance is largely protected to the Common Agricultural Policy (CAP), which allows the subsidisation of the farmers (see box 2).

Box 2

The EU,s Common Agricultural Policy (CAP) accounts for about 50% of the EU's total Budget. As a result, some producers with comparative advantage outside this region are denied access to this market and are pushing for the removal of CAP. The EU itself can gain considerably by reducing its expenditure by cutting/abolishing CAP. However, the EU vehemently protects CAP because it fears that its removal will result in the loss of jobs, market share and will cause instability in the agricultural sector.

Source: Evans and Walsh, 1995

The DSMs for agricultural products are regulated through reductions in Total Aggregate Measure of Support (AMS). The total AMS is based on the aggregate value of domestic support or subsidy given by an individual member to each category of agricultural product.

Reduction in Total Aggregate Measure of Support (AMS)

Developed countries are required to reduce Total AMS by 20% over 6 years whilst developing countries must reduce theirs by 13% in over 10 years. There is no reduction requirement for least developed contries (LDCs).

Exemptions

Amber Box Subsidies: Reductions of Domestic Support

Amber box subsidies are those subsidies that are considered trade distorting. The agreement sets the annual ceiling to the value of domestic support (Annual Bound Commitment Level) and agreed to reduce it by 20% in equal annual instalments over 6 years for developed countries and in 10 years for developing countries as from 1995. Non-product specific and product-specific domestic support measures are added up to obtain the Aggregate Measurement of Support (AMS) which should in turn not exceed the Annual Bound Commitment level.

The Green Box Subsidies: Exemptions from Reduction Commitments

Some exemptions from reduction commitments on domestic support are contained in Article V and annex 2 of the agreement on agriculture. These are subsidies that have no or marginal trade distorting effects on production and do not have the effect of providing price support to producers. These are:

- Investment subsidies generally available to agriculture in developing countries
- Subsidies for inputs (mechanisation of agriculture, development of land, seed, fertilizer irrigation pesticide etc) in LDCs and resource poor nations.
- Support to diversification from growing illicit drugs in developing countries
- General services like research, pest, and disease control, training, marketing and promotion and infrastructure services
- Public stock holding for food security reasons. Developing countries can have administered prices for this reason and the price subsidy is counted in obtaining the AMS
- Domestic food aid. Developing countries are allowed therefore to provide food aid to the poor.

Blue Box Subsidies

In addition to the green box subsidies, direct payments under production limiting programmes are also exempt from reduction commitments under the conditions that:

- Such payments are based on fixed areas or yields

> Such payments are made on 85% or less of the base level of production
> Livestock payments are made on a fixed number of head

One of the likely effects of the reduction of export subsidies and support measures to domestic producers is that it gives comparative advantage to food exporters in Africa. They no longer have to compete with subsidised agricultural products from developed countries on the global market. Prices of food and other agricultural products, particularly from developed countries, are going to increase due to the removal of subsidies. For net food exporters in

Africa, this is an opportunity increase their export revenue. For food importers and countries with foreign currency shortage, however, the liberalisation measures can be disastrous in two ways. Firstly, the increased food prices mean that the food will be more expensive on the global market and net food importers have got to give out more .money in order to buy enough food for their people. Secondly, the liberalisation measure will promote the concepts of "the supremacy of the price system" and "comparative advantage". It will be more efficient for a net food importing country to import the food from a country that produces the food more cheaply. Net food importers thus face the risk of remaining perpetual importers with no incentive to produce their own food. Unfortunately the majority of African countries are currently net food importers (Tekere, 2000). It is extremely important that these countries increase their food production levels so that they may not be negatively affected by the liberalisation process. They should instead take advantage of the measures to increase their export revenue, by exporting food and other agricultural products.

2.2.3 Reduction in Export Subsidies

Developed countries are required to reduce the value of direct export subsidies to a level 36% below the 1986-90 base period over six years. The quantity of subsidised exports is to be reduced by *21%* over the same period. Developing countries are required to reduce the value of direct export subsidies to two thirds those of of developed countries in a period of 10 years. No reductions apply for LDCs. Countries that have not used export subsidies (mostly developing countries) are not allowed to introduce them (Lai Das, 1998b).

2.3 Special and Differential Treatment for Developing Countries

In the light of the above imbalances, the AOA includes special and differential treatment for developing countries as:

Purchase for and sales from food security stocks: These can be at administered prices if the subsidy is included in AMS. Thus, a country wishing to subsidise food purchase for security stocks would have to reduce subsidies on other products in the same year,
Domestic Food Aid: Developing countries are allowed to untargeted subsidised food distribution to meet the requirements of the poor on a regular basis
Peace provisions: Developed countries are allowed to offer ceiling tariff bindings instead of tariffication. These peace provisions were built into the Agreement to reduce the likelihood of disputes over subsidies over a period of nine years.

After the UR, there was talk of providing compensation to food importing countries for the higher bills resulting from the liberalisation measures. Problems, however arose on the modalities to calculate the correct compensation levels. A Ministerial decision on "Measures concerning the possible negative effects of the reform programme on Least developed and net food importers" was reached. The decision calls for special measures to be put in place (e. g finance by IMF and World Bank) to ensure availability of food for LDCs and food importing countries.

2.4 Major Issues for Consideration by African Countries in WTO Negotiations

Because of its strategic role for countries in Africa, it is important that these countries push for trade terms more favourable to its people in all WTO negotiations. The importance of agriculture for WTO members was further highlighted at the Doha Ministerial Conference of 9-14 November 2001 (see box 3).

Box 3: Doha Ministerial Declaration on Agriculture

> We recognise the work already undertaken in the negotiations initiated in early 2000 under Article 20 of the Agreement on Agriculture, including the large number of negotiating proposals submitted on behalf of a total of 121 Members We recall the long-term objective referred to in the Agreement to establish a fair and market-oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets. We reconfirm""our commitment to this programme. Building on the work carried out to date and without prejudging the outcome - of the negotiations we commit ourselves to comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade distorting domestic support. We agree that special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be embodied in the Schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. We take note of the non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture.
>
> Modalities for the further commitments, including provisions for special and differential treatment, shall be established no later than 31 March 2003. Participants shall submit their comprehensive draft Schedules based on these modalities no later than the date of the Fifth Session of the Ministerial Conference. The negotiations, including with respect to rules and disciplines and related legal texts, shall be concluded as part and at the date of conclusion of the negotiating agenda as a whole

Major issues for consideration by African countries are:

- African Countries must guard against the issue of multi-functionality being introduced as protection through the back door
- Concentrate on achieving removal of tariff peaks and escalation in agriculture
- Emphasize elimination and phasing out of export subsidies by industrialised countries as these undermine areas where African countries have comparative advantage e.g. cut flowers
- There is need for a 'development box' i.e. non-actionable subsidies that enhance development in agriculture which is the mainstay of African countries' economy- Types of export subsidies African countries would want to have maintained and allowed.
- Push for lowering of tariffs and subsidies in those areas where African countries have export

interests e.g. cut flowers, processed foods, diary products, grain and tobacco

- Expansion of tariff rate quotas is required to improve market access.
- Check the effects of tightening up of national rules on tobacco processing and smoking in developed countrie s i.e. the check for favouritism and protection.

2.5 Gains and Losses from Agreement on Agriculture

Beneficiaries and losers of the Agreement on Agriculture are shown in table 2. The EU is biggest beneficiary of the WTO Agreement on Agriculture, according to The Economist Intelligent Unit (1995:91). It will gain about SUS18.2 bn from the liberalisation measures Other major beneficiaries are Japan ($6.6 bn), South Korea ($US 2.6bn) and North America ($US2.5bn). The major loser is are former Soviet States and Eastern Europe, closely followed by Africa. Africa is going to lose about $US 238, a significant loss considering that Africa's exports are based on agriculture

Table 2: Beneficiaries and Losers of the WTO Agreement on

Country	Gain/Loss ($US)
TheEU	18.2 bn
Japan	6.6 bn
South Korea	2.6 bn
North America	2.5 bn
Asia (Excluding Japan)	4.1 bn
Latin America	1.6bn
Middle East	-471 m
Sub-Saharan Africa	- 103m
Former Soviet Union & E. Europe	-238m

Source: Economist Intelligent Unit, 1995:91

3. WTO AGREEMENTS ON SANITARY AND PHYTOSANITARY [SPS] MEASURES AND TECHNICAL BARRIERS TO TRADE [TBT]

3.1 Introduction

The WTO agreements on Sanitary and Phytosanitary [SPS] measures and technical barriers to trade [TBT] are perhaps major threat for African countries' exports (Tandon, 2001). Sanitary and Phytosanitary measures are regulations and standards applied to both imported and domestic goods that-aim to protect human or animal life or health from food - borne risks, humans from animal and plant carried diseases, plants and pests from pests or diseases. The TBT agreement sets a regulatory framework for regulations, standards, testing and certification procedures as well as measures to protect human health or safety, animal or plant health. If used properly, SPS and TBT regulations and standards can genuinely protect people, animals and plants from diseases. The measures, however powerful tools for impeding international trade and protect domestic producers through unjustified different requirements in different markets, unnecessary costly and time consuming testing, and duplicative conformity.

3.2 Main Elements of the SPS and TBT Agreements

The major objective of the SPS is to prevent SPS measures impeding international trade unnecessarily while recognising the legitimate interest of countries setting up rules to protect food safety, animal and plant health. SPS measures take the form of inspection of product;:, permission to use certain additives, determination of maximum level of pesticides, designation of disease free areas, quarantine requirements etc. The agreement also provides guidelines for members to develop own national standards based on international recommendations and promotes harmonisation of SPS regulations in order to achieve mutual recognition of standards After considering climatic and geographic conditions, it encourages its members to adopt SPS measures that are less trade restrictive, technically defensible and economically feasible. The agreement however allows members to introduce SPS measures thatiresult in higher levels of protection than the current international standards if there is scientific justification based on assessment of risk to human life, SPS agreement. Members are required to notify WTO secretariat on SPS of any new SPS measures or modifications in advance before they are implemented. The SPS agreement also provides S&D treatment in favour of developing countries and LDCs in terms of longer time frames for compliance, grace periods [2 years for developing countries and 7 years for LDCs from 1 January 1995], as well as facilitating developing countries participation in standards setting international organisations.

The TBT agreement sets out a code of good practice for the preparation, adoption and application of standards by central and local government bodies as well as non-governmental organisations. It stipulates that procedures used to decide whether a product conforms to national standards have to be fair and equitable and discourages methods that protect domestic producers unjustly. It encourages mutual recognition of each other's testing procedures.

3..3 Implementation Problems for Africa and Proposals for Improvement

1. It is usually long and expensive for African countries to prove that some areas are pest and disease free or low risk [e. g. foot and mouth disease]. The process needs complex scientific evidence which is problematic for African countries (Muuka, Harrison and McCoy, 1998). It is therefore necessary to review and adapt regional conditions.
2. African countries find it equally expensive to eradicate specific diseases from an area. Developed countries need to give adequate financial support to assist developing countries meet SPS standards particularly in case where application of SPS measures is affecting major exports of the developing country.
3. Often, some importing countries do not recognise areas designated as disease free in developing countries. This results in major revenue losses for the developing countries since they cannot export to these importers. In light of this, all major importing countries should recognise areas designated as disease free in any member country.
4. A major problem facing African countries is that their participation in international standard setting process is weak (Masiiwa, 2001). As a result, standards are set by developed countries with some of these standards being inappropriate and inconsiderate of the situations in developing countries making them difficult to Implement. African countries need therefore to explore ways of actively participating in international organisations that set standards and regulations.
5. The simple majority rule used in taking decisions in some of the standard setting organisations such as Codex Alimentarius Commission and the Office of international des Epizootics needs to be reviewed because some decisions get imposed on a large number of countries that may have opposed them. Getting a consensus would be a good alternative.
6. There is need for African countries to strengthen scientific capacity for 2 major reasons. First, for challenging the risk assessment by industrialised countries introducing SPS measures [e.g. diarrhoea in Kenyan fish exports and the case of growth hormone case between EU and US] (Nomvete, 1993) affecting developing country exports. Second, to demonstrate the scientific soundness of any new SPS measures AFRICAN countries may introduce.
7. There must be transparency in the procedures and notification of SPS measures to ensure that there is no impediment to trade. Reasonable time should be given between notification and implementation of an SPS measures. African countries and other developing countries need assistance to help prepare notification of their own SPS and TBT measures.
8. The notifications must be made simple to understand for all countries. Currently, notifications are often 1-2 pages long and difficult to understand. The full regulations are often in foreign languages and complicated to understand. Translations must be made available for

developing countries.

9. There is need for consultations between developed countries and within African countries regarding SPS measures being set by developed countries and affecting different sections in developing countries and African countries.
10. African countries should call for firm commitment from developed countries to provide technical assistance [capacity building of officials in charge of 'entry points' upgrade technical skills of personal working in laboratories, certification bodies, accreditation institutions] to help us meet SPS requirements.
11. Technical co-operation should be broad based and include financial support. The TBT and SPS agreements should include strong language and put a clear obligations on developed country members to provide technical and financial support to developing country members in the field of technical regulations, standards and SPS measures.
12. When exports from developing countries of are disrupted and serious financial losses occur, financial compensation should be provided by the importing country. As an alternative, a global fund should be established for this purpose.
13. If the standards a country applies in relation to a specific product are higher than those included in the relevant international standards, products origination from developing countries should not be requested to meet these higher standards.

4. Conclusion

The African Economic Future on the new Millennium will like never before, depend on the forces of globalisation, in particular the World Trade Organisation (WTO). Agreements signed in these forums have far reaching effects on developing countries, particularly the marginalised groups such as smallholder farmers, the informal sector and women. African countries, however need to be shrewd enough to take opportunities offered by globalisation and at the same time push for measures that mitigate negative effects on its people in WTO. Agriculture is one of the few sectors where African countries can be more competitive compared to their counterparts in developed countries. Yet this sector is one of the most protected and contested in WTO.

Significant barriers are posed to African Exports by the agreements on agriculture and SPS. Although the agreement on agriculture theoretically provides improved export chances for African Countries in the developed world, these chances are hardly realized because developed countries have to a larger extend not fulfilled their UE commitment. Tariffs still remain high and tariff peaks and escalation is a major problem. Under SPS and TBT developed countries, often impose strict conditions which can hardly be fulfilled by African countries, thereby significantly reducing exports chances for Africa. It is important that the African countries be actively involved in setting up SPS and TBT standards so that they are not disadvantaged.

It is vital that the imbalance that exists in WTO leadership be resolved. African countries are under represented and this explains why its interests and needs are not seriously considered in WTO. This organization deals mostly with issues, which are of interest to developed countries who are more influential as a result of their numbers and economic strength in WTO. It is a major for WTO to improve financial and administrative and skills capacity for Africa so that African countries can participate as equal partners in WTO.

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TRADE AND DEVELOPMENT STUDIES CENTRE TRUST (TRADES CENTRE)

We are pleased to inform our long standing and prospective partners about the formal establishment of Trade and Development Studies Centre Trust [TRADES CENTRE] formerly known as Lome Trade Research Unit [LOTRU] as an independent research and training centre incorporated and registered with the Heeds Register in Zimbabwe. It is a non-profit making organisation controlled by a Board of Trustees whose members are eminent persons drawn from various sectors in southern Africa.

Our Vision., The economic renaissance of southern Africa and its poor communities in the Third Millennium will more than ever before depend on the impact of current fundamental global changes in the international, regional and national trading policy regimes being driven by the momentum of technological revolution, information technology and the neo-liberal philosophy, yet in the same region this problem issue is not subjected to assiduous close scrutiny. The aim is to establish a rigorous, consistent and ongoing programme on trade and development policy research, analysis and capacity building on ACP-EU co-operation, EU-SADC trade relations, US-SADC trade [AGOA], WTO, national trade and development issues. TRADES CENTRE'S vision is to develop into a southern Africa regional Centre of excellence on policy research, analysis and civil society capacity building on trade and development issues.

0ur Objectives. The main objective of Trade and Development Studies Centre is policy-relevant training and research particularly focusing on the nexus between trade and development, aid and development, poverty reduction and welfare improvement in the context of WTO, post Lome IV ACP-EU co-operation, COMESA/SADC-EU co-operation, the SA-EU trade and development co-operation agreement, US-SADC [AGOA] trade, regional trade/economic agreements and national trade and development policies. A central objective of TRADES CENTRE is to provide southern Africa with technical, analytical support in developing and backstopping their positions in multilateral and inter-regional trade negotiations and support regional integration. TRADES CENTRE will also strive to build the capacity of poor communities on trade issues in order to assist them in meeting challenges posed by emerging trade regimes.

Our Approach. TRADES Centre aims to undertake practical, realistic, concrete and technically competent research work and training of civil society that produce feasible and implementable results taking into account the circumstances existing on the ground, Like its predecessor [LOTRU], the TRADES CENTRE will adopt both a demand driven and a proactive approach in bringing up issues that affect its target group.

Our bias. TRADES CENTRE is biased in favour of developing countries in particular southern Africa and its poor communities. Our aim is to analyse trade and development issues from the perspectives of southern Africa's poor communities, to explore the implications of the various international, regional and bilateral trade agreements, regional integration, national trade and development policies and other policy options on southern Africa for the poor.

Our Target Groups. Consumers of the results of the work of TRADES CENTRE include small scale farmers, consumer and faith groups, workers *unions, informal traders, policy makers, parliamentarians, business (.•(immunity,* NGOs and donor community, (t is therefore the objective of" TRADES CENTRE to improve the capacity of its target group to engage and interpret policy issues and decisions as they impact on the poor.

Resources. The main resource for the TRADES CENTRE is its pool of professionals and expertise within its permanent establishment, associated members and international experts and consultants committed to working in support of TRADES CENTRE vision. It receives financial support from various donor agencies and also generates resources from its own activities with no profit motive.

Deliverables. The results of the TRADES CENTRE activities will timeously be delivered and made publicly available through conferences, seminars and workshops for the target groups, briefing materials, publications, circulation in mass media, training programs and tutorials..

Philosophy, Generation and delivery of quality products timely. Practical, realistic research and training easily accessible and implementable and which produces concrete policy proposals aimed at improving the welfare of poor people and communities in southern Africa.

In its efforts to meet its objectives and deliver results TRADES CENTRE values the support by you and your organisation and we look forward to close co-operation in-future. We welcome partnerships including funding.

Dr Moses Tekere: Director and on Behalf of the Board of Trustees