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TABLE OF CONTENTS

Acronyms	iii
Executive Summary	1
Activities and Results: July - September 2007	8
<i>Background</i>	
<hr/>	
<i>AGCI Component 1: Improving the Policy, Regulatory, and Enforcement Environment for Private-Sector Led Trade and Investment</i>	9
<hr/>	
Support to the Southern African Development Community	9
Trade Capacity Building	11
Assessment of the Status of Trade Facilitation	13
World Customs Organization Time Release Studies	14
Private Sector Advocacy	15
<i>AGCI Component 2: Improving the Market Knowledge, Skills and Abilities of Workers and Private Sector Enterprises</i>	17
<hr/>	
Exportable Agriculture	17
Textiles and Apparel	19
AGOA Support	23
<i>AGCI Component 3: Improving Access to Financial Services for Trade and Investment</i>	26
<hr/>	
Financial Services Liberalization	26
<i>AGCI Component 4: Facilitating Investment in Infrastructure</i>	27
<hr/>	
SADC Transport Facilitation	27
Roll-out of the SAD500/Single Administrative Document	29
Transport Corridors Support Work	29
Cross-Border Vehicle Overload Control Initiative	30
Support to the SADC Energy Sector	31
<i>Outreach Activities and Hub Management</i>	32
<hr/>	
Staffing	32
Events and High Level Visits	33
Participation in Events Outside the Trade Hub	34
Coordination and Interface with other Donor Organizations	38
Publications and Communications	40
Financials	42
Annexes	43
Year End Report	50

ACRONYMS

AAR	American Association of Railroads
ABC	American Business Council
ACP	African Caribbean Pacific
AGCI	African Growth and Competitiveness Initiative
AGOA	African Growth and Opportunity Act
AFTT	Africa Fast Track Trade Program
ASYCUDA	Customs Management Information System
ATF	Agricultural Trade Forum
B2B	Business to Business
BAU	Botswana Agricultural Union
BCOCC	Border Control Operation Coordination Committee
BCPA	Botswana Cattle Producers' Association
BEMA	Botswana Exporters and Manufacturer's Association
BHC	Botswana Horticulture Council
BNA	Angolan Central Bank
BOCCIM	Botswana Confederation of Commerce, Industry & Manpower
CARANA	CARANA Corporation
CBOCS	Cross Border Vehicle Overload Control System
CBP	Customs and Border Protection
CCA	Corporate Council on Africa
CDC	Center for Disease Control
CEO	Chief Executive Officer
CITA	Committee for the Implementation of Textile Agreements
COMESA	Common Market for Eastern and Southern Africa
COMSEC	Commonwealth Secretariat
CNELEC	Regulatory Commission of Mozambique
CTA	Confederation of Business Associations
CTO	Cognizant Technical Officer
DCC	Dar es Salaam Corridor Committee
DFID	Department for International Development (of the United Kingdom)
DTI	Department of Trade and Industry
EAC	East African Community
EIA	Environmental Impact Assessment
EPA	Economic Partnership Agreement
ESA	East & Southern Africa
EU	European Union
FTA	Free Trade Area
GTZ	German Development Cooperation
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
IMF	International Monetary Fund
IMO	International Maritime Organization
INSAT	Inside Southern African Trade
ISPS	International Shipping and Port Facilities Security
IT	Information Technology
IPP	Independent Power Providers
JCL	Junior Chamber of Lesotho
JV	Joint Venture
KMIA	Kruger Mpumalanga International Airport
KSA-AGCI	Knowledge Sharing and Skills African Growth and Competitiveness Initiative

LNDC	Lesotho National Development Cooperation
LTEA	Lesotho Textile Employer's Association
MATEP	Market Access, Trade and Enabling Policies
MAPP	Multi-Country Agricultural Productivity Program
MCB	Mohloli Chamber of Commerce
MCC	Millennium Challenge Corporation
MCCCI	Malawian Confederation of Chambers of Commerce & Industry
MCLI	Maputo Corridor Logistics Initiative
MFLF	Mpumalanga Freight Logistics Forum
MOU	Memorandum of Understanding
MRA	Malawi Revenue Authority
MTI	Ministry of Trade and Industry (Namibia)
NACA	National Aids Coordinating Agency (Botswana)
NASFT	National Association for the Specialty Food Trade
NATHAN	Nathan Associates Incorporated
NSA	Non-State Actor
NTB	Non Tariff Barriers
NTF	Namibia Trade Forum
ODI	Overseas Development Institute
OPIC	Overseas Private Investment Corporation
PBS	Public Broadcast System
PPIAF	Public Private Infrastructure Advisory Fund
PMAESA	Port Management Association of East and Southern Africa
PSI	Population Services International
RERA	Regional Electricity Regulators Association of Southern Africa
RFID	Radio Frequency Identification
RTFP	Regional Trade Facilitation Project
SACU	Southern African Customs Union
SAD	Single Administrative Document
SADC	Southern African Development Community
SADRN	Southern Africa Research Development Network
SAPP	Southern African Power Pool
SARA	South African Railways Association
SARS	South African Revenue Service
SATH	Southern Africa Trade Hub
SIPA	Swaziland Investment Promotion Authority
SME	Small and Medium Enterprises
SPS	Sanitary and Phyto-sanitary
SWEEP	Swaziland Enterprise and Entrepreneurship Program
TC	Trade Competitiveness
TCP	Trade Competitiveness Project
TFCB	Trade Facilitation and Capacity Building
TIFI	Trade, Industry, Finance, and Investment (SADC)
TIPS	Trade and Industry Policy Strategies
TIMS	Trade Information Management System
TKC	Trans-Kalahari Corridor
TKH	Trans-Kalahari Highway
TKCMC	Trans-Kalahari Corridor Management Committee
TKRL	Trans-Kalahari Railway Line
TNF	Trade Negotiating Forum
TOR	Terms of Reference
TRADE	Trade for African Development and Enterprise

TRALAC	Trade Law Centre for Southern Africa
TRS	Time Release Study
TSG	The Services Group
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
US	United States
USG	United States Government
USDA	United States Department of Agriculture
USAID	United States Agency for International Development
VCT	Voluntary Counseling and Testing
WBCG	Walvis Bay Corridor Group
WCO	World Customs Organization
WIBA	Women in Business Association
WTO	World Trade Organization
ZRA	Zambia Revenue Authority

EXECUTIVE SUMMARY



From September 13-15 the Trade Facilitation and Capacity Building Team at the USAID Trade Hub held their work planning retreat at Tau Lodge in Madikwe, South Africa. The Trade Competitiveness Team had held their work planning retreat in August 2007.

The quarterly reporting period, July to September 2007, was characterized by work on an assessment of the status of implementation of the SADC Protocol on Trade to determine whether SADC Member States are prepared to establish a free trade area by 2008; substantial trade deals as a result of the Trade Hub's efforts to assist regional firms and governments; and significant accomplishments in policy and regulatory areas where the Trade Hub has been active.

The activities undertaken in this context led to the following major accomplishments during the quarter:

- Completion of the SADC Trade Protocol Implementation Audit and presentations to senior officials resulted in quick action by Tanzania, Malawi and Mozambique, to comply with their obligations regarding tariff phase downs. A week after the presentation of the report, Malawi gazetted their tariff reductions representing the 2003 tariff level reductions. Tanzania amended their ASCUYDA system to reflect the 2007 tariff reductions and requested technical assistance to fully meet all their outstanding obligations. Mozambique obtained Parliamentary approval to implement their outstanding tariff reductions. As a result, Summit Ministers announced that SADC was ready to implement a Free Trade Area in 2008;
- 22 Members of the Mohloli Chamber of Business (MCB) in Lesotho received training from the Trade Hub in international trade policy, negotiation skills, negotiating commercial contracts, and principles of corporate governance. With these skills, they will be able to increase their negotiating capacity, which in turn may lead to business oriented policy reforms at the national level;

- An attachment of five Malawi Revenue Authority Officers to the Uganda Revenue Authority for risk management training and familiarization with risk management policy and tools used in Uganda. It is expected that as a result of this practical training, facilitated by the Trade Hub, a functional Risk Management Program will be established in the Malawi Revenue Authority;
- The Time Release Study (TRS) report for Zambia, which was submitted to the Acting Commissioner-General of the Zambian Revenue Authority (ZRA) on March 30, 2007, was finalized. Thereafter, the ZRA submitted a prioritized TRS action plan and requested further technical assistance from the Trade Hub in the implementation of the recommended measures. The Trade Hub will assist the Zambian Revenue Authority with some of these activities in the fourth quarter of 2007;
- The Trade Hub produced a final report in August 2007, on the Status of Trade Facilitation in Malawi, following a workshop held in the first quarter that provided an opportunity to link 83 organizations representing border agencies, exporter/importers, cross border traders, forwarding and clearing agents, transporters, commercial banks and insurance brokers;
- The Trade Hub commenced work with the National Bank of Angola (BNA) and USAID/Angola on Improving Financial Sector Efficiency. By the end of this quarter, fieldwork was completed and preliminary results were presented to key stakeholders;
- Fifteen companies from Southern Africa attended the Fancy Food Show in New York City from July 8 to 10, 2007, as part of the African Pavilion. The companies sponsored by the Trade Hub were extremely successful. Many companies now have new buyers and trade deals as a result of the show;
- The Trade Hub sent four South African firms to the 2007 Magic Marketplace, one of the world's premier fashion and garments trade shows, held in Las Vegas from August 27 to 30, 2007. Participation in the show is likely to result in millions of dollars of business within the next few years and exciting new investment and sourcing deals that would have been unlikely without the networking opportunities provided by the show;
- The Trade Hub sent five firms from Southern Africa to the 2007 Material World Trade Show in New York City, held from September 25 to 27, 2007. The firms participating in the show are likely to secure new orders from firms in Lesotho;
- Keedo International, Ltd. was successful in new shipments of clothing to the United States market since 2006, due to support by the Trade Hub. Keedo will now once again have access to a lucrative US\$1.6 million export market in the United States. Sun Rich International, a Chicago-based gourmet food company, finalized two deals with Labourdonnais and Fleur de Sel in Mauritius in the third quarter of 2007. The Trade Hub is directly responsible for introducing the buyers and suppliers, and making these new AGOA trade deals happen;
- The Trade Hub collaborated with the MATEP project based in Lusaka and continues to explore potential deals between producers in Zambia and buyers in South Africa. The two projects are collaborating on a potential visit by South African buyers in the fourth quarter of 2007;
- The Trade Hub collaborated with the Technoserve SWEEP project based in Swaziland and is exploring a producer trip in order to facilitate meetings between Swazi

farmers/producers and South African buyers in the fourth quarter of 2007;

- The Trade Hub facilitated the preparation of a project proposal, to support a feasibility study for the Trans Kalahari Railway Line (TKRL). The application was submitted by the Trans Kalahari Management Committee (TKCMC) to the World Bank Public Private Infrastructure Advisory Fund (PPIAF), with letters of support from the Governments of Botswana and Namibia and from the SADC Secretariat. It is hoped the World Bank will respond favorably to the application in the fourth quarter of 2007;
- The Trade Hub produced a report on the regional constraints in energy generation and supply in the Southern African region, to highlight opportunities to potential investors in energy infrastructure;
- The Trade Hub agreed a framework scope of work with the Mozambique Government for assisting with establishing an Independent Power Producer (IPP) concession for the Moatize region. It is expected that the concession will be granted in the first quarter of 2008;
- The Trade Hub recruited a new long-term Hub Manager, who will oversee the day-to-day management of the Hub facility, and a long-term Energy Advisor, to facilitate late energy related transactions and capacity building on energy issues within the region. Both bring with them extensive experience in their respective fields;
- During the third quarter the Trade Hub published the tenth edition of its flagship news publication, *Inside Southern African Trade (INSAT)*. The issue focused on Mozambique, 'The Land of Smiles'; and
- In September 2007, the Trade Hub's new website went online. The redesigned site features several additions such as the publication of daily trade related news clips, an online subscription facility, and an improved mechanism for uploading content.

The African Global Competitiveness Initiative (AGCI), announced in June 2005 as a continued source of funding for the Trade Hubs in Africa, focuses on four components: (1) Improving the policy, regulatory and enforcement environment for private sector-led trade and investment; (2) Improving the market knowledge, skills, and abilities of workers and private sector enterprises; (3) Increasing access to financial services for trade and investment; and (4) Facilitating investment in infrastructure. These four components constitute the broad categories for the technical programs and activities of the Trade Hub. The Trade Hub also works with the cross-cutting issues of HIV/AIDS workplace interventions and gender. Furthermore, it undertakes a series of outreach activities designed to multiply the impact of Trade Hub projects.

AGCI Component 1, Improving the policy, regulatory and enforcement environment for private sector-led trade and investment

As part of the **support to SADC** during the third quarter, the Trade Hub presented the findings of the assessment of the implementation of the SADC Protocol on Trade to the SADC Ministerial Task Force on Regional Economic Integration in Lusaka, Zambia, which led to quick action by Tanzania, Malawi and Mozambique to comply with their obligations. Efforts to source suitable consultants continued and one was identified to form part of the team on the Trade Compliance and Monitoring Mechanism. A draft Business Guide to the SADC Protocol on Trade was produced, and the Trade Hub worked closely with the SADC Secretariat to organize a trade in services negotiating skills workshop for the SADC Trade Negotiating Forum (TNF).

For the countries within the Trade Hub's **trade capacity building** scope of assistance, activities included rescheduling of a national workshop on rules of origin for Botswana, hosting and facilitating a workshop on trade issues, for members of Botswana Confederation of Commerce, Industry and Manpower (BOCCIM). 22 members of the Mohloli Chamber of Business were trained on international trade policy, negotiation skills, commercial contract negotiations, and principles of corporate governance. The Trade Hub continued to liaise with the Swaziland Investment Promotion Authority (SIPA) on the execution of the implementation strategy of the Swaziland Investor Road Map. The analysis of data and information gathered during a visit to Namibia, and the preparation of the report of the case study on Ramatex Namibia, continued. The report assesses the impact of AGOA on investment in African manufacturing. Meetings were held with Swaziland's Permanent Secretaries of Finance and Foreign Affairs and Trade, and delegations from Southern African Customs Union (SACU) countries, to discuss implementation of planned activities in 2008.

The assessment of the trade facilitation status in Malawi was completed and the final report was presented by the Trade Hub to the Malawi Government and private sector stakeholders at a workshop in Blantyre, Malawi. Zambia continued to implement the recommendations of the trade facilitation assessment that was conducted in 2006. With the assistance of the Trade Hub and other projects, a Trade Facilitation Working Group has been formed, which prepares Zambia's national position for the WTO Trade Facilitation Negotiations.

In support of the **WCO Time Release Studies** (TRS), the Trade Hub met with the SADC Secretariat to clarify the Trade Hub's role in assisting SADC with the simplification and harmonization of Customs Procedures and Processes. During the third quarter, the Trade Hub facilitated the training of five Malawi Revenue Authority (MRA) officials in Uganda, and in addition, received a request for further technical assistance from the Zambia Revenue Authority (ZRA), after the final version of the Time Release Study (TRS) report had been submitted.



Within the scope of **private sector advocacy work**, the Trade Hub—leveraging funds from the Botswana Trust Fund—sponsored the *Annual General Meeting of the Exporters Association of Botswana* in Francistown, Botswana, which was a follow up of the Annual General Meeting in Gaborone and was designed to give coverage to the members in the northern part of the country. In collaboration with USAID/Mozambique, the Trade Hub organized a conference in Maputo to assist the private sector in engaging with government to create a more business-friendly operating environment in Mozambique. It is hoped that using the Trade Hub's Trade Issues Film Series as a catalyst for discussion, the country's Doing Business indicators would improve. During the third quarter, the Trade Hub sponsored a microfinance specialist to Swaziland to conduct a study of the microfinance services that Imbita Swaziland Women's Finance trust provides its members.

AGCI Component 2, Improving the market knowledge, skills and abilities of workers and private sector enterprises

In the area of **exportable agriculture**, the Trade Hub continued to build on the analysis of the supply of fresh fruit and vegetables into the South African market. The analysis assisted the Trade Hub to target three priority countries in Southern Africa to supply into South Africa: Swaziland, Zambia and Malawi. As part of the strategy to identify suppliers of specific products, the Trade Hub visited both Zambia and Swaziland in the third quarter of 2007. Both trips yielded concrete results. In the fourth quarter of 2007, a potential buyer's trip will be coordinated with the MATEP project in Zambia, and a producer's trip of Swazi fresh produce suppliers will visit major buyers in Johannesburg. Work in the agriculture sector continues to include activities in individual countries including: addressing the market access concerns of melons from Botswana into the South African market; locating a commercial grower for chilies for the Elephant Pepper Development Trust; prioritizing SPS and market access problems for targeted products; and continuing to facilitate buyer-seller relationships among fresh producers in the region.

In the **textile and apparel sector**, the Trade Hub continues to enjoy success due to the textile business-to-business (B2B) apparel event held in May of 2007. Over the course of the next 24 months, the event could lead to more than US\$8 million in new trade deals for producers and buyers. During the third quarter of 2007, the Trade Hub took two delegations of apparel producing firms to both the Magic Show, held in Las Vegas from August 20 to 30, and the Material World Trade Show, held in New York City from September 25 to 27, 2007. The Magic Show may result in several million dollars of new trade and investment in the apparel sector. Work in the apparel sector this quarter included the denim study, which examines the impact of a requirement to source denim from Southern Africa. In addition, the third quarter of 2007 saw Keedo Clothing clear customs and comply with U.S. requirements due to Trade Hub assistance.

Trade Hub **AGOA support** to eligible countries in the region during the first quarter of 2007 included support to 15 companies attending the Fancy Food Show in New York City from July 8 to 10. Participating companies received thousands of dollars in new AGOA export deals from American companies. Sun Rich International signed 2 contracts with Mauritian firms in the third quarter of 2007, which will result in a new range of African products under AGOA for the first time from Mauritius. In addition, the Trade Hub continued to support companies and stakeholders from Zambia, Swaziland, Lesotho, Malawi and Mozambique with AGOA information and technical support to access the U.S. market.



AGCI Component 3, Increasing access to financial services for trade and investment

Following the agreement on a number of scopes of work with the Angolan Central Bank (BNA) and the USAID/Angola in the area of **financial services**, the Trade Hub commenced work on reforming the financial sector, including (i) improving the supply of term finance, (ii) improving the supply of finance and SMEs, and improving SME business development and support services, (iii) reducing the costs of banking and improving banking efficiency, (iv) determination of reference rates for the pricing of credit products, and (v) the potential for introducing a deposit insurance system. In addition, the Trade Hub submitted a paper to the BNA on the relevance of

Botswana's experience with monetary and exchange rate policy in the context of rapidly rising mineral revenues.

AGCI Component 4, Facilitating investment in infrastructure

Trade Hub support to **SADC transport facilitation** included participation in SADC Transport Technical Committee meetings held in Gaborone; finalizing a draft memorandum of understanding with SADC; and drafting scopes of work for reviewing regional experiences in concessioning of maritime ports and railways. Activities were undertaken to harmonize vehicle equipment standards, dimensions and loads on vehicles, and to assist those Member States, which have had difficulty with implementation of maritime security in terms of the International Ship and Port Facilities Security (ISPS) Code. The Trade Hub supported work in the area of capacity building for the Southern Africa Railways Association (SARA), through exchange programs with the American Association of Railroads (AAR).

Implementation of the **Single Administrative Document (SAD 500)** – a multipurpose goods declaration form covering imports, exports cross border and transit movements – has been hampered in Mozambique by the inability of the current TIMS computer program to accommodate the SAD 500. Mozambican Customs is in the process of developing a new program which will accommodate the SAD 500 and developing a trade Single Window/One-stop Platform. The Trade Hub will assist with the adoption of the SAD 500 in Mozambique, Malawi, and Tanzania after the successful roll-out in Zambia.

As a result of The Trade Hub's **support of transport corridors**, developments within the quarter included the finalization of a project proposal for the Trans Kalahari Railway Line (TKRL) and application for funding of a feasibility study from the World Bank Public Private Infrastructure Advisory Fund (PPIAF). The Trade hub also supported a review of the Environmental Impact Assessment (EIA) of the Trans Kalahari Highway (TKH) to determine the impact of installing a parallel fence to prevent animals straying on to the road and hence improve road safety. It also assisted in reviewing the axle load limits in order to match them with those in Namibia and South Africa and hence achieve corridor harmonization. In addition, the scope of work proposed for the feasibility study of the Maputo Corridor was finalized. During the third quarter, the Trade Hub met Radio Frequency Identification (RFID) technology providers in Pretoria, to develop proposals for the use of RFID technology along the transport corridors. The Trade Hub also made presentations at the Mpumalanga Freight Logistics Forum (MFLF) Combined Work Group meeting; facilitated sessions in a national stakeholders' workshop held in Matsapha Swaziland; and facilitated a meeting of the Dar es Salaam Corridor Committee (DCC) and its Customs and Transport Working Groups.

With respect to **support of the SADC Energy Sector**, the Trade Hub produced a study on energy issues in the Southern Africa region and country-specific brochures on energy regulations based on information contained in the study. The Trade Hub has also started work on a framework agreement for the establishment of an Independent Power Producer (IPP) for the Moatize region in Mozambique. It is expected that the concession will be granted in the first quarter of 2008.

Outreach Activities and Hub Management

During the third quarter, several staff transitioned in and out of the Trade Hub. Two interns, Renata Rudman and Matt McClelland, who are Masters students at the Kennedy School of Public Administration at Harvard University, left the Trade Hub after completing their internships. Martin Norman, the Trade Hub Manager, took up a new position in Bangladesh, and has since been replaced by Agiso Odhuno. Gloria Magombo was recruited as the Trade Hub's long-term Energy Advisor.

Important visitors to the Trade Hub during the third quarter included delegates of the International Monetary Fund; the U.S Ambassador to Botswana and the Botswana Minister of Trade and Industry, who launched the Annual General Meeting of the Exporters Association of Botswana; members of the Botswana Confederation of Commerce, Industry and Manpower, (BOCCIM); and also members of the Botswana Cattle Producers Association (BCPA).

With respect to **publications and communications**, during the third quarter of 2007, the Trade Hub published the 10th issue of its quarterly news publication, *Inside Southern African Trade (INSAT)*. This issue is dedicated to Mozambique – ‘The Land of Smiles’. INSAT is distributed in electronic format and hard copies to over 6,000 recipients in the SADC region and beyond. *Hub Happenings* continued to be published every month. The number of electronic contact addresses on the distribution list has grown to 3,208. The new website went live at the beginning of September 2007.

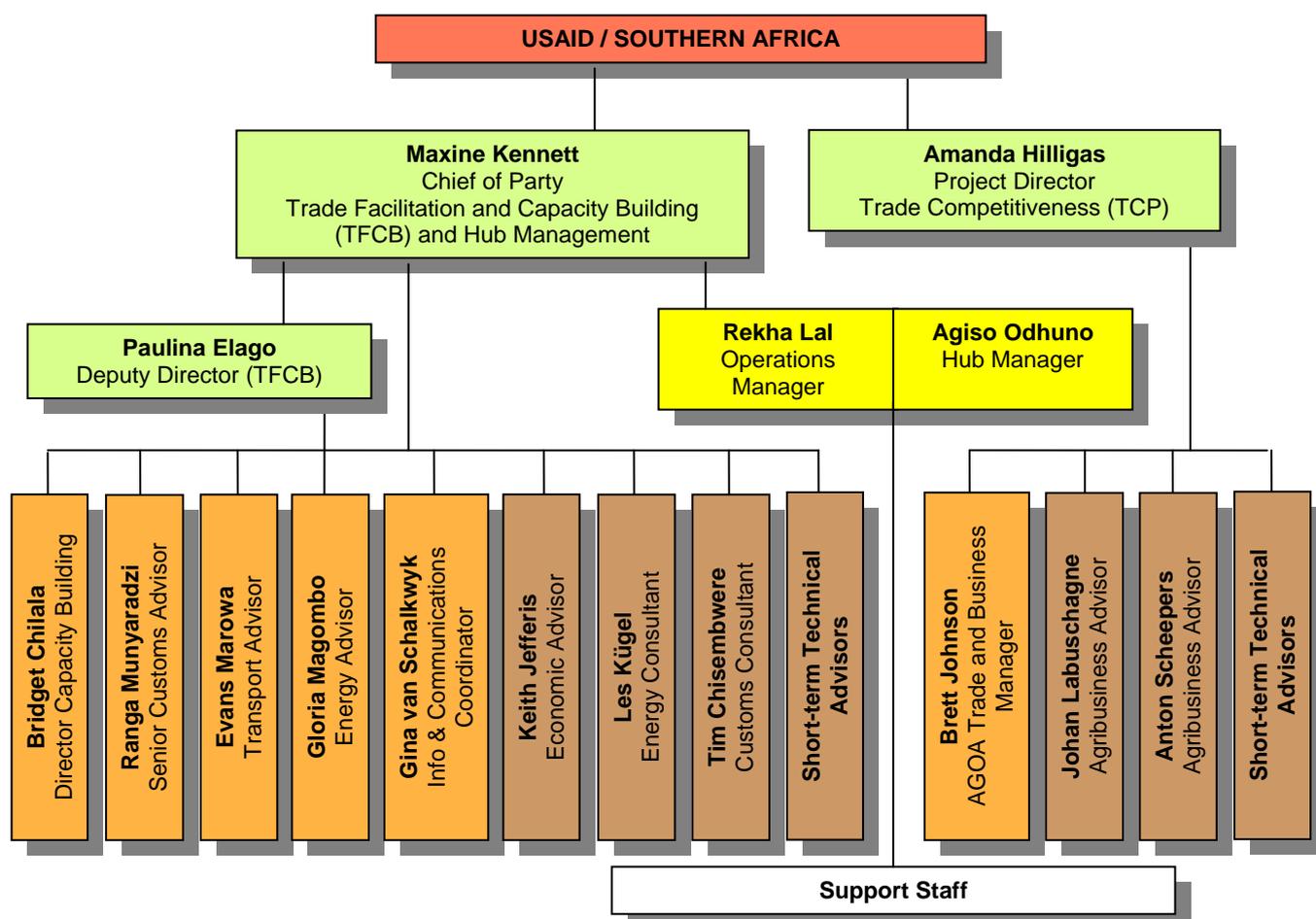
Coordination with other donor organizations during the third quarter included a meeting with the Deputy Secretariat General Office to explore area for closer collaboration with the Commonwealth Secretariat Trade Capacity Building Project. The Trade Hub established contact with the WCO Regional Capacity Building Office, to ensure closer collaboration on the Columbus Program. In addition, the Trade Hub participated at a SADC Transport International Cooperating Partners meeting hosted by DFID in Pretoria, South Africa, and continued collaboration with lead donors Norway (for energy issues) and the European Union (for trade issues).

BACKGROUND

In June 2002, the United States Agency for International Development (USAID)/Southern Africa established the Southern African Global Competitiveness Hub, also known as the USAID Trade Hub, in Gaborone, Botswana. The Trade Hub was established as part of President Bush's Trade for African Development and Enterprise (TRADE) Initiative launched at the first US/Sub-Saharan Africa AGOA Forum in Washington DC in October 2001.

The Trade Hub's primary objective is to enhance the competitiveness of Southern Africa products and services, which plays a key role in reducing poverty. It is a highly visible and ambitious effort to address critical trade and investment priorities for the region. As one of four trade hubs in Africa, the Southern Africa Trade Hub represents an important means for achieving long-term strategic U.S. foreign policy objectives and, as such, must ensure that its mandate and operational objectives are clearly set forth to achieve short-term objectives, as well as systematic benefits to the region over the long-term.

The Trade Hub Team consists of a dozen regional and international experts in the fields of trade policy, trade negotiations, customs, transport, energy issues and business linkages as well as a group of qualified local staff members. The current Trade Hub contract which took effect at the end of 2004 is expected to last until September 2010.



In June 2005, the African Growth and Competitiveness Initiative (AGCI) was announced as a continued source of funding for the Trade Hubs in Africa. The AGCI focuses on:

1. Improving the policy, regulatory and enforcement environment for private sector-led trade and investment;
2. Improving the market knowledge, skills, and abilities of workers and private sector enterprises;
3. Increasing access to financial services for trade and investment; and
4. Facilitating investment in infrastructure.

These four components constitute the broad activities categories of the technical programs and activities of the Trade Hub.

AGCI COMPONENT 1: IMPROVING THE POLICY, REGULATORY, AND ENFORCEMENT ENVIRONMENT FOR PRIVATE-SECTOR LED TRADE AND INVESTMENT

This component includes activities designed to lend support to the Southern African Development Community (SADC) to build trade capacity in the countries of the region, to take advantage of opportunities provided by regional and international trade agreements to improve the trade negotiation abilities of the region, and to strengthen the advocacy role of the private sector in the countries of southern Africa.

Support to the Southern African Development Community (SADC)

The Southern African Development Community Trade Protocol was signed on 24 August 1996. It entered into force on 25 January 2000 and the actual implementation of the provisions of the Protocol commenced on 1 September 2000. The governments of Angola and Madagascar acceded to both Protocols on 26 September 2003 and 21 February 2006, respectively. The Democratic Republic of Congo is yet to accede to the Trade Protocol.

The aim of the SADC Trade Protocol is to establish a Free Trade Area that is WTO compliant by 2008. In 2004, the Mid-term review of the Trade Protocol identified a number of implementation issues including rules of origin constraints, back-loaded tariff liberalization schedules and inconsistency in executing tariff reductions. The recommendations in the review for addressing the constraints were accepted by the Council of Ministers and included a commitment to improve the capacity for monitoring and publicizing the implementation of the SADC Trade Protocol.

Activities in support of SADC during the third quarter included the following:

As per a Memorandum of Understanding of February 27, 2007, between the U.S. Embassy/Botswana, USAID/Southern Africa and the SADC Secretariat, the Trade Hub (i) conducted a trade audit, (ii) is continuing to work on developing a trade compliance mechanism and (iii) finalized a business guide to the Protocol on Trade for SADC.



Trade Hub-sponsored trade policy experts Kingsley Chanda and Timothy Chisembwere, traveled throughout the SADC region from July 1 to September 30, 2007, to collect information and trade

data. Having completed their travels to all eleven SADC member states that are implementing the SADC Protocol on Trade, they prepared a draft report on the findings. Bridget Chilala and Robert Kirk edited the draft *audit of tariff reduction commitments by SADC Member States* prepared by the Trade Hub-sponsored consultants, in order to assess SADC's preparedness for attaining a free trade area by 2008.

A final draft of the audit of tariff reduction commitments by SADC Member States and implementation of other obligations was presented to the Ministerial Task Force on Economic Integration Meetings in July and August, 2007. The findings of the assessment were well received by the Member States and SADC Secretariat, and resulted in quick action by Tanzania, Malawi and Mozambique to comply with their outstanding obligations.

As follow-up, the Trade Hub will continue to assess the implementation of the obligations by Malawi, Mozambique, and Tanzania to determine what kind of technical assistance would be required by these countries to assist them in implementing the SADC Protocol on Trade.

For additional information see trip report by Bridget Chilala and Robert Kirk "Presentation of the Report on the Audit on SADC Member States Implementation of the SADC Protocol on Trade", Mozambique, July 25 -28, 2007. See also "Zambia, August 8-10, 2007" and "Zambia, August 13-16, 2007" by Bridget Chilala.

With respect to designing *a trade compliance monitoring mechanism* for the Trade, Industry, Finance, and Investment (TIFI) Directorate of the SADC Secretariat, the Trade Hub intensified its efforts to identify suitable consultants, and identified one to form part of the team working on the Trade Compliance and Monitoring Mechanism.

Bridget Chilala continued to hold discussions with the SADC Secretariat to determine exactly what role the SADC Secretariat anticipated playing in ensuring compliance among Member States. Ms Chilala traveled to Lusaka to meet with the COMESA Secretariat who had made progress on the design and implementation of a Monitoring Mechanism for monitoring non-tariff barriers (NTBs). The Trade Hub was also invited to attend a meeting in Malawi which was scheduled by the COMESA Secretariat and was attended by all COMESA Member States, the East African Community Secretariat and SADC Secretariat. The discussions centered on the operational modalities for the NTB Enquiry points and the status of elimination of the NTBs in COMESA.

For additional information see trip reports by Bridget Chilala from Zambia September 19-21, September 200 and from Malawi, September 26-29, 2007.

During this process, with the help of an intern, the Trade Hub long-term staff produced a draft "Business Guide to the SADC Protocol on Trade".

For additional information see "A Business Guide to SADC Protocol on Trade".

Having organized a workshop on trade negotiation skills focusing on trade in services in collaboration with Commonwealth Secretariat in May 2007, the USAID Trade Hub has been requested by the SADC Secretariat to organize a similar workshop for the SADC Members of the Trade Negotiating Forum on Trade in Services. The SADC Ministers of Trade adopted a Draft Protocol on Trade in Services and with assistance from UNCTAD will be developing negotiating modalities to complement this framework. Ms Bridget Chilala will work closely with the SADC Secretariat and donors to organize *a trade in services negotiating skills workshop* for the SADC TNF on Trade in Services, which should also include selected relevant stakeholders. The

workshop has been tentatively scheduled from December 3 to 4, 2007, back to back with the 10th TNF-Services Meeting scheduled from December 4 to 5, 2007.

Richard Self, a short-term consultant hired to conduct a review on the SADC Draft Protocol on Trade in Services and to summarize the key issues facing SADC Member States, submitted his paper to the Trade Hub to which some comments were received from SADC Secretariat. Bridget Chilala and Richard Self will be presenters and facilitators at the trade in services negotiating skills workshop from December 3 to 4, 2007.

Planned Activities, SADC Support:

As follow-up to the trade audit, the Trade Hub will provide monthly updates on the tariff phase-downs by those countries that were found to be lagging behind in the July assessment. Needs assessments will be conducted to evaluate what kind of assistance will be required to enable these countries meet their outstanding obligations.

In the next quarter, the focus of the support to SADC will be on designing a *trade compliance monitoring mechanism* for the Trade, Industry, Finance, and Investment (TIFI) Directorate of the SADC Secretariat. The target is to have a concept paper tabled and agreed to by the SADC Secretariat and Member States by December 2007.

The Trade Hub will assist the SADC Secretariat to amend the existing Draft SPS Annex to the Protocol on Trade. This will entail collating comments from the Member States to produce a draft that can be adopted by the Member States at their next meeting scheduled for first week of December 2007.

Trade Capacity Building

The SADC Member States, like most developing countries have limited institutional and technical capacity to fully and effectively implement their regional integration agenda. Between now and 2010, these countries will be engaged in finalizing complex trade negotiations and implementing outcomes. The multiplicity of these negotiations at different levels has placed a higher premium on the need to strengthen the analytical capacities of SADC countries at regional levels.

The following activities were carried out during the third quarter of 2007 in support of trade capacity building in eligible countries:

- **Botswana**

During the last quarter, the Trade Hub made arrangements and all necessary preparations for a national workshop on rules of origin for the Botswana Ministry of Trade and Industry which was scheduled to take place from September 11 to 12, 2007 at the Trade Hub. However, due to conflict of dates with the EPA negotiations, the training was postponed. New dates are to be confirmed.



The Trade Hub hosted and facilitated a workshop on trade issues for members of the Botswana Confederation of Commerce Industry and Manpower (BOCCIM). The Trade Hub's long term professional staff presented on various topics including EPA negotiations, SADC Protocol on Trade, bilateral trade agreements and AGOA. Also speaking at the workshop were representatives from the Ministry of Trade and Industry as

well as the US Department of Commerce. Participants found the seminar very informative as it provided much needed information on various trade arrangements and ongoing trade negotiations highlighting opportunities and challenges such agreements offer the private sector in Botswana.

- **Lesotho**

The Trade Hub contracted Talitha Bertelsmann-Scott as a short term consultant to conduct research for the production of *the user's guide on trade arrangements that extend preferential market access to Lesotho's exports*. During the last quarter Talitha Bertelsmann-Scott submitted a draft of the Guide to the Trade Hub and has since worked with Paulina Elago to review and update the draft.

From September 27 to 30, 2007, the Trade Hub trained 22 members of the Mohloli Chamber of Business on international trade policy, negotiations skills, commercial contract negotiations, and principles of corporate governance. The training was well received and participants rated the course content and the facilitator's lessons highly. The majority of Mohloli Chamber of Business (MCB) run small and medium scale enterprises but lack extensive experience or necessary skills on the subject areas covered. The training therefore, placed emphasis on practical applications relevant to their needs. Some participants felt that the course also provided an opportunity for them to review and critically assess their own businesses methods. The Trade Hub collaborated with the South African based International Quality and Productivity Centre who covered some components of the course.

For additional information see trip report by Paulina Elago "Training for members of the Mohloli Chamber of Business in Lesotho" August 27-31, 2007.

- **Swaziland**

Paulina Elago continued liaising with the Swaziland Investment Promotion Authority (SIPA) on the execution of the implementation strategy of the *Swaziland Investor Road Map* recommendations. Based on input from participants at a workshop on process improvement, the Trade Hub produced an action plan outlining specific steps toward undertaking the necessary changes or reforms in line with Roadmap recommendations.

- **Namibia**

Short-term consultant Frank Flatters, and Paulina Elago analyzed data and information gathered during their visit to Namibia from April 23 to 30, 2007 and prepared a report on the Ramatex Namibia case study. The case study assesses the impact of AGOA on investment in African manufacturing and is based on interviews conducted with a wide range of stakeholders, including Ramatex Namibia, government officials, the municipality, private sector representatives, labor unions and several service providers whose operations have direct or indirect links with Ramatex operations in Namibia. Once completed, the findings of the study are expected to be presented at a workshop in the first quarter of 2008.

"For economic growth of this country the private sector needs more of this [kind of] informative workshop."

"This course was very useful and we would really appreciate a follow-up."

"The facilitators were well prepared and very friendly. They really made the course exciting."

Comments from the workshop for the members of the Mohloli Chamber of Business

For additional information see the trip report prepared by Paulina Elago and Frank Flatters on “AGOA and investment in African Manufacturing: A case study on Ramatex Textile Namibia”, April 23-30, 2007.

- **SACU**

Robert Kirk and Paulina Elago traveled to Maseru, Lesotho, from September 25 to 27, 2007 to meet with Swaziland’s Permanent Secretaries of Finance, Foreign Affairs, and Trade and other delegations from Southern African Customs Union (SACU) countries, as well as the SACU Secretariat attending the SACU Commission meetings in Maseru. The meetings and consultation focused on the implementation of planned activities of the USAID Trade Hub’s work plan for 2008. A meeting was also held with the new Permanent Secretary at the Ministry of Trade and Industry Dr. Malan Lindeque to introduce the Hub and to share elements of the 2007-2008 year work plan related to Namibia.

For additional information see the trip report prepared by Paulina Elago and Robert Kirk “Lesotho, September 25 to 27, 2007.

Planned Activities, Trade Capacity Building:

- **Madagascar:** To follow on from the completion of the Business Guide to the SADC Protocol on Trade, the Trade Hub will conduct a workshop for the private sector and others to explain the provisions in the international trade agreements to which Madagascar is party, as well as conduct trade negotiation skills training for both government and private sector representatives.
- **Namibia:** Finalize data and information analysis on Ramatex Textile Namibia case study and organize a round table to present findings of the study to stakeholders in Namibia.
- **Namibia:** Commence work on the review of the Namibia Investment Act.
- **Swaziland:** Continue to support SIPA on the implementation of the Investor Roadmap implementation strategy including the action plan for recommendations related to company registration, trade licensing, health inspection and entry permits.
- **Swaziland:** Undertake work to assess possible trade policy options for Swaziland arising from the implications of regional and other trade agreements focusing on market access and revenue implications.
- **Swaziland:** Commence work to review and develop a national investment policy for Swaziland in conjunction with SIPA.
- **Lesotho:** Finalize the guide on preferential trade arrangements applicable to Lesotho.

Assessment of the Status of Trade Facilitation

In order to prepare themselves for current and future discussions on trade facilitation at the World Trade Organization (WTO) with other countries and trading blocks, several countries have requested that the Trade Hub assist them with a self assessment of their trade facilitation status. The objective of these assessments is to (a) identify trade facilitation needs and priorities of the country, (b) where feasible, determine the resource implications of implementing proposed trade

facilitation measures under the WTO trade negotiations, and (c) determine the country's capacity to implement trade facilitation measures that derive maximum benefits.

- **Zambia:** Zambia has continued to implement the recommendations of the trade facilitation assessment that was conducted in 2006. A Trade Facilitation Working Group has been formed which prepares Zambia's national position for the WTO Trade Facilitation negotiations.
- **Malawi:** Having assisted Malawi with a trade facilitation assessment in March 2007, Bridget Chilala, Ranga Munyaradzi and Evans Marowa, presented the findings at a workshop attended by all relevant stakeholders on July 12 and 13, 2007 in Blantyre, Malawi.

For additional information see the trip report prepared by Bridget Chilala, Ranga Munyaradzi and Evans Marowa on "Assessment of Trade Facilitation in Malawi", July 12-13, 2007.

Planned Activities, Assessment of Status of Trade Facilitation:

- **Swaziland:** Bridget Chilala, Director Trade Capacity Building, Ranga Munyaradzi, Senior Customs Advisor and Evans Marowa, Transport Advisor, at the request of the Swaziland Ministry of Finance, will facilitate a comprehensive assessment of the status of trade facilitation in Swaziland, in 2008. The main objective of this assessment is to identify Swaziland's trade facilitation needs and priorities and determine the country's capacity to implement trade facilitation measures that derive maximum benefits.

World Customs Organization (WCO) Time Release Studies (TRS)

In collaboration with the WCO, the Trade Hub continued to facilitate implementation of Time Release Studies (TRS) in various countries of the region. The TRS is the first step in identifying the bottlenecks, strengths and weaknesses, and regulatory areas needing reform of the customs regime of a country. Ultimately, the goal is improved efficiency and effectiveness of the Customs regime.

- **Malawi:** Ranga Munyaradzi, Senior Customs Advisor accompanied five Malawi Revenue Authority (MRA) risk management officers to Uganda from July 23 to August 3. The five officials successfully completed a ten-day attachment/training program with Uganda Revenue Authority in July/August 2007. The skills gap in Malawi in terms of Risk Management was analyzed and recommendations to address them were made. An Action Plan to address this gap was unveiled to the Management of Malawi Revenue Authority, which has since begun to implement the recommendations. This step forward towards implementing risk management according to the World Customs Union has been facilitated with the assistance of the Trade Hub.

For additional information see trip report by Ranga Munyaradzi on "Attachment of Malawi Revenue Authority Officers to Uganda Revenue Authority", July 23 - August 3, 2007.

- **Mozambique:** During the first quarter of 2007, Mozambican Customs submitted the draft TRS Report to the Trade Hub and the WCO. The report was finalized during the second quarter, and it was submitted to the Director-General of *Alfândegas de Mozambique* on May 18, 2007. Mozambique Customs were merged into the newly created Mozambique Revenue Authority, and new management came into office. As a result, there was no

feedback on the prioritized Action Plan in the third quarter of 2007. The USAID Bilateral Mission in Maputo is doing the necessary follow-up.

- **Zambia:** The Zambia Revenue Authority (ZRA) has now submitted the final version of the TRS Report together with a prioritized TRS Action Plan, and asked for further technical assistance in the implementation of the recommended measures. Much of this work will be undertaken by the Trade Hub, which will give technical assistance in the areas identified in the Trade Hub's 2007-2008 work plan.

Planned Activities, Time Release Studies:

- **Malawi:** The Malawi Revenue Authority (MRA) abolished Pre-Shipment Inspection in July 2007 and the Trade Hub has assisted the MRA through training and the attachment of Customs Staff to Uganda Revenue Authority on Risk Management and Analysis. The MRA has submitted a request for further technical assistance in implementation of various areas as recommended in the Time Release Study Action Plan, including Customs computer systems connectivity to neighboring countries.
- **Zambia:** The Trade Hub will review the ZRA request for further technical assistance in the implementation of TRS Action Plan, and for those areas where the Hub is not able to assist, other donors in Zambia will be approached.

Private Sector Advocacy

This component includes activities which build the capacity of private sector entities to represent their interests to the government, assist the private sector in advocating for needed reforms, and foster public-private sector dialogue. Activities under this heading included the following:

- **Botswana Exporters & Manufacturers Association (BEMA)**



On August 8 the Trade Hub—leveraging funds from the Botswana Trust Fund—sponsored the *Annual General Meeting of the Exporters Association of Botswana* in Francistown, Botswana, which was a follow up of the Annual General Meeting in Gaborone and was designed to give coverage to the members in the northern part of the country. The theme was “*Building Joint Ventures to Improve the Competitiveness of Exporting Companies*”. The Commercial Officer from the U.S. Embassy in

Gaborone, Botswana, James Hogan, delivered the keynote address on behalf of H.E. Katherine Canavan, U.S. Ambassador to Botswana, and approximately 80 exporters were present.

- **Businesswomen’s Associations of Southern Africa**

In July 2007, Trade Hub-sponsored microfinance specialist Margaret Jiri traveled to Swaziland to conduct a study of the microfinance services that Imbita Swaziland Women’s Finance Trust provides to its members. From September 5 to 9, she presented her findings to Imbita’s Board of Directors and provided training to Imbita’s staff members who are administering the service. The study showed that there is a need for an internal networking system, financial and portfolio management, as well as program planning and sustainability are also necessary.

For additional information see trip report by Margaret Jiri, Swaziland, September 2007 and technical report by Margaret Jiri on “Evaluation of IMBITA Credit Operations Swaziland”.

- **Private Sector Advocacy Event, Maputo, Mozambique, August 20-21**

From August 20 to 21, 2007 the USAID Trade Hub in coordination with the U.S. Embassy in Mozambique, USAID/Mozambique, the CTA (Confederação das Associações Económicas de Moçambique) and the Mozambican Ministry of Industry and Trade held a private sector advocacy seminar in Maputo, Mozambique. The focus of the seminar was to assist Mozambique in improving its overall business environment by bringing in a speaker from the Romanian private sector to share how that country achieved the designation by the World Bank as the second best reformer worldwide of 2006. Speakers from Brazil, Namibia, Kenya, and Nigeria shared best practices and experiences from their countries. More than 50 participants were on hand for the day-and-a-half workshop, and the Trade Hub’s Trade Film Series featured prominently in the program. The concerns and observations expressed by the participants will be used as the basis for Trade Hub interventions in Mozambique in the future.



For additional information see the trip report prepared by Martin Norman on “Mozambique Private Sector Advocacy Workshop”, Mozambique, August 20-21, 2007.

Planned Activities, Private Sector Advocacy:

- The Trade Hub plans to assist with a private sector advocacy event in Maun with the theme “*Export Competitiveness through Strategic Alliances: The case for Joint Venture*”, under the auspices of The Botswana Exporters and Manufacturers Association (BEMA). The purpose of the workshop is to sensitise the business community in Maun and its environs on joint ventures (JVs) as a way of addressing the various constraints. The issues to be addressed include the following: the benefits and pitfalls of JVs and how to avoid the pitfalls; negotiating and structuring strategic business linkages; sourcing finance for JVs; and market opportunities for JVs.

AGCI COMPONENT 2: IMPROVING THE MARKET KNOWLEDGE, SKILLS, AND ABILITIES OF WORKERS AND PRIVATE SECTOR ENTERPRISES

This component seeks to improve the capacity of regional businesses and clusters to produce and market competitive goods and services. Activities endeavor to develop value-adding export relationships within the region and internationally by providing access to technical assistance. Much of the work planned assists producers, exporters, and countries to maximize benefit from AGOA opportunities. Target sectors under this component are: exportable agriculture, textiles and apparel, and specialty foods.

Exportable Agriculture

The following activities were carried out during the third quarter of 2007 in support of exportable agriculture in eligible countries:

- **Fresh Produce for South Africa**

To facilitate and expedite assistance to the region in the agricultural sector, the Trade Hub determined it was necessary to ascertain the opportunities that exist in the South African market for regional agricultural goods. While South Africa is mostly self-sufficient in agricultural production, there remain opportunities for regional producers to take advantage of seasonal and climatic variations to meet an increase in overall demand of South African consumers. Following meetings in South Africa with major food retailers, fresh produce distributors, and food companies to identify gaps in local supplies of fresh fruit, vegetables and other agricultural products, the Trade Hub determined that Zambia, Swaziland and Malawi are priority countries for supplying South Africa with targeted horticultural products.

During the third quarter of 2007, Agriculture Advisors Anton Scheepers and Johan Labuschagne participated in trips to Zambia and Swaziland to determine sources of supply for interested buyers based in South Africa.

- **Zambia**

The Trade Hub trip to Zambia was facilitated by the MATEP project based in Lusaka. Agribusiness Advisor, Anton Scheepers, and AGOA Trade and Business Manager, Brett Johnson, visited producers in Zambia including York Farms, Borassus, Capital Fisheries, Savanna Beef and Forest Fruits Honey.

During the visit, the Trade Hub was requested to facilitate a series of one day visits by 5 prominent South African supermarkets to Zambia. A trip of buyers will be organized in conjunction with the MATEP project in the fourth quarter of 2007. The Trade Hub will help to facilitate a structured plan of engagement between the supermarket buyers as well as the farmers and growers.

For further information, see trip report, "Trade Competitiveness Project Visit to Zambia and Swaziland" by Anton Scheepers and Johan Labuschagne.

- **Swaziland**

The Trade Hub agribusiness trip to Swaziland was facilitated by the Technoserve/SWEEP project in Mbabane. The Director of the Trade Competitiveness Project, Amanda Hilligas

and Agribusiness Advisors, Anton Scheepers and Johan Labuschagne, traveled to Swaziland to visit companies and explore potential sourcing opportunities.



The Trade Hub team shared their 2008 work plan and visited Swazican, Lizzie's Fresh Herbs, and Eswatini Swazi Kitchen while in Swaziland. During the trip, Technoserve and Trade Hub representatives determined that a supplier trip to Johannesburg is needed to introduce suppliers with potential buyers in South Africa. The Trade Hub is currently working on a schedule with proposed producers from Swaziland and will facilitate the visit in the fourth quarter of 2007.

For further information see trip report, "Trade Competitiveness Project Visit to Zambia and Swaziland" by Anton Scheepers and Johan Labuschagne.

- **SPS and Market Access for Agricultural Products**

As part of the agriculture strategy, Agribusiness Advisor Johan Labuschagne continues to work with the South African Department of Agriculture on a priority list for imported produce from Southern African countries. The list and requirements will assist in the timing of export promotion and trade deals between producers in Southern African countries and South African buyers.

Africa's Big Seven Conference: Brett Johnson, AGOA Trade and Business Manager attended "Africa's Big Seven", a showcase in Johannesburg at Gallagher Estate in Midrand, where fresh and processed foods are displayed for export, specialty foods and beverages are marketed to Africa's importers, and processing and packaging technologies are traded internationally. The conference was held from July 15 to 17, 2007.

For additional information, see trip report by Brett Johnson, "Big Seven Agribusiness Expo and Conference, Johannesburg, South Africa 2007"

All Fresh Conference: The All Fresh Conference held in Cape Town, South Africa from September 17-21 brought producers, distributors, and buyers together to discuss issues facing the trade. During the conference in Cape Town, the Trade Hub met with other stakeholders to determine other possible linkages.

For additional information, see trip report by Anton Scheepers and Johan Labuschagne, "Trade Competitiveness Project Visit to Cape Town, September 2007"

- **Botswana**

The Trade Hub provided support to the Botswana Horticulture Council (BHC) in their attempt to gain access for ***melons to enter the South African market***. The request for an entry permit by the grower was rejected by the Department of Plant Protection in South Africa. The grower was informed, at the last minute, of the need for a pest risk assessment for a pest mistakenly identified as present in the area. The Trade Hub provided assistance to the grower, the buyer and the Department of Agriculture in Botswana in an attempt to resolve this issue.

The Trade Hub is currently considering additional technical assistance and training for the Department of Agriculture in Botswana, and will work on a program, possibly in

conjunction with the new Sanitary and Phyto-sanitary (SPS) Advisors attached to the United States Department of Agriculture (USDA) in Pretoria in the fourth quarter of 2007.

- **South Africa**

The Trade Hub continues to explore opportunities for working with the producers of Elephant Pepper on the commercial side of their business that supplies chili mash to the U.S. – based Tabasco Company. Mr. Scheepers is exploring potential opportunities with South African farmers in an outgrower scheme to produce chili mash.

Planned Activities, Exportable Agriculture:

- **Malawi:** Facilitate a visit by the Trade Hub to Malawi to determine potential supplier opportunities for South African buyers.
- **Zambia:** Coordinate with the MATEP project on a potential South African buyers visit to producers in Zambia.
- **Zambia:** Continue to work with MATEP COM Mark and the South African Department of Agriculture to determine next steps on SPS issues surrounding the export of honey to South Africa.
- **Swaziland:** Coordinate with the Technoserve SWEEP project on a potential visit by Swazi producers to South African buyers in Johannesburg, South Africa.
- **Botswana:** Work with the Botswana Cattle Producers Association (BCPA) to produce their website.
- **Botswana:** Work with local growers and the South African Department of Agriculture to clarify the recent miscommunication concerning the erroneous reporting of a pest in Botswana thus allowing for the admissibility of melons into South Africa.
- **South Africa:** Develop an SPS priority list based upon information supplied by the South African Department of Agriculture.

Textiles and Apparel

The following activities were carried out during the second quarter of 2007 in support of textiles and apparel in eligible countries:

- **Business to Business Meetings continue to result in Trade Deals**

In the second quarter of 2007, the Trade Hub held the textile and apparel business-to-business meetings in Johannesburg, South Africa from May 29 to 30, 2007. The meetings brought together Southern African producers of textiles and apparel with retailers and U.S. buyers to foster trade and market linkages.



More than 50 companies (60 delegates) came together for 350 half-hour meetings. Trade deals continue to materialize in the third quarter of 2007:

Over the next 3 to 6 months: between US\$2 million in deals/transactions. Over the next 2 years: between US\$5.2 and US\$5.3 million in deals/transactions.

These figures do not include all results from the business-to-business meetings. Final details on deals and transactions will be included in the fourth quarter report. The event was covered in *Pursuit* magazine, published in South Africa in the third quarter 2007.

- **Denim Study**

The apparel industry in Southern Africa represents the most significant source of success under the AGOA legislation, and has been responsible for creation of thousands of jobs in the region. The recent extension of the third-country fabric provision will allow for the continuation of many of these jobs and expansion of employment in numerous countries.

However, the recent extension of third country fabric included a provision requiring the procurement of denim fabric from local sources, which may threaten the competitiveness of the industry. The Lesotho Garment Manufacturers Association expressed concern about the provision and requested that the Trade Hub examine the impact it may have. The Trade Hub is working on this report for distribution in the fourth quarter of 2007.

- **Keedo: AGOA and Customs Assistance**

Keedo International (Pty.) Ltd. of Cape Town, a company that has exported apparel to the United States under AGOA for the past twelve years, had their exports deemed ineligible under AGOA by United States Customs and Border Protection (CBP) in late 2006. U.S. Customs and Border Protection found discrepancies in manufacturer documentation and therefore were not satisfied that the apparel was made in South Africa.

“We are thrilled to be back in the U.S. market. Thank you from the bottom of my heart to the Trade Hub for assisting.” -
Nelia Schutte, Keedo Clothing, Cape Town,
South Africa



In the first quarter of 2007, USAID/South Africa contacted the Trade Hub and requested the Trade Hub to assist Keedo, because the company had just lost a lucrative US\$1.6 million export market. In the second quarter of 2007, the Trade Hub facilitated a compliance program designed by Mr. Doug Browning of the Sandler Travis Law Firm to bring Keedo and other South African firms into compliance with CBP requirements. Senior Customs Advisor, Ranga Munyaradzi, and AGOA Trade and Business Manager, Brett Johnson, facilitated a workshop with other Export Council for the Clothing Industry in South Africa to assist apparel companies with understanding CBP requirements while in Cape Town.

In the third quarter of 2007, Keedo's first shipments of clothing to the United States cleared CBP. To support Keedo's re-entry to the U.S. market, the Trade Hub supported this firm to participate in the Southern Africa Trade Hub's delegation to the Magic Marketplace held in Las Vegas from August 27 to 30. Keedo has regained access to the

lucrative U.S. export market with Trade Hub support, and will continue to enjoy new business in the lucrative U.S. apparel market.

- **South Africa: Category 9 Eligibility Under AGOA**

AGOA provides duty and quota free benefits for hand loomed, handmade, or folklore articles made in beneficiary sub-Saharan African countries. This provision is known as "Category 9".

In Executive Order 13191, the President authorized Committee for the Implementation of Textile Agreements (CITA), after consultation with the Commissioner of Customs and Border Protection, to consult with beneficiary sub-Saharan African countries and to determine which particular textile, if any, and apparel goods shall be treated as being hand loomed, handmade, or folklore articles.

Category 9 products from South Africa were submitted in the first quarter of 2007, with the objective of gaining duty-free access for hand-loomed and ethnic-printed fabrics to the United States.

At the AGOA Forum in Ghana, OTEXA announced that South Africa is now eligible for Category 9 under AGOA. The Trade Hub is working with producing firms in South Africa on their first shipments to the United States.

- **Magic Marketplace in Las Vegas, August 27-30**

The Trade Hub sent four South African firms to the 2007 Magic Marketplace (www.magiclonline.com), one of the world's premier fashion and garments trade shows, held in Las Vegas from August 27 to 30, 2007. Two of the firms, Keedo and Earth Child highlighted their quality children's brands at Magic KIDS while Cool Ideas and Dinha TEX represented Southern African apparel producers as agents in Sourcing at Magic. Prior to the show, the Trade Hub worked with these companies to develop and disseminate press releases to raise the profiles of the firms in the eyes of interested buyers. Two Trade Hub apparel specialists joined the delegation to support their exhibiting efforts and to interact with buyers and industry players to encourage U.S. retailers and brands to source their products from Africa.

Since the show, the Trade Hub has been working with the MAGIC 2007 participants to determine the level of sales that may have been generated. It is too soon to publish actual outcomes as negotiations are underway, however, initial correspondence suggests that participation in the show is likely to result in millions of dollars of business within the next few years and exciting new investment and sourcing deals that would have been unlikely without the networking opportunities provided by the show.

Earth Child is currently exploring options with potential investors/buyers to open up stores in the U.S. and or Caribbean. Keedo is looking into investors to open stores in the U.S. as well as setting up a catalog order business. Dinhatex has been negotiating a sourcing order as large as 750,000 units. It is expected that the deals resulting from the show may benefit Botswana, Lesotho, Madagascar and South Africa, as well as other countries in East Africa.

- **Material World 2007 in New York, September 25-27**

The Trade Hub sent five Southern African apparel manufacturers (one from Zambia, four from Lesotho) to Material World 2007 (www.material-world.com), a major garment sourcing event, held in New York City, from September 25 to 27. A focus of this delegation was on Lesotho, where the apparel industry is a critical job provider. As such, these firms received



pre-show preparation assistance and, assistance in producing high quality brochures. The Trade Hub also contributed to a 'branding' Lesotho effort being carried out by the country's garment industry in collaboration with the Lesotho Textile Employers Association (LTEA), Lesotho National Development Corporation (LNDC) and the Whitaker Group based in Washington, D.C. The delegation was supported by Trade Hub staff and apparel market specialists based in the United States.

While it is too soon to determine the actual outcome of this event, the exposure and networking opportunities that the show presented to the companies is critical to not only the business (and related employment) of the individual companies, but maintaining and enhancing Southern Africa's profile as a apparel sourcing location.

- **AGOA Textile and Apparel Information Support**

On an ongoing basis, the Trade Hub has been providing a range of information support to Southern African manufacturers and buyers/investors from the U.S. interested in doing business with the African apparel industry. This support has included information and advice on AGOA regulations and compliance (in collaboration with U.S. Department of Commerce Office of Textile and Apparel, and U.S. Customs in Pretoria South Africa and Washington, D.C.) and matchmaking services for regional sourcing.

Planned Activities, Textiles and Apparel:

- Brett Johnson, AGOA Trade and Business Manager, and Joop de Voest, Apparel Value Chain Leader, will speak at a series of Sanlam/Pursuit Magazine workshops for the South African apparel sector in Durban and Cape Town during October 2007.
- Begin planning for Magic February 2008, with the aim of collaborating with the other USAID Trade Hubs to put together an African Pavilion designed to raise the profile of companies and better advertise the overall sourcing capabilities and duty free status of Africa under AGOA.
- Begin planning for the 2008 Business-to-Business event focusing on regional sourcing opportunities, leveraging this year's success to attract more manufacturers and buyers.

- Respond to reports that apparel companies are having problems with production verification documentation and other documentation compliance for AGOA exports to the U.S. through the development and production of a “Roadmap for Production Verification Documentation and AGOA Compliance” for dissemination throughout the region.
- Collaborate with stakeholders within South Africa textile industry to help them take advantage of the recent AGOA Category 9 approval by the U.S. government. This could include raising the awareness of related regulations and documentation requirements for export to the U.S. and market linkage support.
- In conjunction with the Trade Facilitation and Capacity Building Project, finalize and publish the denim study begun in the fourth quarter of 2007.

AGOA Support

The AGOA support component is designed to provide complementary capacity building and technical assistance at both the firm level and national level to increase the value and volume of exports to the United States from eligible countries in the Southern Africa region. In the third quarter of 2007, the Trade Hub made significant progress in supporting the AGOA Mission of promoting partnerships that increase trade in goods to the United States. Many firms are in the process of solidifying export partnerships with U.S. firms, due to assistance from the AGOA Program.

- **Botswana Company Benefits from AGOA Assistance: Peter Mabeo Furniture**

Peter Mabeo Furniture, based in Gaborone, Botswana, produces high quality and contemporary furniture that has been featured in the *New York Times* and *O* (Oprah’s Magazine). Canadian designer Patty Johnson has collaborated with Mr. Mabeo to bring new product collections, including furniture and basketry to the North American market.

Peter Mabeo has won awards at the International Contemporary Furniture Fair and “Design Dozen 2006” in *Newsweek*, as one of the product lines represented for new direction and achievement in design.

During the third quarter of 2007, Peter Mabeo Furniture followed up on leads from the International Contemporary Furniture Fair (ICFF), which was held in New York City from May 19-22. A major U.S. contemporary furniture retailer is interested in Mr. Mabeo’s products. Details about a forthcoming deal will be available in the fourth quarter 2007.



- **Sun Rich International Visit to Results in New Exports**

Sun Rich International, a gourmet food company based in Chicago, Illinois, visited Southern Africa in the first quarter of 2007, including South Africa, Zambia, Malawi and Mauritius. Sun Rich is developing an African Line of products that will be launched later in 2007.



Sun Rich International finalized two deals with Labourdonnais and Fleur de Sel in Mauritius in the third quarter of 2007. The Trade Hub is directly responsible for introducing the buyers and suppliers, and making these new AGOA trade deals happen.

- **July Fancy Food Show**

The Summer Fancy Food Show was held in New York City from July 8 to 10, 2007. This important show is the national food show sponsored by the National Association for the Specialty Food Trade (NASFT). More than 32,000 attendees from the gourmet food, wine, gift, supermarkets and department stores attended the show in 2007.

The Trade Hub sponsored 15 companies to participate in the Africa Pavilion, jointly sponsored by the Africa Fast Track Trade (AFTT) program, and the East and West African Trade Hubs. In addition to sponsoring the companies, the Trade Hub partnered with AFTT on a special promotional seminar entitled, “Savor Africa: A Buyer’s Seminar”. Featured speakers included Dr. Jeffrey Sachs and Mr. Robert Brozin, Founder and CEO of Nando’s Chicken.



While it is too early to quantify deals and trade leads, preliminary results for Southern African companies participating in the Fancy Food Show have resulted in leads from the likes of Whole Foods, the Food Emporium, DPI Mid-Atlantic and many others. The Trade Hub expects thousands of dollars in new exports from the July show.

- **AGOA Forum: 6th Annual U.S. – Sub-Saharan African Trade and Economic Cooperation Forum**

From July 18-19, 2007, Amanda Hilligas, Director of the Trade Competitiveness Project, attended the sixth annual U.S. Sub-Saharan African Trade and Economic Cooperation Forum (AGOA Forum) in Accra, Ghana. The Forum was entitled “As Trade Grows, Africa Prospers: Optimizing the Benefits under AGOA”.

Themes at the 2007 forum included: Progress on AGOA Implementation; Denim in the Context of the new AGOA Legislation; Home Décor and Wood Products; Strategies for Manufacturing Diversification; Addressing Health Challenges to Africa Productivity under AGOA; and Enhancing the Supply Capacity of Small and Medium Enterprises (SMEs) under AGOA. The 7th annual AGOA Forum will be held in Washington, DC, in July 2008.



For additional information see trip report by Amanda Hilligas “AGOA Forum 2007”.

- **Talier Trading Group to Identify Specialty Food Companies for Export**

In an ongoing activity, the Trade Hub has been working with the Talier Trading Group, a marketing and brokering company which is launching a line of African specialty food brands, to identify new companies with interesting and competitive products likely to be marketable in the U.S. Already the Talier has signed up with a number of Southern African companies, providing them with the opportunity to sell their product in the likes of Whole Foods, Safeway, Albertsons and others. Products reviewed this quarter include aloe food products, honey, organic baby food, infused spring water and baobab/marula products, among others.

- **Presentation at BEMA Joint Venture Workshop**

Brett Johnson, AGOA Trade and Business Manager, represented the Trade Hub at a Joint Venture Workshop held by the Botswana Exporters and Manufacturers Association (BEMA, formerly Botswana Exporters Association) to discuss opportunities to the US market through AGOA, what companies must consider when considering entering the U.S. market and assistance that is available from the Trade Hub.

- **AGOA, Market Access and Information Support**

The Trade Hub continues to provide support to Southern African companies looking for information on ways to access the U.S. market through AGOA. Specialty food, natural products and garment companies have received assistance in the form of market and/or regulatory information, and on occasion facilitated market linkages.

The Trade Hub is continuing to play a role in investment promotion. The Trade Hub is responding to a number of investor and hedge fund requests for information on investment opportunities while helping a select number of Southern African companies identify potential investors in the U.S. and elsewhere. So far, all correspondence is business confidential, thus details cannot be shared at this time.

Planned Activities, AGOA Support:

- Coordinate a Trade and Investment Seminar to be held at the Corporate Council on Africa (CCA) Summit in Cape Town during November 2007. The panel will include buyers in the specialty food and apparel sectors, a furniture manufacturer and a representative from Overseas Private Investment Cooperation (OPIC).
- Begin planning for the 2008 New York Fancy Food Show. Currently the Trade Hub is discussing collaboration with South Africa's Department of Trade and Industry (DTI), who aim to have a South African Pavilion adjacent to the African Pavilion at the show. Resource sharing with DTI in booth and travel support will allow the Trade Hub to dedicate more resources toward company preparation, which is critical for trade show success.
- The Trade Hub will continue providing information on AGOA and the U.S. market through a variety of mediums. During the month of October, representatives from the Trade Hub will speak at exporter events in Maun and Gaborone, Botswana, and Durban and Cape Town in South Africa.

AGCI COMPONENT 3: IMPROVING ACCESS TO FINANCIAL SERVICES FOR TRADE AND INVESTMENT

Since June 2005 when the AGCI was announced as a new source of funding and the new framework for Trade Hub activities, access to financial services has played an important role in the work of the Trade Hub which has been involved in the following activities during the third quarter of 2007.

Financial Services Liberalization

Following the agreement of a number of scopes of work with the Angolan Central Bank and USAID/Angola, work commenced on reforming the financial sector, including (i) improving the supply of term finance, (ii) improving the supply of finance and SMEs, and improving SME business development and support services, (iii) reducing the costs of banking and improving banking efficiency, (iv) determination of reference rates for the pricing of credit products, and (v) the potential for introducing a deposit insurance system.

Under the supervision of Keith Jefferis, the Trade Hub's Economic Advisor, the team began work in Angola in August and fieldwork continued until late September, when draft recommendations were presented to the National Bank of Angola (BNA) and USAID/Angola. The BNA has been providing logistical support to the team and is the primary counterpart for this project. Fieldwork comprised data collection and a large number of meetings and interviews with banks, other financial institutions, government ministries and agencies, SME support organizations, and private sector firms. The first complete draft report is due to be submitted in the fourth quarter of 2007.

For additional information see trip report by Bruce Bolnick on "Improving the Supply of Financial Services and the Efficiency of the Banking Sector in Angola", September 15- October 6, 2007.

Keith Jefferis also submitted a paper to the BNA on the relevance of Botswana's experience with monetary and exchange rate policy in the context of rapidly rising mineral revenues to the BNA, as well as discussions on how the research and policy analysis function could be restructured.

Planned Activities, Financial Services Liberalization:

- It is anticipated that the first complete draft report for the Financial Sector Reform project in Angola will be submitted in the fourth quarter of 2007.
- In the first quarter of 2008, Keith Jefferis will begin work with the BNA and USAID/Angola on support for reform of the monetary policy framework and a program for the liberalization of exchange controls.

AGCI COMPONENT4: FACILITATING INVESTMENT IN INFRASTRUCTURE

This component seeks to support the creation, improvement and sustainability of physical infrastructure, and related services, in both urban and rural areas, to enhance the economic environment and improve economic productivity. Thus, this component includes activities to improve transport services (including roads, airports, railways, and ports) and energy services.

The private sector will be relied upon to play a significant role in investing in infrastructure if demand is to be met. However, this is not always as easy as it sounds. Regulatory frameworks are often burdensome, and development is often hampered by a lack of clear Government policy.

The focus of the Trade Hub is to increase regional co-operation on legal and regulatory issues, to help facilitate new investment initiatives and to support those initiatives that are likely to result in increased private sector participation in the transport and energy services supply industry.

SADC Transport Facilitation



Trade competitiveness for goods and services within the Southern Africa region is adversely affected by high transit and transport costs. The region has six landlocked countries, and requires a well- functioning, integrated transport network to facilitate trade flows between the ports and the interior. The Trade Hub collaborates with other donors and works closely with SADC to significantly reduce transit times and costs by supporting the adoption of harmonized customs procedures and the single customs document across the region.

From August 1 to 3, 2007, Evans Marowa participated in the SADC Transport Technical Committee meetings held in Gaborone. The meeting was focused on approving the SADC Surface Transport program and developing action plans for implementing the program. The workshop was successful in developing the action plans for the following committees:

- a. Integrated Transport Committee;
- b. Railways Committee;

- c. Road Infrastructure Committee;
- d. Road Traffic and Transport Committee;
- e. Maritime and Inland Waterways Committee.

Due to its involvement in several transport corridors in the region, the Trade Hub is expected to play a significant role in the Integrated Transport Committee, where transport corridors are considered as one of the effective ways of promoting integrated transport systems.

As a result of the identified priorities for the proposed SADC Technical Committees the Trade Hub agreed to support SADC with the following activities:

- a. Review of regional experience in concessioning of ports. The request for support from the Port Management Association of East and Southern Africa (PMAESA) to identify investment opportunities will be incorporated in this activity;
- b. Review of regional experience in concessioning of railways;
- c. Harmonization of vehicle equipment standards, dimensions and loads on vehicles;
- d. In collaboration with the International Maritime Organization (IMO), assist those Member States which have had difficulty with implementation of maritime security in terms of the International Ship and Port Facilities Security (ISPS) Code; and
- e. Capacity building for the Southern Africa Railways Association (SARA) through exchange programs with the American Association of Railroads (AAR).

In the third quarter, the Trade Hub and the SADC Directorate of Infrastructure and Services finalized a memorandum of understanding (MOU) on the implementation of the above activities, and scopes of work were drafted. These scopes will be presented to the SADC Senior Officials and Ministers responsible for transport at their meetings from 3 to 5 October, 2007, for finalization, before the end of the year.

Planned Activities, SADC Transport Facilitation:

- Evans Marowa will participate in the SADC Senior Transport Officials and Ministers meeting, where the SADC transport program will be presented for approval by the Ministers. The meeting will include a special planning session to prioritize trans-boundary projects in the main corridors.
- Evans Marowa will also participate in a meeting to review the SADC Spatial Development Initiative/Corridors programs with a view to establish the most appropriate framework to drive this initiative.
- The Trade Hub will be represented in a planning workshop to agree the implementation plan for the harmonized road user charges, including agreeing on the memorandum of understanding to facilitate implementation.
- The Trade Hub will facilitate signing of the memorandum of understanding between SADC Secretariat and the United States Government (USG), on transport programs to facilitate initiation of implementation.

Roll-out of the SAD 500 / Single Administrative Document

The SAD 500 is a multi-purpose goods declaration form covering imports, exports, cross-border and transit movements, and it incorporates all the information necessary for advanced Customs Clearance and Customs risk management purposes. It reduces paperwork and allows for quicker turnaround times with fewer errors, less confusion, lower costs, and improved trade efficiencies. The SAD 500 complies with international best practices and Customs standards, with similar documents having been



introduced throughout the world. It was successfully piloted in the Trans Kalahari Corridor (TKC) between South Africa, Botswana and Namibia over the past two years with technical assistance from the Trade Hub. It is now the only Customs declaration document in Botswana and Namibia, and the Trade Hub is assisting in its roll-out to non-SACU countries. The Trade Hub facilitated a review meeting of the TKC/Dar Corridor Customs Working Groups in Lusaka on the roll-out of the SAD 500 in Zambia from February 20 to 21, 2007. The implementation of the SAD 500 in Zambia is currently awaiting a parliamentary process still to be completed.

Implementation of the SAD 500 in Mozambique has been hampered by the inability of the current TIMS computer program to accommodate the SAD 500. Mozambican Customs is in the process of developing a new program which will accommodate the SAD 500 and develop a trade Single Window/One-stop Platform. The unveiling of the new computer program which will accommodate the SAD 500 is still being awaited.

Planned Activities, SAD 500:

The Trade Hub will assist with the adoption of the SAD 500 in Malawi and Tanzania after the successful roll-out in Zambia.

Transport Corridors Support Work

Activities in support of Transport Corridors of the region during the third quarter of 2007 included participation by the Trade Hub as a resource for the Maputo Corridor Logistics Initiative (MCLI), in a bi-national stakeholders' workshop in Mozambique. Other activities were as follows:

Trans-Kalahari Corridor: The Government of Botswana initiated the following activities which are being monitored by the TKCMC: (1) An Environmental Impact Assessment (EIA) review of the Trans Kalahari Highway (TKH) which determines the impact of installing a fence along the highway to prevent animals straying on to the road thereby improving road safety; and (2) A review of the axle load limits in order to match them with those in Namibia and South Africa thus achieving corridor harmonization.

North-South Corridor: The roll-out of SAD 500 to be finalized once Zambian Parliament has approved the amendments to the Customs and Excise Act to accommodate the SAD 500.

Planned Activities, Transport Corridors Support Work:

- **Maputo Corridor:** Future meetings of the Maputo Corridor are to include Swaziland officials and the implementation of simplified and harmonized Customs procedures and SAD 500 will be tabled. On October 18, 2007, the Trade Hub will facilitate a meeting of stakeholders on the Maputo Corridor in Nelspruit, South Africa, to review progress of freight movement facilitation in the corridor including the state of development of the corridor institutional framework.
- **Maputo Corridor:** Evans Marowa will work with the Maputo Corridor Logistics Initiative (MCLI) to arrange national stakeholder consultations for the proposed corridor institutional framework.
- **Dar es Salaam Corridor:** Ranga Munyaradzi and Evans Marowa will facilitate a meeting of the Dar es Salaam Corridor Committee (DCC) and its customs and Transport Working Groups, during the first week of December in Lusaka, Zambia. The meeting will review the work program of the DCC and its working groups.
- **Trans Cunene Corridor:** Evans Marowa will follow up on feedback from the Government of Angola on the request by the Government of Namibia and the Walvis Bay Corridor Group (WBCG) to implement a corridor trade facilitation program.
- **North-South Corridor:** The Trade Hub will facilitate a meeting of the Customs and Transport teams to discuss implementation of the Cross Border Vehicle Overload Control System (CBOCS).
- **Trans-Kalahari Corridor:** Evans Marowa will facilitate a meeting of the TKC Transport Working Group in Windhoek, Namibia on October 23, 2007 to review progress on implementation and update the corridor transport action plan. Furthermore, Evans Marowa will facilitate a meeting of the TKCMC co-chairpersons to: approve an annex to the TKC Memorandum of Understanding (MOU) to formally establish the Permanent Secretariat and host it in Namibia; approve the TKCMC budget; plan for a meeting of the Ministers responsible for transport in the corridor countries.
- **Trans-Kalahari and Dar Corridors:** Ranga Ranga Munyaradzi will facilitate a combined Workshop for the Dar and Trans Kalahari Corridors Customs Working Groups on October 29 to 30, 2007, in Johannesburg. The workshop will discuss the development of Customs Computer Systems interface, connectivity, electronic data interchange and electronic transmission of SAD 500 across international frontiers. The keynote address will be given by Mr. Michael Smith, IT Consultant at the USAID East and Central African Global Competitiveness Hub

Cross-Border Vehicle Overload Control Initiative

Overloaded trucks on the road networks of the region are a major cause of damage to roads, and this means slower transportation routes and higher transportation costs. In November 2004, the Trade Hub introduced the Cross Border Overload Control System (CBOCS) for the Martin's Drift/Grobler's Bridge border crossing between Botswana and South Africa as a pilot program designed to reduce truck overloading. The finalization of the roll-out plan for the CBOCS had stalled. This was due to the need for confirmation of the legal provisions empowering the Customs Administrations of Botswana, Namibia, South Africa and Zambia to demand weighbridge clearance certificates before clearing heavy good vehicles. The Customs Authorities of Botswana,

Namibia and South Africa confirmed that the current legislative provisions do support the implementation of the Cross Border Vehicle Overload Control System.

Planned Activities, Cross-Border Vehicle Overload Control Initiative:

Evans Marowa will follow up on feedback from the Zambia Revenue Authority's (ZRA) Customs Department. In addition, a work plan to roll out the Martin's Drift-Grobler's Bridge Pilot Cross Border Overload Control System to the TKC will be prepared, since Customs in the TKC countries have no legal constraints.

Support to the SADC Energy Sector

For the considerable future, the whole Southern Africa region desperately needs a significant increase in generation capacity to meet the growth in demand. Whilst the key market for such power will probably remain South Africa, regional countries will also need to address increased local demand. The potential for sales in and to regional countries (either in the form of in-country sales, power sales via the Southern Africa Power Pool (SAPP), or direct sales between neighbouring regional countries) are becoming increasingly attractive.



Energy sector expert, Les Kugel, submitted the final report reviewing the legal and regulatory barriers to private sector energy provision; access to distribution and transmission facilities; and the operation of electricity markets. This report also identifies where interventions and policy reform could assist private sector investment in electrical generation capacity and in efficiently meeting the region's rapidly increasing energy needs.

For additional information see technical report by Les Kugel on "Review of the Regulatory Framework for Power Generation and Distribution in Southern Africa".

Mr. Kugel and intern Matt McClelland from Harvard University have produced country-specific brochures on energy regulation based on the information contained in the study. The eight brochures, which will include information on constraints to energy investment as well as opportunities that may be available in each SADC country, are expected to be distributed to the SADC Secretariat, U.S. Embassies, USAID Missions, donor organizations, as well as individual companies considering energy-related investments in the region in the fourth quarter of 2007.

Since initiating work on energy issues in 2006, the Trade Hub has carefully positioned itself as a centre of excellence for energy trade and energy regulatory issues and has received a number of requests for regulatory technical assistance and training from the Regional Electricity Regulators Association of Southern Africa (RERA) as well as individual national regulators in the SADC region.

For additional information, see the trip report by Maxine Kennett on Namibia, July 22-25, 2007.

On request of the Mozambique Government, energy experts Fernando Julião and Les Kugel have been instrumental in developing an overarching framework agreement for the development of

IPP's in Mozambique. While the Mozambique Government is presently focused on Moatize, it is expected that this framework, if adopted, will also be used for other concessions in Mozambique. The Moatize development alone could result in billions of dollars of new investments in an area of Mozambique characterized by poverty and lack of infrastructure.

For additional information see trip report by Fernando Julião and Les Kugel on Mozambique, September 26-27, 2007.

Planned Activities, SADC Energy Sector:

It is expected that the initial assistance to the Mozambique Government on developing an IPP agreement framework will continue and be finalized during this quarter. Work will also commence with the Regional Electricity Regulators Association of Southern Africa (RERA) who requested technical assistance from the Trade Hub on energy regulatory matters.

OUTREACH ACTIVITIES AND TRADE HUB MANAGEMENT

Staffing

After more than two years with the Trade Hub, Martin Norman, Hub Manager, left the project at the end of August to assume a new position with the World Bank Group in Dhaka, Bangladesh. Agiso Odhuno will replace him in his Trade Hub Management duties, effective October 9, 2007. Ms. Odhuno is a trained translator and administrator and has extensive facilities, events and project management experience with international organizations such as the EU and GTZ.



In the third quarter of 2007, Renata Rutman and Matt McClelland, who are currently working toward Masters Degrees at the Kennedy School at Harvard University, finished their internships at the Trade Hub. Rutman assisted the Trade Hub with work on AGOA and agribusiness and McClelland assisted with country-specific brochures for the energy sector, communications issues and trade negotiations.



Anton Scheepers and Johann Labuschagne, both based in South Africa, joined the Trade Competitiveness Project as advisors in the agribusiness sector in July, to develop methods to improve market linkages and market access for agriculture products in the Southern African region. Mr. Scheepers is a highly experienced agricultural marketing economist and Mr. Labuschagne is a senior horticultural expert in fresh produce supply chain and quality management for fruit and vegetables.



The Trade Hub has recruited Gloria Magombo as a long-term Energy Advisor. She will be responsible for: facilitating the following within SADC the region; the late stage energy-related transactions; removing private sector barriers to investment in energy; and capacity building on energy issues. She brings with her over 18 years of experience in the electricity supply industry which includes: power plant operations; performance testing and condition monitoring; plant maintenance; planning, feasibility studies; project management; performance monitoring; and plant safety. She is scheduled to start work at the Trade Hub on October 22, 2007.

Events and High Level Visits

The following events and high-level visits to the Trade Hub took place during the third quarter of 2007:

- On July 9, Maxine Kennett, Bridget Chilala and Paulina Elago briefed Delegates of the International Monetary Fund (IMF) on the activities of the USAID Trade Hub.
- On July 10, Maxine Kennett, Bridget Chilala and Paulina Elago briefed the U.S Ambassador to Botswana H.E Katherine Canavan, U.S Embassy staff and USAID staff on the preliminary results of the trade audit.
- On July 12, the Trade Hub hosted a reception and film show organized by the U.S. Embassy/Botswana with special guest U.S. Cultural Envoy, Ntare Guma Mbaho Mwine. Mr. Mwine's film, *Biro*, was the centerpiece of the event, but participants in a workshop run by Mr. Mwine also made a presentation.
- On July 19, the Trade Hub hosted a meeting of the Botswana Cattle Producers Association (BCPA) on agricultural commercialization.
- From July 20 to 27, the Trade Hub hosted training sessions for the testing and outreach staff of Tebelopele VCT, an indigenous Botswana NGO supported by the CDC, NACA, and other stakeholders in Botswana.
- On July 25, there was a briefing for Anton Scheepers and Johan Labuschagne newly recruited Trade Hub Agribusiness Advisors.
- On August 8, under the auspices of the Women in Business Association (WIBA), the Trade Hub hosted a meeting of more than 30 Botswana businesswomen to discuss issues particular to women doing business in Botswana.
- On August 9, the Trade Hub hosted a meeting for Tebelopele VCT, an indigenous Botswana NGO supported by CDC, NACA and other stakeholders in Botswana.
- On August 21, the Trade Hub sponsored an event organized by Population Services International (PSI) Botswana, entitled "Social Marketing and PSI's Approach to Measuring Health Impact" for training more than 30 participants.
- On August 24, the Trade Hub gave a briefing for Leslie Freriksen, Economic Officer at the U.S. Embassy in Pretoria, to explore areas of potential collaboration.

- On September 7, there was a meeting at the Trade Hub for PSI management to review their organizational objectives.
- On September 11, the Trade Hub hosted a meeting for Population Services International (PSI) and its partners on HIV/AIDS and alcohol.
- On September 13, PSI held a meeting at the Trade Hub to review its objectives.
- On September 17 the Trade Hub hosted Jed Diamond, Senior International Economist, South Africa & SACU Desk at the U.S. Commerce Department for a briefing on Trade Hub activities.
- On September 18, the Trade Hub hosted a training event for the Botswana Organization of Chambers of Commerce, Industry and Manpower (BOCCIM) at the Trade Hub offices in Gaborone, Botswana. Trade Hub experts spoke on various subjects of interest to BOCCIM, such as the challenges and opportunities that the SADC Trade Protocol presents for Botswana.
- On September 20, the Trade Hub welcomed a delegation from the Prime Minister's Office in Lesotho to the Hub and briefed them on Trade Hub activities.
- On September 21, the Trade Hub welcomed David Fischer, Deputy Project Manager, Knowledge Sharing & Analysis- African Global Competitiveness Initiative (KSA-AGCI), and briefed him on Hub activities.
- On September 26, the Trade Hub welcomed Richard Anson and Dr. Patrick Tawonezvi to discuss the work of the SADC Multi-country Agricultural Productivity Program (MAPP) and possible coordination with the Trade Hub.

Participation in Events Outside the Trade Hub

In addition to the above-mentioned activities, Trade Hub technical staff contributed to and participated at events organized and held outside the Trade Hub during the third quarter of 2007, such as:

- During the first two weeks in July, Microfinance Specialist Margaret Jiri was in Swaziland to conduct a study of the microfinance service that Imbita Swaziland Women's Finance Trust provides its members. Ms. Jiri returned to Swaziland in September to present the study's findings and conduct training for Imbita members in microfinance.

For additional information see technical report by Margaret Jiri "Evaluation of IMBITA Credit Operations Swaziland" and trip report prepared by Margaret Jiri on Swaziland.

- From July 10 to 11, Ranga Munyaradzi was in Swaziland to follow up on deficiencies in the Swazi Customs identified in the USAID Trade Hub's Swaziland Investor Road Map Report and finalize the technical assistance package which they have requested.

For additional information see the trip report prepared by Ranga Munyaradzi "Assessment of Technical Assistance to Swaziland Customs" July 8 - 10, 2007.

- Visit to Zambia by Les Kugel in July 2007 to discuss regional electricity generation and supply constraints

For additional information see trip report by Les Kugel on Zambia, July 12-13, 2007.

- Bridget Chilala, working with Evans Marowa and Ranga Munyaradzi presented the Trade Facilitation Status Report to stakeholders in Blantyre from July 12 to 13, 2007.

For additional information see the trip report prepared by Bridget Chilala, Ranga Munyaradzi and Evans Marowa on “Assessment of Trade Facilitation in Malawi”, July 12-13, 2007.

- Brett Johnson, Anton Scheepers and Johan Labuschagne attended “Africa’s Big Seven” conference and expo at the Gallagher Estate in Midrand, Johannesburg held from July 15 to 17, 2007. The Trade Hub’s Team met with a number of specialty and fresh food companies, spoke to regional buyers of fresh produce and took part in seminars addressing the future and development of Africa’s agriculture sectors. A focus was placed on fresh and value-added products, use of technology, and statutory and voluntary certification requirements’ impact on market access. Potential implementation partners for the Trade Hub were identified at this event, as were at least 5 potential partners for export.

For additional information see trip report by Brett Johnson “Big Seven Agribusiness Expo and Conference” in Johannesburg, South Africa.

- On July 18, Evans Marowa facilitated a meeting of stakeholders on the Maputo Corridor in Nelspruit, South Africa, to develop concrete proposals for a feasibility study on establishment of truck stops along the corridor. On the same day Mr. Marowa attended an air cargo workshop at the Kruger Mpumalanga International Airport (KMIA) in Nelspruit, South Africa.

For additional information see trip report by Evans Marowa on “Air cargo workshop for the Kruger Mpumalanga International Airport and the Mpumalanga Freight Logistics Forum Truck Stop Committee meeting”, July 17-18, 2007.

- Evans Marowa participated in the bi-national stakeholders’ workshop on July 19 and 20 for the development of a one-stop border post at Lebombo-Ressano Garcia.

For additional information see trip report by Evans Marowa on “Lebombo-Ressano Garcia One Stop Border Post Bi-national Workshop”, July 18-21, 2007.

- Amanda Hilligas and Lawrence Johnson of USAID/Southern Africa traveled to Accra, Ghana, to participate in the 2007 AGOA Forum on July 18 and 19 which was entitled, “As Trade Grows, Africa Prospers: Optimizing the Benefits Under AGOA”. The Forum addressed many key issues for trade including the recent denim provision in new AGOA legislation, agribusiness, diversification, productivity, SME capacity, and financing.

For additional information see trip report by Amanda Hilligas “AGOA Forum 2007”.

- On July 23, Maxine Kennett, Les Kügel and Matt McClelland met with Elijah Sichone, Executive Director of the Regional Electricity Regulators Association of Southern Africa (RERA) in Windhoek, Namibia, to discuss areas of cooperation on energy regulation issues.

For additional information see trip report by Maxine Kennett “Energy Regulation & Trade Meetings in Windhoek”, July 23-24, 2007.

- With respect to the Malawi Revenue Authority’s (MRA) request for technical assistance concerning risk management and one stop border posts, Ranga Munyaradzi accompanied a

delegation from the MRA on a familiarization trip to Uganda from July 23 to August 3. Further recommendations for technical aid are being reviewed by the MRA.

For additional information see trip report by Ranga Munyaradzi on “Attachment of Malawi Revenue Authority Officers to Uganda Revenue Authority”, July 23 - August 3, 2007.

- On July 24, Maxine Kennett met with Jürgen Hoffman of Namibia’s Agricultural Trade Forum (ATF) to discuss EPA issues and the Trade Hub’s support to the ATF, in Windhoek, Namibia.

For additional information see trip report by Maxine Kennett “Energy Regulation & Trade Meetings in Windhoek”, July 23-24, 2007.

- Also on July 24, Maxine Kennett met with the Andrew Ndishishi, Permanent Secretary of Namibia’s Ministry of Trade and Industry (MTI), to discuss the Trade Hub’s support to the MTI in Namibia.

For additional information see trip report by Maxine Kennett “Energy Regulation & Trade Meetings in Windhoek”, July 23-24, 2007.

- From July 26 to 28 Robert Kirk and Bridget Chilala traveled to Maputo, Mozambique, to make a presentation of the Trade Audit Report to the Ministers of Trade and the Task Force (Ministers of Trade and Ministers of Finance).

For additional information see trip report by Bridget Chilala and Robert Kirk “Presentation of the Report on the Audit on SADC Member states Implementation of the SADC Protocol on Trade”, July 25-29, 2007.

- From August 9 to 15 upon the request of the SADC Secretariat, Bridget Chilala was at a SADC meeting in Lusaka, Zambia, to make a presentation of the Trade Audit Report to the Ministers of Trade and the Task Force.

For additional information see trip report by Bridget Chilala and Robert Kirk “Presentation of the Report on the Audit on SADC Member states Implementation of the SADC Protocol on Trade”, August 9-15, 2007.

- From August 1 to 3 Evans Marowa participated in the SADC Transport Technical Committee meeting held in Gaborone. The meeting was focused on approving the SADC Surface Transport programme and developing action plans for implementing the programme.
- On August 13, Paulina Elago attended a national Non-State Actors (NSAs) workshop for Botswana on EPA negotiations, facilitated by Imani Development on behalf of the SADC Secretariat. The objective of the workshop was to establish priorities, opportunities and challenges in the EPA process, and to develop a program that would facilitate and ensure stakeholders involvement in the EPA process over the coming years.
- On August 13, 2007, Evans Marowa met with Radio Frequency Identification (RFID) technology providers in Pretoria to develop proposals for the use of RFID technology to monitor the movement of cargo, trucks and documentation along the transport corridors.

For additional information see trip report by Evans Marowa on “MFLF Transport Working Group & Executive Committee Meeting”, August 13-15, 2007.

- On August 14, 2007, Evans Marowa made presentations at the Mpumalanga Freight Logistics Forum (MFLF) Combined Work Groups meeting as well as the MFLF Executive Committee meeting on the following issues: the draft terms of reference (TORs) a feasibility study to establish truck stops along the Maputo Corridor. Members undertook to provide comments by 24 August 2007; proposals to use RFID technology to capture data on the movement of trucks and cargo, and the processing of documentation along the corridor. It will be confirmed once concrete proposals to hand more intensive consultations are made with all relevant stakeholders; proposals for the establishment of a corridor performance monitoring system. It was noted that a key issue with the current proposal was a sustainable data collection system. In this regard the proposed RFID system above would provide a sustainable system provided stakeholder commitment is secured.

For additional information see trip report by Evans Marowa on “MFLF Transport Working Group & Executive Committee Meeting”, August 13-15, 2007.

- On August 16, Gina van Schalkwyk, Information and Communications Coordinator, took part in a career development briefing for pupils from the Tumasera Primary School at the US Embassy in Gaborone.
- On August 20 and 21, the Trade Hub hosted a private sector event in Maputo Mozambique and on August 21, Gina van Schalkwyk hosted a meeting for Mozambican journalists to raise awareness of the work of the Trade Hub and to improve their capacity to report on trade related matters.

For additional information see trip report by Gina van Schalkwyk on “Maputo, Mozambique: Private Sector Advocacy Workshop & INSAT Research”, August 18-25, 2007. And trip report by Martin Norman on “Mozambique Private Sector Advocacy Workshop”, August 20-21, 2007.

- August 23, Maxine Kennett made a presentation at the University of Pretoria, South Africa, to students in the LLM in International Trade and Investment Law in Africa Program, on the work of a trade lawyer and the activities of the USAID Trade Hub

For additional information see trip report by Maxine Kennett on “Presentation on Trade Law”, August 23, 2007.

- From August 27 to 31 Paulina Elago facilitated trade negotiation training in Maseru, Lesotho, for members of the Mohloli chamber of Business. Subjects covered included international trade, business negotiating skill and commercial contacts management and corporate governance. The Trade Hub collaborated with the South African based International Quality and Productivity Centre to cover some components of the course.

For additional information see trip report by Paulina Elago on “Training for members of the Mohloli Chambers of Business in Lesotho”, August 27-31, 2007.

- On August 30, Gina van Schalkwyk attended the Pretoria launch of the Southern African Research Development Network (SADRN) at the invitation of Trade and Industry Policy Strategies (TIPS).

For additional information see trip report by Gina van Schalkwyk on “Launch Workshop of Southern Africa Development Research Network”, August 30, 2007.

- On September 4, Evans Marowa and Ranga Munyaradzi facilitated sessions in a national stakeholders’ workshop held in Matsapha, Swaziland. The workshop, which was officially opened by the Swazi Minister of Public Works and Transport, Honourable Elijah Shongwe, reviewed the draft corridor institutional framework as well as sensitized traders on the potential benefits of using the Maputo Corridor.

For additional information see trip report by Ranga Munyaradzi and Evans Marowa on “Technical Assistance to Swaziland Customs and the Swaziland Maputo Corridor Stakeholders’ Conference”, September 3-5, 2007.

- On September 6, Evans Marowa and Ranga Munyaradzi facilitated a seminar to promote expansion of American Businesses in South Africa into the SADC region which was jointly organized by the Trade Hub, the US Embassy, the Foreign Commercial Services and the American Chamber of Commerce in Johannesburg, South Africa.

For additional information see trip report by Ranga Munyaradzi and Evans Marowa on “Expanding Regionally Beyond South Africa’s Borders”, September 7, 2007.

- From September 13 to 15 the Trade Facilitation and Capacity Building (TFCB) Team at the Trade Hub held their annual work planning retreat at Madikwe Game Reserve in South Africa. Robert Kirk from the Services Group and Lance Graef of Nathan Associates took part in the discussions. They were joined on the final day by the project’s Cognizant Technical Officer (CTO), Marcia Musisi-Mkambwe, and Amanda Hilligas.

See the Consolidated Hub Work Plan for 2007-2008

- From September 20 to 21, Paulina Elago attended the Tralac Annual Conference in Cape Town, South Africa, where she also spoke on EPAs and regional integration. The theme and focus of the conference was on EPA negotiations.

For additional information see trip report by Paulina Elago on “Tralac Annual Conference 2007”, September 20-21, 2007.

- Ranga Munyaradzi facilitated a meeting of the Trans-Kalahari Corridor Customs Working Group on September 25 to 27, 2007 on the development of Customs Computer Systems interface/connectivity and establishment of one-stop border post at the Trans Kalahari/Mamuno Border complex (between Namibia and Botswana). The working Group has requested the Trade Hub’s technical assistance in the development of these two areas and the TKCMC Program Coordinator was asked to formally write to the Trade Hub requesting this assistance.

For additional information see trip report by Ranga Munyaradzi “Trans Kalahari Corridor Customs & Transit Facilitation Working Group Meeting”, September 24-27, 2007.

Coordination and Interface with other Donor Organizations

During the third quarter of 2007, the Trade Hub technical staff continued to coordinate both formally and informally with international donors and organizations in developing and delivering its programming throughout the region. In addition to the activities discussed in the previous

sections, the following meetings and/or activities were undertaken in coordination with other donor organizations:

- **Commonwealth Secretariat**

Bridget Chilala and Paulina Elago met with Mr. Geoff Martin and Roy Rodriguez from the Deputy Secretariat General Office to explore areas for closer collaboration in particular with the ComSec Trade Capacity Building Project co-funded by the European Union and the Commonwealth Secretariat.

The Trade Hub will explore the possibility of continued collaboration in the area of trade in services especially the planned trade in services negotiating workshop for SADC TNF and other relevant stakeholders.

- **World Trade Organization (WTO)**

The Trade Hub continued to collaborate with the World Trade Organization (WTO) and World Customs Organization (WCO) on trade facilitation self assessments in the region and other WTO-related technical assistance.

- **Regional Trade Facilitation Program (RTFP)**

The Trade Hub liaised with the DFID Funded Regional Trade Facilitation Program (RTFP) on the development of the SADC Trade Compliance and Monitoring Mechanism given the RTFP facilitation of the development of a NTB monitoring Mechanism for COMESA, EAC and SADC.

- **World Customs Organization (WCO)**

The Trade Hub established contact with Patrick L. Heinesson from the WCO Regional Capacity Building Office to ensure closer collaboration with the WCO on the Columbus Program to avoid duplication. The Trade Hub provided the WCO with information on the trade facilitation work in the region and liaised closely on the WTO trade facilitation assessments conducted as well as the time release studies.

- **Department for International Development (DFID)**

The implementation of a one-stop border post at Lebombo-Ressano Garcia between Mozambique and South Africa will involve extensive collaboration between the Trade Hub and DFID. DFID is wholly funding development of the one-stop border post between South Africa and Mozambique. On 21 September 2007, Evans Marowa participated at a SADC Transport International Cooperating Partners meeting hosted by DFID SA in Pretoria, South Africa.

For additional information see trip report by Evans Marowa on "SADC Surface Transport Experts Meeting", September 20-21, 2007.

- **EU**

The Trade Hub continued to liaise with the EU delegation on trade issues (as they are lead donors in the SADC region for trade issues).

- **Norwegian Agency for International Development (NORAD)**

The Trade Hub continued to work with NORAD on energy issues (as they are lead donors in the SADC region for energy issues).

- **World Bank**

Evans Marowa and Ranga Munyaradzi attended the Dar es Salaam Corridor Committee meeting in Blantyre from May 31 to June, 2007. Following this meeting, during the third quarter, an application was prepared and submitted to the World Bank Public Private Infrastructure Advisory Facility to support a feasibility study for the Trans Kalahari Railway Line (TKRL) project.

Planned Activities, Donor Organizations:

- Once the Mozambican and Zambian Customs Authorities have prioritized the implementation activities of the Time Release Study recommendations, the Trade Hub will facilitate the implementation process in coordination with other donor organizations.

- **Department for International Development (DFID) – UK**

The Trade Hub will continue to participate in the SAC Transport Thematic Group meetings chaired by DFIF Southern Africa.

- **World Bank**

The Trade Hub will follow up feedback from the World Bank Public Private Infrastructure Advisory Facility on the application for the TKRL feasibility study support.

- **USTDA**

The Trade Hub will liaise with the USTDA Definitional Mission to Southern Africa during October-November 2007, to share ideas on projects for potential support for feasibility studies by USTDA.

- **EU**

The Trade Hub will continue to liaise with the EU delegation on trade issues (as they are lead donors in the SADC region for trade issues).

- **Norwegian Agency for International Development (NORAD)**

The Trade Hub will continue to work with NORAD on energy issues (as they are lead donors in the SADC region for energy issues).

Publications and Communications

- **Publications**

During the third quarter the Trade Hub published the 10th issue of its quarterly news publication, *Inside Southern African Trade (INSAT)*. This issue is dedicated to Mozambique – ‘The Land of Smiles’, The issue features a statistical and narrative overview of Mozambique and an interview with Adel Aujan, Chairman of Rani Resorts, about the state of the tourism industry, opportunities and challenges. In the ‘Guest Perspective’,



Kekobad Patel discusses Mozambique’s business environment – recent progress in transforming Mozambique into a country that is ‘open for business’, and the activities of the Confederation of Business Associations (CTA) in bringing about reforms. This issue also features the first in a series of columns on Intellectual Property. *INSAT* is distributed in electronic format and hard copy to over 6,000 recipients in the SADC region and beyond.

Hub Happenings continues to be published every month and is distributed to an increasing number of stakeholders. The number of electronic contact addresses on the distribution list has grown to 3,208.

During the third quarter the Trade Hub also drafted 2 new success stories (See Annex 6).

- **Trade Issues Film Series**

The five films in the Trade Issues Film Series continued to be shown throughout the region.

- **Website**

Gina van Schalkwyk, Information and Communications Coordinator, worked with Dexis Consulting, a U.S.-based firm, on upgrading the website. The new website went live at the beginning of September.



Planned Activities, Publications and Communications

- **Films:** The Trade Issues Film Series is programmed for subtitling in French for use at events in Francophone Africa.
- **INSAT:** Publish the eleventh issue of *Inside Southern African Trade (INSAT)* which will take a closer look at Namibia and the challenges facing the agricultural industry in an era of increased erosion of trade preferences.
- **Website:** Continue to update the website to act as an online hub on trade-related issues in the region.

FINANCIALS

TRADE FACILITATION AND CAPACITY BUILDING

a.	Overall contract budget	\$24,711,932
b.	Cumulative expenditures before Quarter 2 of 2007	\$11,066,062
c.	Expenditures during Quarter 2 of 2007	\$1,360,508
d.	Cumulative expenditures through Quarter 2 (b+c)	\$12,426,570
e.	Remaining budget (a-d)	\$12,285,362
f.	Obligated amount	\$18,372,612
g.	Remaining obligated amount (f-d)	\$5,946,042

TRADE COMPETITIVENESS

a.	Overall contract budget	\$6,911,503
b.	Cumulative expenditures before Quarter 2 of 2007	\$4,175,127
c.	Expenditures during Quarter 2 of 2007	\$ 528,854
d.	Cumulative expenditures through Quarter 2 (b+c)	\$4,703,981
e.	Remaining budget (a-d)	\$2,207,522
f.	Obligated amount	\$5,483,010
g.	Remaining obligated amount (f-d)	\$ 779,029

ANNEXES

Annex 1: AGOA Support Program Indicators

INDICATOR	Target	Q1 (2007)	Q2 (2007)	Q3 (2007)
Demand Driven				
Companies assisted in export logistics requests	n/a	27	32	44
Companies requesting AGOA resource tools	n/a	46	17	12
Calls received on AGOA inquiries from regional companies	n/a	16	72	36
Emails received on AGOA inquiries from regional companies	n/a	35	105	68
U.S. government stakeholders requesting information or program assistance	n/a	18	16	12
African government stakeholders requesting information or program assistance	n/a	3	4	5
Market Driven				
Companies assisted for Trade Show support	10	15	16	11
Number of people trained on exporting to the United States or product entry into the United States	50	26	15	17
Number of U.S. buyers or retailers requesting information on Southern African products	n/a	14	6	8
Number of business linkages/networking established with U.S. buyers	5	53	10	13

Annex 2: Important Outreach and Communications Indicators, Q3, 2007

INDICATOR	Definition/Unit Measure	Data Source	Results
Outreach through the Media			
Number of radio and television spots	Interviews and news broadcasts dedicated to Trade Hub activities	TV and radio stations	0
Quantity of newspaper coverage	Individual newspaper and magazine articles, press releases printed in publications, and news articles appearing in major internet sites.	Regional press	4
Trade Hub Publications			
<i>Inside Southern African Trade (INSAT)</i> quarterly newsletter	Number of people receiving <i>INSAT</i> electronically	TFCB Dialogue Unit	2,934
<i>Inside Southern African Trade (INSAT)</i> quarterly newsletter	Number of people receiving <i>INSAT</i> in hard copy	TFCB Dialogue Unit	3,000
<i>Inside Southern African Trade (INSAT)</i> quarterly newsletter	Number of people receiving <i>INSAT</i> through secondary e-mail distribution	TFCB Dialogue Unit	3,000
<i>Hub Happenings</i> monthly calendar of events and projects	Number of people receiving <i>Hub Happenings</i> electronically	TFCB Dialogue Unit	2,642
Website Statistics (Date range – September 10 – September 30, 2007)			
Total sessions	A series of hits to the site over a specific period by one visitor	website	2,553
Total page views	A request to the web server by a visitor's browser for any web page = excludes images, javascript, and other embedded file types	website	31,544
Total hits	Any successful request to the server from a visitor's browser	website	73,538
Average sessions per day		website	121.57
Average page views per day		website	1,502.10
Average hits per day		website	3,501.81
Please note that, due to the change over to the new website, data is only available for the period from September 10, 2007-September 30, 2007, nor for the full quarter.			

Annex 3: AGCI Component 1 Indicators

Capacity Building and Policy Reform for Trade Competitiveness Indicators

INDICATORS	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007
# of Research & Analytic Documents Prepared by Trade Hub Team Members and Consultants (including Trip Reports)	28	18	27	44	30
# of Trade Policy Conferences, Seminars, Workshops completed (not training programs)	5	1	5	2	5
11a: # of Individuals Attending Project Sponsored Trade Policy Conferences, Seminars, Workshops	218	55	123	44	190
11b: % of Individuals Attending who were women?	38%	18%	44%	11%	67%
% of these Conference, Seminar, etc. meetings which included representatives of both public-private sectors working together	80%	100%	60%	50%	40%

Effective Private Sector Advocacy and Procedural Reforms that Address Impediments to Competition and Free Trade

INDICATORS	April – September 2006	Oct 2006 – March 2007	April – September 2007
# of Private-Public Sector Workshops on Topics of Specific Concern to Private Sector Trade Issues Completed (Reported Annually)	11	6	7
# of Requests from the Private Sector for Support and Training, and Advocacy Assistance	50	21	8
# of Individuals from Private Sector Benefiting from Trade Advocacy Seminars, Consultations, Workshops, and Training Programs	352	227	233

Annex 4: Trade Hub Staffing Arrangements

INDICATORS	Q4 2006	Q1 2007	Q2 2007	Q3 2007
Person months of Long-term Technical Assistance Provided	21.9	19.4	20.7	26
Person Days of Short-Term Technical Assistance Provided	179	82	349	265
# of Trips Taken by Trade Hub Professional Personnel outside Botswana	23	32	46	41

Annex 5: Training Indicators

INDICATORS	Q4 2006	Q1 2007	Q2 2007	Q3 2007
# of Training Programs Completed	0	1	2	3
# of People Trained	0	43	63	73
# of Person-months of Training Completed	0	0.7	1.4	1.4
% of Trained who were Women	0	35%	38%	28%
% of Trainees who rated training as extremely helpful/informative	100%	100%	100%	100%

SUCCESS STORY

AUDIT ON THE IMPLEMENTATION OF THE SADC PROTOCOL ON TRADE

The Southern African Development Community Protocol on Trade was signed in Maseru in August of 1996 by eleven (11) Member States and came into force on January 25, 2000. Tariff phase down commenced on September 1, 2000, and is scheduled to result in a WTO compliant Free Trade Area by January 1, 2008¹. The Trade Protocol is being implemented by Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. In addition, Madagascar acceded to the SADC Protocol on Trade in 2006 and has submitted a tariff offer that has now been accepted and is ready to commence implementation. Angola also acceded to the Protocol and is expected to submit a tariff offer in 2007. The Democratic Republic of Congo is not yet party to the Protocol on Trade.

In 2004, the Mid-Term Review (MTR) of the Protocol on Trade identified a number of implementation issues including rules of origin constraints, back-loaded tariff liberalization schedules, and inconsistency in executing tariff reductions and made some recommendations to address these issues. The Council of Ministers accepted the key recommendations of the Mid Term Review and mandated SADC Secretariat to undertake an assessment and outcomes audit of Member States' gazetted tariff schedules in the first quarter of 2007 whose would inform SADC of compliance with their Protocol on Trade commitments ahead of the coming into force of the FTA in 2008.

On the basis of this mandate, the SADC Secretariat requested the Southern African Global Competitiveness Hub facilitate and undertake an audit to assess the status of Member States implementation of the SADC Protocol on Trade.

The final draft of the Audit was presented to the senior officials from Ministries responsible trade, finance, investment and industry in Lusaka on the 9th of August. The report's findings were also presented to the Ministerial Task Force on Regional Economic Integration meeting on August 13 in preparation for Summit scheduled for August 16-17, 2007. The report and its findings were well received by both senior officials and the Ministerial task Force on regional Economic Integration.

In the weeks that followed the first presentation which was made in July 2007 in Maputo, three of the four Member states that were found to be lagging behind with their tariff reduction phase downs decided to implement the tariff reductions to ensure that they were update by the time Summit was meeting in Lusaka in August. One of the countries issued a Gazette through Parliament to effect the tariff reductions that had been outstanding since 2001. The fact that the report named those countries that were lagging behind, contributed to the quick actions by the Member states and some countries requested for technical assistance to ensure that they meet their obligations by 2008.

With the updates and explanations that were provided during the Ministerial Task Force Meeting, it was concluded that the implementation of the tariff phase downs was on track in readiness for

¹ In terms of Article XXIV (GATT, 1994), interpreted to mean that at least 85 per cent of intra-SADC trade would be duty free and no major sector would be excluded.

Summit to launch the SADC Free Trade Area by August 2008 and Member states were urged in the meantime to address the following challenges:

- (i) Implementation of the agreed phase down schedules in accordance with the agreed timetables by January 2008,
- (ii) Addressing revenue Implication of back-loaded tariff phase downs by those countries that were lagging behind,
- (iii) Dealing with membership of overlapping regional arrangements and introduction of new bilateral preferential arrangements not conforming to Article 27.2 of the SADC Protocol on Trade.
- (iv) Lack of and limited implementation of harmonized Customs procedures, documentation and other trade facilitation instruments, and
- (v) Completion of negotiations on review of rules of origin.

To follow-up on some of these challenges, the Trade Hub will provide regular updates to the SADC Secretariat on the implementation of the agreed phase downs schedules and technical assistance to in particular those countries that are facing difficulties to meet their obligations to enable the region attain a free trade area by 2008.

In conclusion, it can be said that the findings of the Audit has added impetus to ensure attainment of a free trade area by 2008.



SUCCESS STORY

B2B Event Generates US\$8 Million in Deals

USAID's Southern Africa Trade Hub helps regional textile and apparel suppliers access the South African, EU, and U.S. markets



Photo: Southern Africa Trade Hub

U.S. buyer liaising with suppliers from Southern Africa at the 2007 Regional Textile and Apparel Business to Business (B2B) event in Johannesburg, South Africa.

With support from the USAID Trade Hub, African textile and apparel companies meet with retailers and sourcing houses to boost regional and international trade.

As part of its efforts to strengthen market linkages between suppliers and retailers for regional and transatlantic trade, the USAID Southern Africa Trade Hub sponsored the 2007 Regional Textile & Apparel Business to Business (B2B) event in Johannesburg, South Africa. The two-day meeting brought together four international sourcing houses, three South African retailers and 41 regional manufacturers of yarn, fabrics, garment, and trims from eleven countries in East, West, and Southern Africa.

The event allowed participants to expand sourcing options, meet new investors and reinforce business relationships. The event generated an estimated \$8 million dollars in new deals over the next two years.

Participants were selected from a database of 4,500 companies on the basis of their activity profiles; sourcing, outsourcing, sales, and partnership needs; and ability to meet those needs through business linkages. The screening process pre-matched companies according to their needs, fabric sector, and garment type, so that each delegate met only those participants that could help meet the demands indicated in the pre-selection screening.

Over the course of two days, the companies conducted a total of 300 one-on-one half-hour meetings, providing an opportunity to conduct business on the spot. As an outcome of these exchanges, the next three to six months are expected to yield close to US\$2 million in new sourcing, outsourcing, and sales deals. Of this, US\$400,000 comes from deals with the U.S. market. The amount of total deals resulting from the event is expected to increase to US\$2.7 million over the next two years. Regional trade between southern and West African companies is estimated to yield US\$1.6 million in deals over the next three to six months, and some US\$5.2-5.3 million over the next 2 years.

Capitalizing on the success of the 2007 B2B event, the USAID Trade Hub is already planning for the B2B meeting next year. For 2008, the goal is to increase the number of buyers in attendance. Expanding regional trade comes as part of the Hub's concerted efforts to strengthen regional supply chains.

YEAR END REPORT

In June 2002, the United States Agency for International Development (USAID)/Southern Africa established the Southern African Global Competitiveness Hub, also known as the USAID Trade Hub, in Gaborone, Botswana. The Trade Hub was established as part of President Bush's Trade for African Development and Enterprise (TRADE) Initiative launched at the first US/Sub-Saharan Africa AGOA Forum in Washington DC in October 2001.

The African Global Competitiveness Initiative (AGCI), announced in June 2005 as a continued source of funding for the Trade Hubs in Africa, focuses on four components: (1) Improving the policy, regulatory and enforcement environment for private sector-led trade and investment; (2) Improving the market knowledge, skills, and abilities of workers and private sector enterprises; (3) Increasing access to financial services for trade and investment; and (4) Facilitating investment in infrastructure. These four components constitute the broad categories for the technical programs and activities of the Trade Hub.

One of the principal keys to success is that Trade Hub has a strategy of maintaining a team of long-term regional and international experts in Gaborone, Botswana, to scope out the technical needs of the region and spearhead all activities while pulling in short-term experts for specific assignments as needed. The Trade Hub's regional experts, of course, know many of the key players in southern Africa, and are therefore extremely effective in getting buy-in for Trade Hub initiatives.

Building on the activities to date, during the third year (October 2006 to September 2007) the Trade Hub maintained their momentum of activities which led to major accomplishments in all four components focused on, including:

- The consultation with the *Southern African Development Community (SADC)* Secretariat which started in November 2006 on areas of possible cooperation between the Trade Hub and the SADC Secretariat culminated in the signing of a Memorandum of Understanding (MOU) between the U.S. Embassy/Botswana, USAID/Southern Africa and SADC Secretariat on February 27, 2007. The MOU enabled SADC Secretariat to draw technical assistance and capacity building from the Trade Hub which in turn provided technical assistance to SADC Secretariat for (1) conducting an audit to assess the preparedness of the SADC Member states to attain a free trade area by 2008, (2) designing a trade compliance monitoring mechanism, and (3) developing a guide to the SADC Protocol on Trade. Completion of the SADC Trade Protocol Implementation Audit and presentations to senior officials resulted in quick action by Tanzania, Malawi and Mozambique in order to comply with their obligations regarding tariff phase downs.
- SADC Ministers approved the *SADC Harmonized Quarantine and Phytosanitary Measures for Seed*. The purpose of the measures is to reduce costs related to seed trade, and encourage faster and safer movement of seed. This is to be reached through:
 - (i) the establishment of transparent and science-based, common standards and procedures for seed movement in SADC, supported by documentation; and
 - (ii) the introduction of rationalized SADC pest lists for the movement of seed between Member States, and from outside countries into SADC.

The Trade Hub has been assisting SADC with this work since 2005, by first producing a policy brief that recommended the involvement of Ministries of Trade to quicken the

process of approval. The Trade Hub also produced a diagnostic report to assist with amendment of national laws or regulations by comparing the national regulations of 6 countries with those approved at regional level.

- As a result of Trade Hub assistance, *WTO Trade Facilitation Assessments* were undertaken in Angola, Malawi and Zambia. Subsequently, Zambia amended their Customs regulations to introduce pre-arrival clearance and release provisions. The Zambian Government established a Trade Facilitation Working Group which prepares the position papers for Zambia and sends them to the mission in Geneva. This Working Group is now fully functional. The Zambian Border Management Committee has rationalized issuance of permits for exportation and importation. Similar action is expected from Angola and Malawi in the next year.
- In total, *nearly 600 people were trained on trade-related issues* this year. For example, 22 Members of the Mohloli Chamber of Business in Lesotho increased their negotiating capacity by receiving training on international trade policy, negotiation skills, negotiating commercial contracts and principles of corporate governance.
- *More than 40 trade-related diagnostics were produced* by the Trade Hub on subjects as diverse as trade facilitation, EU Economic Partnership Agreements, investment, the SADC Protocol on Trade, agribusiness and AGOA.
- Five Malawi Revenue Authority Officers were attached to the Uganda Revenue Authority for Risk Management training and familiarization with Risk Management Policy and Tools used in Uganda. It is expected that as a result, this practical training will lead to the establishment of a functional Risk Management Program in the Malawi Revenue Authority. During this year, Malawi also implemented a number of other measures to simplify and harmonize of customs procedures *in accordance with internationally accepted (WCO) standards*.
- The Time Release Study (TRS) report for Zambia which was submitted to the Acting Commissioner General of the Zambian Revenue Authority on March 30 was finalized. Together with this final version, ZRA submitted a prioritized TRS action plan and requested further technical assistance from the Trade Hub in the implementation of the recommended measures. Like Malawi, Zambia has also taken measures to simplify and harmonize of customs procedures *in accordance with internationally accepted (WCO) standards*.
- Fifteen companies from Southern Africa attended the Fancy Food Show in New York City from July 8 to 10 as part of the African Pavilion. The companies sponsored by the Southern African Global Competitiveness Hub were extremely successful. Many companies now have *new buyers and trade deals as a result of Trade Hub assistance before, during and after the show*.
- The Trade Hub sent four South African firms to the 2007 Magic Marketplace, one of the world's premier fashion and garments trade shows, held in Las Vegas August 27-30th. Participation in the show is likely to *result in millions of dollars of business*. In addition, the Trade Hub sent five firms from Southern Africa to the 2007 Material World Trade Show in New York City, held from September 25-27. The firms participating in the show will likely result in new orders from firms in Lesotho.
- Keedo International, Ltd., was successful in *new shipments of clothing to the United States market since 2006, due to support by the Trade Hub*. Keedo will now once again

have access to a lucrative US\$1.6 million export market in the United States. Sun Rich International, a Chicago-based gourmet food company, finalized two deals with Labourdonnais and Fleur de Sel in Mauritius in the third quarter of 2007.

- The scope of work for a major project on *reforming the financial sector* and monetary policy in Angola (in collaboration with USAID/Angola and the Angolan Central Bank) was finalized. Work commenced in September 2007 and the first report is due out at the end of 2007.
- As a result of a microfinance study sponsored by the Trade Hub, the Botswana Women in Business Association (WIBA) signed a Memorandum of Understanding (MOU) with First National Bank (FNB) of Botswana on April 11, 2007, which launched *a savings mobilization scheme* for WIBA's members.
- The South Africa Revenue Service (SARS) legalized and *introduced the Single Administrative Document* (SAD 500) throughout South Africa in October 2006, making the clearance of goods easier and more convenient for importers, exporters and cross-border traders. Measures were taken in Zambia, Malawi and Tanzania to legalize the implementation of the SADC 500.
- As a result of Trade Hub work in support of the *Trans Kalahari Corridor* Management Committee (TKCMC), the co-chairpersons of the TKCMC approved the Hosting Agreement of the TKC Interim Secretariat and the signed employment contract of the Program Coordinator who started work on March 1.
- The Trade Hub facilitated the preparation of an application to World Bank Public Private Infrastructure Advisory Fund (PPIAF) for funding for a feasibility study of the *Trans-Kalahari Railway Line* (TKRL). This is intended to result in the enhancement of the Trans Kalahari Corridor (TKC) into a multi-modal transport system with high capacity. The three TKC member countries have approved the application which was submitted to the World Bank in June 2007. A response from PPIAF is expected by the end of 2007.
- Arising from the Trade Hub's facilitation work at the Mpumalanga Freight Logistics Forum (MFLF), a draft constitution for a trilateral corridor management committee for the *Maputo Corridor* was finalized on January 24, 2007 and was presented to the Maputo Corridor Logistics Initiative (MCLI) for initiating consultations with stakeholders in the three corridor countries of Mozambique, South Africa and Swaziland.
- With Trade Hub assistance, the Government of Zambia approved publication of The Public Roads (Maximum Weight of Vehicles) Regulations, 2007 on January 19 2007 leading to the signing of the statutory instrument by the Minister of Works and Supply on 02 April 2007. These regulations came into force on May 13 2007. The effect of implementation of these regulations is the harmonization of Zambia's vehicle load control regulations with the SADC Model Legislative Provisions and thus achieving harmonization in the *Dar es Salaam Corridor*.
- The Trade Hub produced a report on the *regional constraints in energy generation* and supply in the Southern African region, and agreed a framework scope of work with the Mozambique Government for assisting with establishing an Independent Power Producer (IPP) concession for the Moatize region. A new long-term energy advisor was recruited by the Trade Hub for the SADC region.

- During the last financial year, the Trade Hub published the seventh, eighth, ninth and tenth editions of its flagship News Publication, *Inside Southern African Trade (INSAT)*. In September 2007, the Trade Hub launched its new redesigned website, which features several additions such as the publication of daily trade related news clips, an online subscription facility and an improved mechanism for uploading content.