



First Quarter Report 2006

January - March

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ACRONYMS

AFR/SD/EGEA	Economic Growth, Environment and Agriculture Division of the Office of Sustainable Development for Africa
AGOA	Africa Growth and Opportunity Act
AFTT	Africa Fast Track Trade Program
APHIS	Animal and Plant Health Inspection Service
ARC	Agricultural Research Council (South Africa)
BCPA	Botswana Cattle Producers' Association
BEAC	Business and Economic Advisory Council
BEE	Black Economic Empowerment
BIDPA	Botswana Institute for Development Policy Analysis
BHC	Botswana Horticulture Council
BLNS	Botswana, Lesotho, Namibia, Swaziland
BMC	Botswana Meat Commission
BNPC	Botswana National Productivity Commission
BOCCIM	Botswana Confederation of Commerce, Industry, and Manpower
BUSA	Business Unity South Africa
CARANA	CARANA Corporation
CCA 1 System	Customs Processing System (South Africa)
CEO	Chief Executive Officer
CFTC	Commonwealth Fund for Technical Cooperation
COMESA	Common Market for Eastern and Southern Africa
COMSEC	Commonwealth Secretariat
CTO	Cognizant Technical Officer
DBSA	Development Bank of South Africa
DC	Dar es Salaam Corridor
DTI	Department of Trade and Industry (of South Africa)
DFID	Department for International Development (of the United Kingdom)
DRC	Democratic Republic of the Congo
EBZ	Export Board of Zambia
EC	European Commission
ECA	East and Central Africa
EGAT/EG/TI	Economic Growth, Agriculture, and Trade Bureau / Economic Growth / Trade and Investment (USAID)
EPA	Economic Partnership Agreement
EPDT	Elephant Pepper Development Trust
EU	European Union
FDA	Food and Drug Administration (of the United States)
FIAS	Foreign Investment Advisory Service
FSE & CC	Federation of Swaziland Employers Federation and Chamber of Commerce
FTA	Free Trade Agreement
GDA	Global Development Alliance
GDP	Gross Domestic Product
GTZ	Gesellschaft für Technische Zusammenarbeit (German Development Society)
HTT	Hoedspruit Training Trust

HIV/AIDS	Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome
ICT	Information and Communication Technology
INSAT	Inside Southern African Trade
IOM	International Organization for Migration
ITSC	Institute for Tropical and Subtropical Crops
LDC	Least Developed Country
LNDC	Lesotho National Development Corporation
MATEP	Market Access, Trade and Enabling Policies
MCC, Ltd.	Malawi Cargo Centres, Ltd.
MCLI	Maputo Corridor Logistics Initiative
MCTI	Ministry of Commerce, Trade and Industry (Zambia)
MET	Ministry of Tourism and Environment
MIC	Malawi Investment Center
MOU	Memorandum of Understanding
MRA	Malawi Revenue Authority
MTI	Ministry of Trade and Industry (of Namibia)
MTIC	Ministry of Trade, Industry, Cooperatives and Marketing (Lesotho)
NAMPORT	Namibian Ports Authority
NASFT	National Association for the Specialty Food Trade
NATHAN	Nathan Associates Incorporated
NDA	National Department of Agriculture (of South Africa)
NGO	Non-governmental Organization
NIC	Namibia Investment Center
NT	National Treasury (of South Africa)
NTB	Namibia Tourism Board
NTB	Non-tariff Barriers
PAL	Promoting Agribusiness Linkages
PFID	Partnership for Food Industry Development
PFID-MSU (F&V)	Partnership for Food Industry Development-MSU / Fruits & Vegetables
PUM	Netherlands Senior Experts Programme
RCSA	Regional Center for Southern Africa
SACU	Southern African Customs Union
SAD	Single Administrative Document
SADC	Southern African Development Community
SAIBL	Southern African International Business Linkages Program
SAIIA	Southern African Institute of International Affairs
SALES	Support for Agriculturally Linked Enterprises
SALGA	South Africa Litchi Growers Association
SAPIP	South African Pesticide Initiative Program
SARS	South African Revenue Service
SASD	Special Advisory Services Department
SDI	Spatial Development Initiative Unit
SEGA II Project	Support for Economic Growth and Analysis Project II (of South Africa)
SIPA	Swaziland Investment Promotion Authority
SMME	Small, Micro, and Medium-Sized Enterprise

SPS	Sanitary and Phyto-sanitary
SSSN	SADC Seed Security Network
SWEEP	Swaziland Enterprise and Entrepreneurship Program
TAG	Angolan Airline
TAZARA	Tanzania-Zambia Railways
TC	Trade Competitiveness
TCB	Trade Capacity Building
TEC	Tertiary Education Council
TFCB	Trade Facilitation and Capacity Building
TKC	Trans-Kalahari Corridor
TKCMC	Trans-Kalahari Corridor Management Committee
TNF	Trade Negotiating Forum
TPA	Tanzania Ports Authority
TPIM	Tariff Policy Impact Model
TRALAC	Trade Law Centre for Southern Africa
TRS	Time Release Study
TSG	The Services Group
TTAF	Technical Training Assistance Fund
UK	United Kingdom
US	United States
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United States Government
USTDA	United States Trade Development Agency
USTR	United States Trade Representative
WB SSATP	World Bank Sub-Sahara Africa Transport Policy Project
WCO	World Customs Organization
WIBA	Women in Business Association
WTO	World Trade Organization
ZEGA	Zambia Export Growers' Association
ZTT	ZEGA Training Trust

SECTION I: EXECUTIVE SUMMARY



Background

The conclusion of the first quarter of 2006 marks the year-and-a-half mark for the TSG and CARANA contracts to manage and deliver technical programs from the Southern Africa Global Competitiveness Hub. As has been the case for the past 18 months, the Trade Hub continues to be guided by the vision of being a “Center of Excellence” for support and advice on trade and competitiveness issues in Southern Africa. At the same time, the Trade Hub continually strives to multiply the impact of its technical programs through an aggressive communications and outreach strategy. A further challenge is maintaining a high degree of responsiveness to the ever increasing requests for assistance both from within and outside the region as a demand-driven project, within available resources. This past quarter has seen a series of successes in a wide range of activities, including:

- As a result of the Trade Hub’s institutional building efforts and policy support for the Botswana Cattle Producers’ Association (BCPA) and the BCPA’s own lobbying efforts, a 40% increase in cattle prices paid by the Botswana Meat Corporation (BMC) to cattle farmers was announced in January.
- The Trade Hub facilitated the design, execution and completion of a Time Release Study (TRS) for identifying inefficiencies in Malawi’s Customs processes, the first study of its kind completed in the Southern African region.
- As a result of significant coordination of all stakeholders by the Trade Hub in 2005 and the beginning of 2006, the Single Administrative Document (SAD500) was adopted in principle by Mozambican Customs at a meeting facilitated by the Trade Hub in Pretoria on March 30 and 31. Once it is fully operational it will greatly speed up clearance and

reduce costs of goods and transit movements along the Maputo and Beira Corridors. This continues the impact of the Trade Hub work to simplify and harmonize customs documentation throughout the region, which began in 2004 on the Trans Kalahari Corridor and continues to the present.

- Following a meeting facilitated by the Trade Hub in March 2006 in Botswana, the Ministry of Justice and Legal Affairs in Zambia agreed to legislative changes to the Road and Road Traffic Act to pave the way for harmonization of vehicle overload control limits and enforcement principles.
- 20 government officials in Swaziland successfully completed training on trade data analysis, one further step toward building capacity to identify national interests in trade negotiations.
- Following the Trade Hub's presentation of the findings of the Swaziland Investor Roadmap, the Roadmap received buy-in and full support of senior policymakers and lawmakers in Swaziland – leading the way for implementation and policy and regulatory reform.
- The Trade Hub published the fourth edition of its flagship newsletter, *Inside Southern African Trade (INSAT)*, focusing on the role of the Private Sector in shaping the business environment through participation in the policy process, with a circulation of over 5,000.
- The Trade Hub website, www.satradehub.org, received a record number of visitors during the quarter. In terms of web traffic, figures were almost double those of the previous quarter.
- The Trade Hub produced a “Practitioner’s Guide for Importing into South African Markets”, thus providing valuable information to companies in the region to enable them to penetrate the lucrative South African market.
- The Trade Hub completed a survey to gain a better understanding of perception and understanding of sourcing opportunities from Southern Africa on the part of U.S. apparel buyers.
- The Trade Hub prepared for the Fancy Food show including on-site company specific support to each of the selected participants. The support provided by the AGOA Trade Advisor and consultant Derryck Cox focused on preparing each company to participate in the show including design of booth space, preparation of samples, and design of hand-out materials.
- Finalization of the Training and Development Plan for the Matsafeni Trust, a BEE agricultural producer based in South Africa.

The above-mentioned successes are the fruit of concerted efforts on the part of all Trade Hub staff to make a difference in the region, improve the business operating environment, facilitate reforms in trade policy, facilitate transactions at the firm level, and stimulate a dialogue on trade issues. The success stories of the Trade Hub are usually interim steps all of which contribute to the ultimate goal of a more competitive Southern Africa Region.

The Trade Hub houses three technical activity areas: (1) Trade Facilitation and Capacity Building (TFCB), implemented by a consortium led by TSG-Nathan Associates, (2) Trade Competitiveness (TC) led by CARANA Corporation – Abt Associates, and (3) The Partnership for Food Industry Development (PFID) led by Michigan State University. Both the TFCB and TC activities are responsible for implementing RCSA Strategic Objective 14 (or “SO 14”, A more competitive

Southern Africa economy), while PFID is responsible for achieving RCSA's Strategic Objective 15 (or "SO 15", Rural livelihoods diversified in Southern Africa).

TFCB is responsible for implementing components 1, 3, 4 and 5 of SO 14:

Component 1: Capacity Building and Policy Reform for Trade and Competitiveness

Component 3: Trade Facilitation (Customs Modernization and Transport Facilitation)

Component 4: Financial Services for Trade and Competitiveness

Component 5: Dialogue for Competitiveness (Building Private Sector Advocacy and Outreach)

TC is responsible for carrying out Component 2, "Sector Development", which focuses on activities related to specific industries, identifying and promoting exportable products, and business linkages between producers and markets. The TC activities also include the Africa Growth and Opportunity Act (AGOA) Advisor who provides capacity building and technical assistance at both the firm and national levels to help the region maximize opportunities under AGOA. This work is coordinated closely with the TFCB technical activities.

High-Level Visits and Events

During the first quarter of 2006, important visitors to the Trade Hub included James Hogan, the new Commercial and Economic Officer at the US Embassy in Gaborone on January 24; Barbara Addy, USAID Senior Advisor (Washington) on the Global Development Alliance (GDA) for a briefing on the Soy in Southern Africa Alliance on January 27; Ronald J. Greenberg, Chief AFR/SD/EGEA at USAID in Washington, DC, and Brinton Bohling, Senior Trade Advisor, EGAT/EG/TI on February 13; Tongila Manly, Managing Director of Enterprise Florida Southern Africa based in Johannesburg, South Africa, on February 13; Clement Kumbemba, Vice Consul of Investment and Trade of the Malawian Consulate General in Johannesburg, on March 10; and Abie Dithlake, Secretary General of the SADC Council of Non-Governmental Organizations, on March 22.

The Trade Hub also hosted several meetings of the Botswana Cattle Producers' Association (BCPA) to ensure the continued success and strengthening of that private sector industry association. Trade Hub personnel were also involved in the Ministry of Agriculture's half-day event on January 31 to highlight the second harvest of melons from the trials being carried out by the Trade Hub.

African Growth and Competitiveness Initiative (AGCI)

The African Growth and Competitiveness Initiative (AGCI) was announced in June 2005 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
4. Facilitating investment in infrastructure

In February, the Trade Hub hosted a luncheon as part of the consultation process associated with the design of the AGCI program. The mandate and activities of the Southern Africa Global

Competitiveness Hub track closely with the priority areas of AGCI, as the following activities undertaken during the quarter demonstrate.

Improving the Business Enabling Environment

The Trade Hub continued to receive and respond to requests for assistance in the area of *capacity building and policy reform for trade and competitiveness*. The following projects were undertaken in response to these requests.

The Trade Hub continued to support the Botswana Beef Cattle Producers' Association (BCPA)—especially in the light of the 40% increase in cattle prices announced in January—through hosting meetings of the BCPA, participating in the reference group of related studies, and contracting short-term consultants to obtain supply side response of farms to the changes in the industry and to synthesize all beef sector related studies to date.

With regard to the on-going work of the Trade Hub to facilitate regional harmonization of regulations regarding seeds and their movements, the Trade Hub participated in the Southern Africa Seed System Development Meeting where the TFCB, Iowa State University and SADC Seed Security Network (SSSN) agreed to co-fund the next joint meeting for Ministries of Agriculture and Trade and facilitate or undertake work to compare regional and national seed regulations. The Trade Hub also participated in a technical meeting to develop an import/export procedures manual for seeds to be used by all SADC countries.

During the quarter, the Trade Hub's Economic Advisor, Dr. Keith Jefferis, began assisting the Botswana's Business and Economic Advisory Council (BEAC) in its preparation of an institutional and regulatory reform program to reduce impediments to investment in support of creating a more outward looking and competitive economy.

The Trade Hub continued to coordinate with the Commonwealth Secretariat (COMSEC) Hub and Spokes Project towards collaboration on delivery of trade capacity building activities in the SADC region. Activities under discussion include Trade Hub facilitation and organization of an induction meeting for the Hub and Spokes Trade Policy Analysts deployed in SADC member states and assistance with implementing proposed Hub and Spokes activities for SADC Secretariat in the absence of a Regional Trade Adviser at SADC Secretariat.

In support of the SACU Secretariat, the Trade Hub finalized two policy papers on (1) the implication for the SACU agreement of existing preferential trade agreements of individual SACU members with third countries and (2) national tariff bodies and case studies of the experiences in four countries including lessons learned for Botswana, Lesotho, Namibia, and Swaziland (BLNS).

In consultation with representatives from the BLNS countries (Botswana, Lesotho, Namibia, Swaziland), the Trade Hub designed a schedule of Trade Capacity Building (TCB) activities for these countries. The newly designed program ensures that activities are responsive to set priorities, provide a hands-on approach to training and mentoring staff, and equip these countries to better participate in both regional and international trade negotiations.

Capacity building activities in Swaziland during the quarter included a trade data analysis training course for 20 government officials from March 6 to 10, obtaining the buy-in from high-level stakeholders for implementing the recommendations of the Trade Hub's Investor Roadmap, and holding consultations in Swaziland on new generation issues, improving the analytical skills of both the private and public sectors, and raising awareness on trade and commercial laws.

In Lesotho the Trade Hub discussed priority areas for trade capacity building with the Ministry of Trade and the Lesotho National Development Cooperation (LNDC), who identified, among others, a need to raise awareness and understanding in the private sector of preferential market access opportunities available to Lesotho as an LDC and the current status of ongoing trade negotiations.

With respect to capacity building and policy reform activities in Namibia, in January the Trade Hub submitted to the Namibia Investment Centre (NIC) an implementation schedule of Investor Roadmap recommendations which will serve as the basis for subsequent follow-up activities. The Trade Hub also launched the Tourism Investor Roadmap for Namibia on the February 6 and began the initial phase of gathering information.

The Trade Hub staff finalized the first draft of the report on the status of trade facilitation in Zambia as measured against the proposals made by member countries to the World Trade Organisation (WTO).

Coordination with other donor organizations included plans for future collaboration and ongoing discussions with the UK's Department for International Development (DFID), the World Bank Sub-Saharan Africa Transport Policy (WB SSATP) Project, the Commonwealth Secretariat, the German Development Society GTZ and the South African Institute for International Affairs (SAIIA).

The first quarter also saw major activity with respect to **customs modernization and transport facilitation**. The Trade Hub, the WCO, and the Malawi Time Release Study (TRS) Working Group completed the final phase of the WCO TRS in Malawi. As a result of the TRS, the Malawi Revenue Authority (MRA) for the first time has reliable and validated information on the time taken at various stages between arrival of goods and their release from Customs control. This is the first WCO Time Release Study to be completed in the SADC Region.

A TRS was also launched in Mozambique during the quarter. A one-day training and a test-run were carried out at the Frego Inland Goods Terminal in Maputo for the TRS Working Group that will be implementing the study.

The Trade Hub hosted a delegation from the Zambian Road Development Agency, the Zambian Ministry of Works and Supplies, and the Parliamentary Legal Drafting Section. The Trade Hub facilitated a meeting between the Zambian delegation and the SADC Directorate of Infrastructure and Services to clarify SADC Model Legislative Provisions on vehicle overload control.

With respect to **transportation corridor efficiency**, Trade Hub technical staff participated in a number of meetings to advance this work. The Trade Hub facilitated a combined Trans Kalahari / Maputo Corridor Meeting of the Customs Working Group in Pretoria, South Africa where a number of concrete accomplishments emerged, including the adoption in principal of the SAD 500 by Mozambican Customs, extended hours at border posts between South Africa and Botswana, and the installation of a server of South Africa's CAPE Customs Computers in Swaziland at the two countries' common border.

The Trade Hub also participated in a meeting of the regional corridor management authorities in Nairobi, Kenya, from March 20 to 21 where it made a presentation highlighting the trade facilitation experiences and best practices of the Trade Hub for the Dar es Salaam Corridor, the Trans Kalahari Corridor, and in the SADC countries.

The Trade Hub also attended the Dar es Salaam Corridor (DC) Transport Coordinating Committee meeting in Ndola, Zambia, to review transport operational problems in the Corridor and map out remedial action plans to improve corridor transport operations. It also facilitated a consultative meeting of the Zambian stakeholders on the DC to increase their commitment to effective participation in the Corridor and to signing the DC Constitution.

Dialogue for Competitiveness and Trade Hub Public Outreach and Communications

During the first quarter of 2006 the Trade Hub continued with its major communications initiative to develop a series of short educational films to multiply the impact of its technical programs throughout the region. The film series, focusing on trade preferences, business environment challenges, private sector advocacy for policy change, transport corridors and HIV/AIDS in the business place, will be launched at a regional business environment and competitiveness roundtable during the second quarter of 2006.

The Trade Hub also continued its support of private sector associations including the Botswana Cattle Producers Association (BCPA) and the Women in Business Association (WIBA). The Trade Hub support to WIBA will include assistance to design a microfinance service for WIBA's members, a project which will be implemented during the second quarter of 2006.

At the end of March, the Trade Hub published the fourth issue of its flagship newsletter, *Inside Southern African Trade (INSAT)*, which examines the role of the private sector in shaping the business environment through its participation in the policy process. The electronic version of the newsletter was e-mailed to more than 3,000 stakeholders in the Southern African region, the United States and beyond. Work also started on producing the fifth issue of *INSAT* which will focus on Trade Facilitation in Southern Africa.

Other continuing activities included the distribution of the Trade Hub's monthly events calendar *Hub Happenings* and the joint coverage of the melon trials together with the Botswana Department of Agriculture, Botswana Horticulture Association and the U.S. Embassy at the beginning of January (see the Exportable Agriculture Section under Trade Competitiveness of this report).

Trade Competitiveness

During the quarter the Trade Competitiveness (TC) Team continued to make progress in the established focal sectors. Highlights during the quarter included: launching of the how-to Importer Guide; a change in the pricing policy of the Botswana Meat Commission; assistance to participants in the Fancy Food show; conclusion of the US apparel buyers' survey; and continued coordination with USG agencies throughout the Southern Africa region. All activities attempt to achieve the goal of increasing AGOA qualified exports within and from the Southern Africa region. Other highlights in each sub-sector include:

In the *horticulture sector* activities focused on the launching of the How-to Importers Guide. This publication is a tool which provides information for those trying to import agricultural products into South Africa. Also, work continues in Zambia, in coordination with our Bilateral partners, focused on the floricultural sector along with activities undertaken with baby vegetable producers. Finally, during this quarter an observational tour was conducted for Mozambican participants to visit agricultural production and research facilities in Mpumalanga and Limpopo provinces in South Africa.

In the *livestock sector* the Trade Hub continued to provide support to the fledgling Botswana Cattle Producers Association (BCPA). A noteworthy change took place during the quarter when the Government of Botswana agreed to the implementation of an export parity pricing scheme. This change, influenced by the BCPA with support from the Trade Hub, represents a significant change in the industry which is expected to impact a large percentage of the population in Botswana.

During the quarter, activities in the *textiles and apparel sector* continued to focus on fostering new business linkages with actions which will lead to both immediate and long term results. The US demand survey being carried by the Trade Hub was completed during the quarter. Initial results from the survey, which are now being analyzed, indicate the lack of branding on the part of Southern Africa as a source of apparel is a considerable impediment to trade in this sector.

The Trade Hub's *AGOA strategy* continued to support the mission of promoting the formation of public-private partnerships that take advantage of AGOA export market opportunities, leading to increased sales of products and services to US and global markets. The approach being undertaken by the Trade Hub focuses on providing firm-level and national-level assistance with the overall goal of encouraging sustainability.

AGOA activities during the quarter included on-site company specific support to each of the selected companies who are participating in the Fancy Food Show in Chicago in May 2006. The support, provided by the AGOA Trade Advisor and consultant Derryck Cox, focused on preparing each company to participate in the show including design of booth space, preparation of samples and design of hand-out materials. Mr. Cox will also facilitate networking, advice and business linkages before, during, and after the Trade Show.

Cross-cutting Competitiveness Support. Activities continued to target South Africa and Zambia for HIV/AIDS workplace intervention programs. These activities focus on the development and implementation of programs aimed at HIV/AIDS prevention and awareness. During this reporting period activities to be undertaken by the Zambian Export Growers Association were launched.

The quarter also saw a transition in staffing on the Trade Competitiveness team. John Keyser departed Gaborone, returning to Zambia and independent consulting. Ken Ames assumed the responsibilities as Director of the Trade Competitiveness Project and Craig Carlson was identified to serve as the Agribusiness Advisor. Mr. Carlson will join the TC team in Gaborone during the first week of the next quarter. The entire Trade Hub staff welcomes Craig and looks forward to working with him in a variety of areas.

Conclusion

The concrete successes identified at the beginning of this Executive Summary are evidence that the Trade Hub under its new management and program contracts has matured and that much of the groundwork laid by the staff at the start of the new contracts – during the last quarter of 2004 and the first part of 2005 - and the strategic activities planned and carried out in each area are bearing fruit. With the announcement of the African Growth and Competitiveness Initiative (AGCI) in June of last year and continued funding, and the relevance and track record the Trade Hub has established in the region, it will continue its focus on (1) improving the policy and regulatory environment, (2) improving market knowledge, skills, and abilities of the private sector, (3) increasing access to financial services for trade and investment, and (4) facilitating investment in infrastructure. This will continue to be accomplished in the context of stakeholder requests for assistance from throughout the region.

SECTION II: ACTIVITIES AND RESULTS

January - March 2006

TRADE HUB MANAGEMENT, TRADE FACILITATION AND CAPACITY BUILDING

BACKGROUND

The TSG-Nathan contract has reached the year-and-a-half mark of managing and delivering technical programs from the Southern Africa Global Competitiveness Hub. It finds itself at the helm of a maturing project with a proven track record and ambitious plans for the future. The numerous project requests that continue to be received from bilateral USAID missions, embassies national government ministries, and other stakeholders are evidence of the Trade Hub's growing reputation. At the same time, ambitious new projects such as the educational film series on trade issues seek to multiply the impact of the Trade Hub's technical programs, reach out to stakeholders everywhere, and raise the profile of the Trade Hub.

The guiding vision of the Trade Hub continues to be creating a "Center of Excellence" for the region as it provides support and advice for creating a more competitive Southern Africa. In this context, this past quarter has seen a series of successes in a wide range of activities, including:

- As a result of the Trade Hub's institutional building efforts and policy support for the Botswana Cattle Producers' Association (BCPA) and the BCPA's own lobbying efforts, a 40% increase in cattle prices paid by the Botswana Meat Corporation (BMC) to cattle farmers was announced in January.
- The Trade Hub facilitated the design, execution and completion of a Time Release Study (TRS) for identifying inefficiencies in Malawi's Customs processes, the first study of its kind completed in the Southern African region.
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- The Southern Africa Trade Hub produced a "Practitioner's Guide for Importing into South African Markets", thus providing valuable information to companies in the region to enable them to penetrate the lucrative South African market.
- Following a meeting facilitated by the Trade Hub in March 2006 in Botswana, the Ministry of Justice and Legal affairs in Zambia agreed to Legislative changes to the Road and Road traffic Act to pave the way for harmonization of vehicle overload control load limits and enforcement principles.
- 20 government officials in Swaziland successfully completed training on trade data analysis, one further step towards building capacity to identify national interests in trade

negotiations.

- Following the Trade Hub's presentation of the findings of the Swaziland Investor Roadmap, the Roadmap received buy-in and full support of senior policymakers and lawmakers in Swaziland – leading the way for implementation and policy and regulatory reform
- The Hub published the fourth edition of its flagship newsletter, *Inside Southern African Trade*, focusing on the role of the Private Sector in shaping the business environment through participation in the policy process with a circulation of over 5,000.
- The Hub website, www.satradehub.org, received a record number of visitors during the quarter. In terms of web traffic, figures were almost double those of the previous quarter.

Home Office Visits. Robert Kirk, TSG Senior Vice President, traveled to Gaborone on January 23 to work with the Trade Facilitation and Capacity Building team on: 1) implementing a redesigned TCB program for the SACU countries in the context of the US-SACU FTA negotiations and more generally; (2) programming several activities in the Project's second year work plan, including the development of baseline data for the monitoring and evaluation aspects of the Project and work on trade facilitation (customs and transport corridors); (3) working with the TFCB Director, the AGOA Advisor and the TC Director on preparations for the regional AGOA Forum, and work on trade facilitation (customs and transport corridors).

EVENTS AND HIGH-LEVEL VISITS

On January 9, 19, 22 and 26 and February 2, 13, 14 the Trade Hub supported meetings of the Botswana Cattle Producers' Association (BCPA), which were held at the Trade Hub. These meetings focused on achieving implementation of the government's mandate of increasing the price paid by the BMC to cattle producers to the level of export parity. Several meetings were attended by representatives from the Ministry of Agriculture and the Botswana Meat Commission (BMC). (*For additional information see "Policy Change in the Beef and Cattle Sub-sector in Botswana" in the Capacity Building and Policy Reform for Trade and Competitiveness Section, and "Botswana: Support to BCPA" under Trade Competitiveness: Exportable Agriculture.*)

On January 24 the Trade Hub hosted James Hogan, the new Commercial and Economic Officer at the US Embassy in Gaborone, for a briefing on the activities of the Trade Hub.

On January 27, Barbara Addy, USAID Senior Advisor (Washington), Global Development Alliance (GDA), visited the Trade Hub for a briefing on the Soy in Southern Africa Alliance which was signed in Washington, DC, in September 2005 and to explore areas of potential collaboration with the Trade Hub.



The Ministry of Agriculture of Botswana hosted a half-day event on January 31 to highlight the second harvest of melons from the trials being carried out by the Trade Hub. Participants in the event visited three farms outside Gaborone and the installations of a buyer/wholesaler. The melon trials are being conducted in coordination with the Botswana Horticulture Council who co-hosted

the day's activities (*For additional information see "Botswana: Melon Trial Conclusion" under Trade Competitiveness: Exportable Agriculture*).

On February 6 Martin Norman, Hub Manager, met with Richard Neill, Director of Policy Planning and Research of the Tertiary Education Council (TEC) of Botswana, to discuss possible collaboration between the USAID Trade Hub and the TEC for a continuation of the study of the labor supply in Botswana.

The Trade Hub hosted a luncheon for Ronald J. Greenberg, Chief AFR/SD/EGEA at USAID in Washington, DC, Brinton Bohling, Senior Trade Advisor, EGAT/EG/TI, Tom Pomeroy from USDA, representatives of RCSA, and key Trade Hub stakeholders from the region on February 13. The luncheon was part of consultation visit by Mr. Greenberg and Mr. Bohling in the context of the design of the new Africa Growth and Competitiveness Initiative (AGCI) which will succeed the President's TRADE Initiative under which the Hubs were established. During the luncheon the Hub briefed attendees on Trade Hub activities and successes and discussed how our current programming is consistent with the AGCI focal areas and priorities. A lively discussion on these activities and collaboration throughout the region followed.



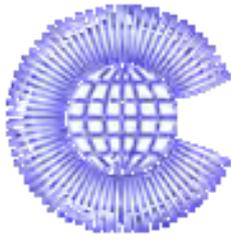
Tongila Manly, Managing Director of Enterprise Florida Southern Africa in Johannesburg, South Africa, visited the Trade Hub on February 13 to discuss several possibilities for facilitating contact between businesses in southern Africa and businesses located in the State of Florida.



On March 10 Martin Norman, Bridget Chilala, Trade Capacity Building Director, Ranga Munyaradzi, Senior Customs Advisor, and Evans Marowa, Transport Advisor, met with Clement Kumbemba, Vice Consul of Investment and Trade of the Malawian Consulate General in Johannesburg, to discuss the Trade Hub's current projects in Malawi and new ideas for collaboration between the Trade Hub and the Consulate.

The Trade Hub hosted a meeting of the Board of Directors of the Botswana Women in Business Association (WIBA) on March 10 to present a preliminary plan for the microfinance project that WIBA is planning to implement as a service to its members (*for additional information see "Women in Business Association" in the Dialogue for Competitiveness Section*).

On March 22 Bridget Chilala and Martin Norman met with Abie Dithlake, Secretary General of the SADC Council of Non-Governmental Organizations, and Linda Ramokate, Program Officer, to explore possibilities for collaboration between the two organizations on projects pertaining to trade capacity building (*for additional information see "BIDPA Workshop on WTO Ministerial Meeting for NGOs, February 2" in the Capacity Building and Policy Reform for Trade and Competitiveness Section*)



On March 28 the Commonwealth Secretariat's (ComSec) Hub and Spokes Trade Capacity building Project Director, Mr. Roy Rodriguez, visited the Trade Hub where he and Bridget Chilala continued to discuss specific areas for collaboration relating to trade capacity building in the SADC region (*For additional information see "Collaboration with the Commonwealth Secretariat for Regional Trade Capacity Building" in the Capacity Building and Policy Reform for Trade and Competitiveness Section*)

CAPACITY BUILDING AND POLICY REFORM FOR TRADE AND COMPETITIVENESS

In response to the numerous requests that the Trade Hub has received in the area of capacity building and policy reform during the first quarter of 2006 as well as follow-up activities to those requests received in 2005, the Trade Hub undertook the following activities:

Policy Change in the Beef and Cattle Sub-sector in Botswana

An interim 40% increase in the price the Botswana Meat Commission (BMC) pays to cattle farmers in Botswana which was announced in January of this year was the culmination of a series of initiatives and efforts by the Trade Hub throughout 2005 to support the Botswana Cattle Producers' Association (BCPA). During 2005 and into the first quarter of 2006 the Trade Hub supported the BCPA, a private sector industry association, by coordinating its formation and registration in Botswana, completing policy papers that proposed solutions for the ailing industry, hosting a policy conference, participating in reference groups studying downstream business opportunities in the subsector, and providing technical assistance and support for the BCPA in their ongoing dialogue with government for implementation of export parity policy and reform in the subsector. The analyses completed by the Trade Hub in 2005 found these price increases to be necessary if the cattle industry in Botswana—the second largest economic sector in the country—is to survive.



It is hoped that higher prices will increase throughput at the BMC Abattoirs throughout the country.

As part of the TFCB's continued support to the BCPA, on March 20 short-term consultant Tania D'Allonnes began work under the direction of Dr. Keith Jefferis to undertake an assessment of the likely supply side response of farmers to the changes in the private industry. Another short-term consultant, Andre Vooste, will also be working during the second quarter on a synthesis of all beef sector related studies into a comprehensive integrated strategic plan for the Botswana beef sub-sector.

For additional information see "Botswana: Support to BCPA" under Trade Competitiveness: Exportable Agriculture.

Regional Harmonized Seed Policy

With regard to the on-going work of the Trade Hub to facilitate regional harmonization of regulations regarding seeds and their movements, the following activities were undertaken:

- **Southern Africa Seed System Development Meeting**

Bridget Chilala, Trade Capacity Building Director, was invited to attend a meeting organized by USAID Regional Centre for Southern Africa (RCSA) SO15, for all USAID funded organizations/institutions involved in seed development in the SADC region. During the meeting, held February 14 to 17 at RCSA, participants agreed to a work plan and allocation of the activities across the nine institutions represented at the meeting. The Trade Facilitation and Capacity Building Project, Iowa State University and SADC Seed Security Network agreed to (1) co-fund the next joint meeting for Ministries of Agriculture and Trade scheduled for September 2006 in Pretoria which will examine the draft regulations on harmonization of seed policy, and (2) facilitate or undertake work to compare regional and national regulations in order to identify areas requiring amendment of national regulations to align them with regional regulations. In preparation for that meeting, field visits will be undertaken to the countries involved.

- **Seed Export and Import Procedures Manual for SADC countries**

As a follow-up to the Permanent Secretaries meeting of December 8-9, 2005, at which Bridget Chilala presented a paper identifying the major constraints to freer movement of seeds, Ms. Chilala was invited to attend a technical meeting from March 13 to 17 in Cape Town, South Africa, to consider and develop an import/export procedures manual for seeds to be used by all SADC countries. Among the results of the meeting were the consolidation of the two lists of crops and pests for quarantine control with respect to intra SADC trade and non-SADC trade in seeds and the adoption by the technical group of the draft manuals and a timeframe for completing and finalizing the manuals (July 2006). The Manuals will bring transparency and uniformity to the issuance of SPS certificates in the region and contribute to the reduction of clearance and release time for seed consignments. This will result in faster and freer movement of seeds without compromising the need to control the spread of pests in the region and ultimately a more competitive agricultural sector in Southern Africa.

For additional information see the trip report by Bridget Chilala "Seed Export and Import Procedures Manual" Cape Town, South Africa, March 13-17, 2006.

Collaboration with the Commonwealth Secretariat for Regional Trade Capacity Building

The Commonwealth Secretariat's (ComSec) Hub and Spokes Trade Capacity Building Project Director, Mr. Roy Rodriguez, and Bridget Chilala continued to discuss specific areas for collaboration relating to trade capacity building in the SADC region. The Hub and Spokes Project will soon be deploying Trade Policy Analysts in Mozambique, Angola, Botswana, Swaziland, Zambia, Malawi, Tanzania, Lesotho and at the SADC Secretariat.

Ms. Chilala, Mr. Rodriguez, and Paulina Elago, TFCB Deputy Director, agreed that the two organizations will work closely together to implement the following activities: (1) an assessment of Angola's specific technical assistance and capacity building needs with respect to the country's

sectoral coordination responsibility under the SADC/EPA negotiations. As a starting point, the Trade Hub will consult with the Angolan Delegation attending the SADC Trade Negotiating Forum (TNF) scheduled for April 6 and 7 in Gaborone; (2) assistance with identifying a suitable Trade Policy Analyst for Angola; (3) Facilitating and organizing an induction meeting for the Trade Policy Analysts who are stationed in SADC member states in May or June which could be replicated in other regions such as COMESA, the Caribbean and the Pacific; (4) Assisting where feasible with implementing proposed Hub and Spokes activities for SADC Secretariat in the absence of a Regional Trade Adviser at SADC Secretariat. The collaboration between the Trade Hub and Comsec's Hub and Spokes Project will continue until the conclusion of the TFCB Project in 2008.

During the first quarter of 2006, Trade Hub staff attended two meetings organized by the Commonwealth Secretariat:

- **Regional Export Diversification Workshop, March 8-9**

Participants in the workshop discussed constraints to export diversification and possible solutions. ComSec's Special Advisory Services Department (SASD) will work in partnership with the Trade Hub on follow-up actions arising from this meeting both at the national and at the regional (SADC) level.

- **The Commonwealth Fund for Technical Cooperation (CFTC) Regional Consultative Meeting, March 29-31**

This meeting was attended by 16 Commonwealth African Countries in order to review the effectiveness of the CFTC Assistance Program in contributing to development priorities of the region and identifying priority areas for the next operational plan cycle from 2006 to 2008.

Close Trade Hub / Comsec collaboration will minimize duplication of programmed technical assistance and contribute to the leveraging of resources as each organization provides trade capacity building to the SADC region.

Support to SACU Secretariat

Paulina Elago, TFCB Deputy Director, met with Anton Faul, SACU Secretariat Director of Research and Planning, and Dumisani Mahlinza, SACU Secretariat Director of Trade Facilitation and Revenue Management, to provide an update on ongoing activities at the Trade Hub and to explore possible areas of cooperation. The SACU Secretariat has been developing its strategic plan which—once completed and approved by Member States—will serve as the basis for discussion with cooperating partners. The Trade Hub has finalized two policy papers for SACU Secretariat on (1) the implication for the SACU Agreement of existing preferential trade agreements of individual SACU members with third countries and (2) national tariff bodies and case studies of the experiences in four countries, including lessons learned for Botswana, Lesotho, Namibia, and Swaziland (BLNS). The papers explore policy options that would enrich discussions within SACU on the trade relations with third parties and institutional and functional issues related to setting up national tariff bodies or similar institutions.

For additional information see the technical reports "Establishing National Bodies in Botswana, Lesotho, Namibia and Swaziland (BLNS): The Experience of South Africa, Mexico, Brazil and India and Lessons for the BLNS Countries", March 2006; and "Implications of

Existing Bilateral Preferential Trade Agreements of Individual SACU Member States on the Implementation of the 2002 SACU Agreements”, April 2006, by Paulina Elago and Keith Jefferis.

Trade Capacity Building (TCB) Support Program for the BLNS

During the first part of the quarter Paulina Elago and Robert Kirk, TSG Senior Vice President, traveled to Swaziland and Lesotho (Ms. Elago also traveled to Namibia) for discussions with Ministry of Trade officials as part of implementation of a redesigned TCB program for the SACU countries. Following consultations with representatives from all of the BLNS countries, the Trade Hub has compiled a schedule of trade capacity building activities to be implemented in those countries. This revised program is designed to ensure that activities respond to set priorities and place emphasis on providing a hands-on approach to training and mentoring staff. As trade capacity building activities continue, each BLNS country will be better equipped to participate in both regional and international trade negotiations.

The next three sections provide specific details on TCB activities undertaken during the quarter in the BLNS countries.

Swaziland Capacity Building Activities

The following activities are part of the on-going capacity building efforts of the Trade Hub in Swaziland:

- **Trade Data Analysis Training Course for Swaziland**

At the request of the Ministry of Foreign Affairs and Trade in Swaziland, the Trade Hub conducted the Trade Data Analysis Training Course for policy analysts in Swaziland from March 6 to 10. Paulina Elago together with experts from the Trade Law Center for Southern Africa (tralac) conducted the five day training course for twenty participants drawn from Government Ministries responsible for international trade issues, the investment promotion agency (SIPA), the Central Bank, business/ industry associations and the university. Participants applauded the course and recommended that a Task Force be established to analyze trade data based on the analytical tools and skills acquired during the course and to channel the results of the analysis through national structures responsible for trade negotiations. The course will ultimately help Swazi officials with trade policy formulation, including identifying their national interests in preparations for trade negotiations.

For additional information see trip report by Paulina Elago “Training Course on Trade Data Analysis for Swaziland” Mbabane, Swaziland, March 6-10, 2006.

- **Investor Roadmap Follow-up**

At the request of the Swaziland Investment Promotion Agency (SIPA), Robert Kirk traveled to Swaziland from January 30 to February 3 to present the findings and recommendations of the Swaziland Investor Roadmap in workshops organized for Members of Parliament, Cabinet Ministers, and Permanent Secretaries as part of the launch of the new Technoserve project, the Swaziland Enterprise and Entrepreneurship Program (SWEEP). During the workshops, which were designed to obtain buy-in from the highest levels of Government, the findings and recommendations were well received and broadly endorsed. The heightened level of understanding among key policy makers as a

result of the workshops should facilitate implementation of specific recommendations by individual institutions and agencies. SIPA as focal point will continue to provide overall coordination and oversight of the Investor Roadmap.

Robert Kirk also discussed plans for follow-up activities with Bheki Dlamini, CEO of SIPA, including process improvement workshops that will bring together key agencies to design new procedures and coordination mechanisms related to issuing Entry (Work) Permits Trading Licenses and Health Inspections.

- **TCB Consultations**

On February 1 and 2, Robert Kirk and Paulina Elago held meetings with senior officials from the Ministries of Foreign Affairs and External Trade and Finance, the Chamber of Commerce, and other stakeholders in Swaziland on a Trade Capacity Building support program for Swaziland. These discussions lay important foundations for the work of the Trade Hub in Swaziland and increase its likelihood of success. Activities identified included training on trade data analysis, new generation issues and improving analytical skills. They also discussed TCB private sector activities with the Federation of Swaziland Employers Federation and Chamber of Commerce (FSE&CC) such as raising awareness and understanding of ongoing trade negotiations and their impact for Swaziland, raising awareness on trade and commerce laws through simplified tools for information dissemination and support for policy analysis to facilitate dialogue with government on issues of interest to members of the Chamber.

For additional information see trip report by Paulina Elago and Robert Kirk "Consultations on Trade Capacity Building in Swaziland, Lesotho and South Africa" January 31-February 10, 2006.

Lesotho Capacity Building Activities

On February 9, Robert Kirk and Paulina Elago held meetings with Mr. Mhloni Rantekoa, Principal Secretary in the Lesotho Ministry of Trade, Industry, Cooperatives and Marketing (MTIC), the Deputy Principal Secretary and senior trade officials to discuss the Trade Hub's support program on trade capacity building for Lesotho. Karl Albrecht, Deputy Chief of Mission at the U.S. Embassy in Lesotho also attended the meeting. Identified priorities broadly focus on WTO and EPA negotiations as well as training activities to enhance analytical and negotiating skills for staff responsible for those issues. Consultations between the Trade Hub and MTIC in March resulted in a detailed program of capacity building activities which will be implemented as part of the TCB program for the BLNS.

Similar discussions were also held with the Chief Executive Officer of Lesotho National Development Cooperation (LNDC), Peete Molapo, together with the Head of Investment Promotion, Motebang Mokoaleli, and Mark Bennette, ComMark Apparel Adviser at LNDC. They identified a need to raise awareness and understanding in the private sector of preferential market access opportunities available to Lesotho as an LDC and to brief private sector on ongoing trade negotiations. These issues and others will be tackled by the Trade Hub through a series of activities and information seminars.

For additional information see trip report by Paulina Elago and Robert Kirk "Consultations on Trade Capacity Building in Swaziland, Lesotho and South Africa" January 31-February 10, 2006.

Namibia Capacity Building and Policy Reform Activities



The Trade Hub undertook the following activities during the first quarter to build trade capacity in Namibia's public and private sectors:

- **Namibian Investor Roadmap**

In January the Trade Hub submitted to the Namibia Investment Centre (NIC) an implementation schedule of Investor Roadmap recommendations. Implementation of Roadmap recommendations is a priority in NIC's strategic plan of January 2006, and the newly established Cabinet Committee on Economic and Trade Issues chaired by the Minister of Trade and Industry will now oversee the implementation process.

On February 7 Paulina Elago met with the Executive Director and senior management team of the NIC to discuss follow up activities related to the implementation of the Investor Roadmap including work related to the review of the Foreign Investment Act and the investment incentives regime. Progressive implementation of Roadmap recommendations will enhance Namibia's business operating environment and enhance the country's ability to attract investment.

- **Tourism Investor Roadmap for Namibia**

The Trade Hub launched the Tourism Investor Roadmap for Namibia on February 6 with the arrival in Namibia of two consultants, Peter Nizette, a Tourism Specialist, and Donaldo Hart, an Economist and Investor Roadmap Specialist. Paulina Elago joined the team for debriefings and consultations with the Namibia Tourism Board (NTB) and the Ministry of Tourism and Environment as lead institutions for this activity and other key stakeholders. During this diagnostic phase, the team conducted some sixty-three interviews and five roundtable discussions with Government officials and parastatal and private sector representatives, including resort owners and managers in Etosha and Otjiwarongo. Peter Nizette also traveled to South Africa where he met with representatives of firms with business interests and investments in the tourism sector in Namibia. A draft report will be presented to the Namibian Tourism Board (NTB) and the Ministry of Tourism and Environment (MET) and subsequently to a wider audience for discussions and comment during a national workshop.

The MET and the NTB see this as an important exercise given the importance of tourism to the Namibian economy. In addition, the Cabinet has declared tourism to be one of the main pillars of the Namibian economy. The Tourism Investor Roadmap will guide authorities in addressing those issues identified as obstacles to investors in the tourism sector with a view to creating an enabling environment that would attract tourism investment.

For additional information see the following trip reports: Paulina Elago "Launch of the Namibia Tourism Investor Roadmap and Consultations" Windhoek, Namibia, February 4-8, 2006; Donaldo Hart "Namibia Tourism Investor Roadmap" Windhoek, Namibia, February 3-19, 2006; Peter Nizette "Namibia Tourism Investor Roadmap" Windhoek, Namibia, February 3-26, 2006.

- **Other Meetings**

In February Paulina Elago met Willem Nekwiyu, Deputy Director for Trade Policy and External Trade Relations in the Namibian Ministry of Trade and Industry, to discuss TCB activities and how the Trade Hub can facilitate support to the Ministry to strengthen capacity of its staff in analyzing and formulating policies. It was agreed that the Namibia Trade Forum, established late in 2005 to serve as a platform for a public-private sector dialogue and consultation, would be one channel through which TCB would be delivered.

For additional information see the following trip reports: Paulina Elago “Launch of the Namibia Tourism Investor Roadmap and Consultations” Windhoek, Namibia, February 4-8, 2006.

Botswana Economic Growth and Diversification Support

- **Botswana Business and Economic Advisory Council**

In January, the USAID Trade Hub received a request from the Office of the President of Botswana for technical support for the Business and Economic Advisory Council (BEAC), which was established by President Mogae late in 2005. BEAC is tasked with preparing an updated economic growth and diversification strategy for Botswana by September 2006, Botswana’s 40th Anniversary of independence. Dr. Keith Jefferis, Economic Advisor, is assisting with part of this work which involves preparing policy notes on institutional and regulatory reform programs, drawing on the recommendations of the Foreign Investment Advisory Service (FIAS) Report on regulatory impediments to investment and the World Bank/BIDPA Export Diversification Study, among other issues. The Government of Botswana through the work of BEAC is working to make the country into a more outward-looking economy that will become more attractive as an investment destination and more globally competitive.

- **MOU Signed for Trade Development Funds for Botswana**

In March, the U.S. Embassy and the Botswana Ministry of Finance and Development signed a Memorandum of Understanding to program funds to finance activities in support of trade and development and environmental protection in Botswana. Implementation of the MOU and delivery of the activities to support trade and development will be undertaken by the Trade Hub and will include support for Botswana’s Export Strategy, activities to strengthen the development of private sector associations, placement of a Trade Advisor in the Department of International Trade in the Ministry of Trade and Industry and Support of the Cattle and Beef Sector and transport and customs analysis to reduce transaction costs. Programming of the funds will begin during the next quarter.

Zambia WTO Trade Facilitation Negotiations

Evans Marowa, Bridget Chilala and Ranga Munyaradzi, Senior Customs Advisor, finalized the first draft of the report on the status of trade facilitation in Zambia as measured against the proposals made by member countries to the World Trade Organisation (WTO). This report, which will be completed during the second quarter of 2006, will be instrumental in identifying technical assistance and capacity-building requirements in order for the country to effectively participate in the trade facilitation negotiations at the WTO.

South Africa Investment Incentives

During the quarter, Frank Flatters continued to work in South Africa developing two separate reports for the National Treasury: (1) an evaluation of the long-term sustainability of the current revenue sharing formula; and (2) a review of various different investment and industrial incentive programmes. These should be ready for delivery toward the middle of the second quarter of 2006.

Competitiveness of the Business Environment in Southern Africa

As a result of a visit by Consultant Ted Lafarge at the end of 2005, a project note on the “Recommendations for Improving the Enabling Business Environment” was completed during the first quarter of 2006. The project note identifies major constraints to competitiveness in the business environment of each Southern African country with respect to access, transparency, and the ease of investment and doing business. It serves to inform the Trade Hub of areas in which targeted assistance might be given to support necessary reforms and provides matrices with specific activities toward creating a more investor-friendly business environment. This analysis will serve as a roadmap for planning future Trade Hub activities for business environment competitiveness.

For additional information see the technical report by Ted Lafarge “Recommendations for Improving the Enabling Business Environment”, February 2006.

Participation in Events Outside the Trade Hub

In addition to the above-mentioned activities, Trade Hub technical staff contributed to a number of events organized and held outside the Trade Hub:

- **BIDPA Workshop on WTO Ministerial Meeting for NGOs, February 2**

Bridget Chilala attended a workshop on February 2 organized by the Botswana Institute for Development Policy analysis (BIPDA) and the Botswana Trade and Poverty Program for Non-governmental Organizations (NGOs) to brief NGOs on the outcome of the WTO Ministerial Meeting that was held in Hong Kong in December 2005 and to identify trade policy issues that would be of importance and priority to them. Important donor organizations were also in attendance at the meeting where Ms. Chilala presented a paper on its trade facilitation and capacity building work.

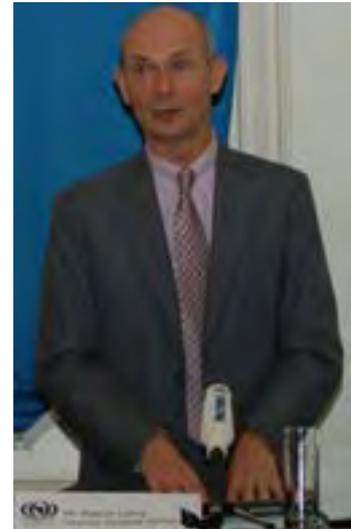
As a result of the Trade Hub’s attendance at the workshop, contact was established with the SADC Council of NGOs. In subsequent meetings at the Trade Hub, the two organizations agreed to work together on trade related issues of interest and relevance to the region and discussed the possibility that the Trade Hub would facilitate the preparation of policy briefs to be presented at the SADC Council of NGOs’ annual meeting in Maseru, Lesotho, in August 2006. Such an involvement will enhance NGOs’ understanding of trade issues and allow them to have a greater voice with respect to trade issues in the region.

For additional information on follow-up activities to this meeting see “Events and High Level Visits” above under March 22.

- **SAIIA WTO Roundtable Discussions, February 10**

On February 10 Paulina Elago and Robert Kirk attended a roundtable conference organized by the South African Institute for International Affairs (SAIIA) in Johannesburg, South Africa, where the Director General of the WTO, Pascal Lamy, delivered a key note address in which he reflected on the state of the negotiations of the Doha Round and the issues and challenges facing WTO members post-Hong Kong. On the same day a second roundtable was also attended where the EU Commissioner for Trade, Peter Mandelson, spoke on the EU's perspective on the Doha Round of negotiations post Hong Kong, trade relations in general with Southern Africa, and specifically with South Africa.

The events offered an opportunity to gain first hand information and understanding of policy issues from the perspective of the speakers and the institutions they represent. They also afforded an opportunity to network with various stakeholders.



Pascal Lamy at SAIIA
(Photo courtesy of www.saiia.org.za)

- **Boksburg Meeting on WTO Trade Facilitation Negotiations, February 20-22**

Evans Marowa, by invitation, attended the seventh meeting of the Boksburg Group in Dakar, Senegal, from February 20 to 22. Participants at the meeting discussed a possible framework for an agreement on Trade Facilitation with a ladder approach to commitments whereby members commit to different levels of trade facilitation commensurate with their capacity to implement trade facilitation measures and according to the technical assistance provided to them. The meeting was designed to get individuals from the public sector, the private sector, civil society and donor organizations and institutions involved in trade facilitation to exchange information with a view to developing tools to facilitate the trade facilitation negotiations process at the WTO.

For additional information see the trip report by Evans Marowa, "Boksburg Group Meeting on the WTO Trade Facilitation Negotiations," Dakar, Senegal, February 19-23, 2006.

- **Alliances for Economic Growth and Job Creation Forum, March 9-10**

Lisa Yarmoshuk, TFCB Director, Ken Ames, Director of Trade Competitiveness, and Amanda Hilligas, AGOA Advisor, attended this USAID/South Africa-sponsored forum in Johannesburg. The goals of this forum included bringing together the private sector to highlight program areas where USAID/South Africa is working, emphasizing opportunities for partnership and showcasing the Global Development Alliance.

For additional information see trip report by Ken Ames, Amanda Hilligas and Lisa Yarmoshuk "Pretoria Forum", Pretoria, South Africa, March 9-10, 2006.

- **Opportunities and Challenges Seminar, March 23**

Lisa Yarmoshuk attended a seminar on Free Trade Agreements entitled *Opportunities and Challenges* which was sponsored by the American Chamber of Commerce in Johannesburg, South Africa. Ms. Yarmoshuk (and Robert Kirk) also met with Peter Draper of the Southern African Institute of International Affairs (SAIIA) and Business Unity South Africa (BUSA) to discuss research priorities, approaches, and the division of labor for the US-SACU FTA work program being developed. She also used the occasion to meet with the United States Trade Development Agency (USTDA) and tralac to review recent Trade Hub activities and events and discuss future possibilities for collaboration with the Trade Hub.



For additional information see trip report by Lisa Yarmoshuk “Consultative Trip to South Africa”, Johannesburg, South Africa, March 22-27, 2006.

Coordination and Interface with other Donors

During the first quarter of 2006, the Trade Hub technical staff continued to collaborate both formally and informally with international donors and organizations in developing and delivering its programming throughout the region.

- **World Bank SSATP**



The Trade Hub maintains close contact with the World Bank Sub-Saharan Africa Transport Policy (WB SSATP) Project, which is based in Nairobi, Kenya, through its Regional Economic Communities Transport Coordinating Committee. Participation in the North-South Corridor Workshop in Johannesburg in November of 2005 was coordinated through this Committee, and the Trade Hub team continues to explore opportunities for collaboration with them.

- **Commonwealth Secretariat**



The Trade Hub continues to coordinate closely with the Commonwealth Secretariat on export diversification strategies in the SADC region and with the Commonwealth Trade Capacity Building Project (Hub and Spokes) in trade capacity building related work at both the national and regional level.

For additional information see “Collaboration with the Commonwealth Secretariat for Regional Trade Capacity Building” above.

- **Gesellschaft für Technische Zusammenarbeit (GTZ)**



The Trade Hub is also in communication with the GTZ’s South Africa-based Advisory Service for Private Business (ASPB) Project which conducts the annual Regional Business Climate Study and works with private sector associations to discuss opportunities for collaboration with that organization under the Trade Hub’s Dialogue for Competitiveness work program.

CUSTOMS MODERNIZATION AND TRANSPORT FACILITATION

Final Phase of Malawi Time Release Study (TRS): January 22 - 27

Ranga Munyaradzi, Trade Hub's Senior Customs Adviser, Simon Royals, a Technical Officer from the World Customs Organization (WCO), and the Malawi TRS Working Group completed the final phase of the WCO TRS in Malawi. As a result of the TRS, the Malawi Revenue Authority (MRA) for the first time has reliable and validated information on the time taken at various stages between arrival of goods and their release from Customs control.

The Study revealed, among other things, that (1) the time from arrival to removal of goods from Customs control is significant and presents delays that are costly to the trading community; (2) some processes and procedures require improvement or elimination. The approved Action Plan addresses these and other problems. It will be instrumental in helping the MRA tackle the concerns of the trading community and respond to international trade requirements where operators must anticipate the movement of the goods across international frontiers in order to meet tight production schedules and comply with just-in-time inventory systems.

This is the first WCO Time Release Study in the SADC Region, and the lessons learned in Malawi will facilitate the process of rolling out the TRS in other countries of the region. The TRS will ultimately enhance revenue collection, improve the efficiency and effectiveness of internal business processes, promote better relationships with stakeholders and develop a professionally competent staff.

For additional information see the Trip Report by Ranga Munyaradzi and Simon Royals, "Final Phase of Malawi Time Release Study", February 2006.

Launch of the WCO Time Release Study (TRS) in Mozambique: February 27 - March 3

At the request of the Mozambique Customs Administration, Ranga Munyaradzi, and WCO Technical Officer, Robert Struthers, launched the TRS in Mozambique. This is part of the ongoing technical support the Trade Hub has been providing to Mozambique Customs since the start of the project. The TRS will serve as a tool to measure the impact and progress of the Customs Reform and Modernization Program that is being implemented by the Customs Administration and will benefit Mozambique's Customs processes similar to the TRS in Malawi (see section above).



Improved customs procedures will mean cheaper and better products on tables in Southern Africa.

The Trade Hub Team held meetings with the TRS Working Group which is composed of Customs officials, freight forwarders, transporters and the Confederation of Business Associations of Mozambique to define the role of the Working Group, design the questionnaire to be used for data collection and draft guidelines and terms of reference. A one-day training and a test-run were carried out at the Frego Inland Goods Terminal in Maputo. The next phase—data collection and recording by the TRS Working Group—will be followed by the final phase of data analysis and report writing.

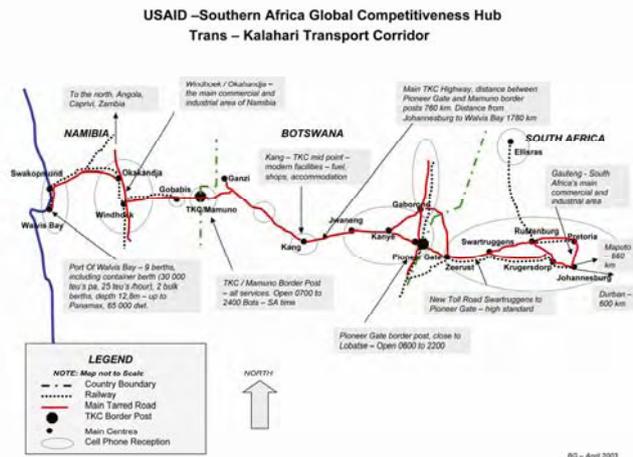
For additional information see the Trip Report by Ranga Munyaradzi and Robert Struthers, “The Launch of the WCO Time Release Study”, March 2006.

Transport Corridor Support Work

Activities in support of Southern African Transport Corridors during the first quarter of 2006 included the following:

- TKC / Maputo Corridor Customs Working Group Meeting in Pretoria, March 30 - 31

Ranga Munyaradzi facilitated a combined Trans Kalahari / Maputo Corridor Meeting of the Customs Working Group on March 30 and 31. The following points which were discussed during the meeting represent the accomplishments along the corridor that are designed to accelerate customs processing and reduce import/export costs:



- Adoption of SAD 500 in Mozambique—The SAD500 has been adopted in principle by Mozambique. Once it is fully operational in Mozambique, the movement of goods along the Maputo and Beira Corridors and the clearance of goods at inland goods terminals in Maputo and Beira will be considerably faster;
- Roll-Out of SAD 500 by the South African Revenue Service (SARS) for all border entry / exit border posts with Namibia and Botswana—the exercise to roll-out the SAD 500 throughout South Africa and to Lesotho and Swaziland is expected to be completed by end of October 2006;
- Extended hours of opening at border posts—South African and Botswana Officials have agreed to extend border operating hours of Skilpadshek / Pioneer Gate to midnight;
- Customs Computerization—The installing of a Server of South Africa’s CAPE Customs Computers in Swaziland at the two countries’ common border will obviate the need to key in data on both sides of the border which represents the first stage in a one-stop joint border control. Introduction of paperless transactions in the Customs field through e-filing will allow traders to submit their declarations via the internet onto the SARS CCA1 System. The Trade Hub is also facilitating efforts to automate Customs processes between Namibia and Botswana and to assist Mozambique to upgrade their Customs computer system;
- Development of Customs Bond Guarantee—The working parameters for the Regional Customs Transit Bond Guarantee package have been established, and the

new Customs Bond Guarantee is to be submitted to the next SADC Council of Ministers for political approval;

- (vi) The Maputo Corridor—As a result of the Action Plan agreed to during the previous meeting of the Customs Working Group, SARS and Alfandegas de Mozambique have been holding bilateral meetings on the harmonization of operational procedures along the Maputo Corridor. The two Customs Administrations have also set up a joint Task Team on the proposed one-stop joint control Dry Port at Ressano Garcia, and regular meetings are held;

For additional information see the trip report by Ranga Munyaradzi, “Trans Kalahari / Maputo Corridors Customs Working Group Meeting”, April 2006.

- **Regional Corridor Management Authorities’ Meeting: Best Practices Forum, March 20-21**

Evans Marowa attended a meeting of the regional corridor management authorities in Nairobi, Kenya, organized by the Ports Management Association of East and Southern Africa. Mr. Marowa made a presentation highlighting the trade facilitation experiences of the Trade Hub for the Dar es Salaam Corridor, the Trans Kalahari Corridor, and in the SADC countries. The Spatial Development Initiative Unit (SDI) of the Development Bank of South Africa (DBSA) is consulting with the Trade Hub and other relevant stakeholders on the operations of the various corridor management authorities in Sub-Saharan Africa for the purpose of recommending a forum for facilitating continuous sharing of best practices in the corridors.

For additional information see the trip report by Evans Marowa, “Regional Corridor Management Authorities Meeting”, Nairobi, Kenya, March 19-23, 2006.

- **Dar es Salaam Corridor (DC) Transport Coordinating Committee Meeting, March 28**

Evans Marowa attended the DC Transport Coordinating Committee meeting in Ndola, Zambia, to review transport operational problems in the Corridor and map out remedial action plans to improve corridor transport operations. The key issues arising from the meeting were (i) the need to improve the operating capacity of the Tanzania-Zambia Railway (TAZARA) line from Zambia to the Port of Dar es Salaam in order to meet current and future traffic demand and, (ii) the need to promote the development of multi-modal transport operations along the DC.

For additional information see the trip report by Evans Marowa, “Dar es Salaam Corridor Transport Coordinating Committee & Zambia National Stakeholders’ Meeting,” Lusaka, Zambia, March 27-30.

- **Dar es Salaam Corridor (DC) Zambia National Stakeholders Meeting, March 29**

On March 29 Evans Marowa facilitated a consultative meeting of the Zambian stakeholders on the DC to increase their commitment to effective participation in the Corridor. The Zambian Ministry of Communications and Transport will submit the DC Constitution through the Ministry of Justice for legal scrutiny and the authority to sign it. The constitution provides for the establishment a National Corridor Coordinating

Committee for monitoring DC implementation activities *inter alia*. Furthermore, as a result of the meeting, Zambian stakeholders committed themselves in principle to contributions to the budget of a permanent DC Secretariat. With the commitment of Zambia to the Constitution, the DC Secretariat and the Trade Hub will now secure commitments for financing the DC Secretariat from service providers such as Malawi Cargo Centres (MCC) Ltd., Tanzania Ports Authority (TPA) and TAZARA.

For additional information see the trip report by Evans Marowa, “Dar es Salaam Corridor Transport Coordinating Committee & Zambia National Stakeholders’ Meeting,” Lusaka, Zambia, March 27-30.

- **Trans Kalahari Corridor (TKC)**

Evans Marowa followed up on the outstanding contributions from the Government of Botswana regarding the TKC through the Acting Director of Road Transport and Safety. Botswana is expected to be granted approval for paying arrears and current contributions to the TKC soon.

Zambia Vehicle Overload Control Legislative Reforms

The Trade Hub hosted a delegation from the Zambian Road Development Agency, the Ministry of Works and Supplies, and the Parliamentary Legal Drafting Section on March 13. Evans Marowa has been working with the Road Development Agency through the Dar es Salaam Corridor (DC) task team on vehicle overload control to implement related SADC Model Legislative Provisions. Mr. Marowa facilitated a meeting between the Zambian delegation and the SADC Directorate of Infrastructure and Services to clarify these provisions, and as a result of these meetings and further discussions by the delegation, a draft bill was presented to the Zambian Parliament for the first reading on March 16 and second reading on March 29. The passing of this Bill will pave the way for harmonization of overload control systems in the DC and for implementation of a cross-border vehicle overload control system in the corridor.

Mozambican Horticultural Exports Task Force Meeting

Ranga Munyaradzi, Evans Marowa, John Keyser, Director of Trade Competitiveness, and Jutta Drewes, Agribusiness Specialist, facilitated a meeting of the Mozambican Horticultural Exports Task Force in Maputo on February 24 to review the non-tariff barriers to horticultural exports identified by the task team. After presentations by the Trade Hub team, participants in the workshop discussed the findings and agreed on an action plan, specific responsibilities, next steps and deadlines for local action to remove the non-tariff barriers.



The Mozambican Ministry of Agriculture’s Office for Promotion of Commercial Agriculture—the entity which had organized and chaired the workshop—took ownership of the program and tabled the necessary steps to be followed. Also, to ensure maximum use by Mozambican exporters, the Trade Hub’s *Practitioner’s Guide for Importing Fresh Produce into South African Markets* will be translated into Portuguese and distributed at workshops

throughout the country. These activities all contribute to a more competitive Mozambican horticulture sector.

For additional information see the trip report by Ranga Munyaradzi, John Keyser, Evans Marowa and Jutta Drewes, "Facilitation and Promotion of Horticultural Exports in Mozambique: Action Plan on Removal of Non-Tariff Barriers," Maputo, Mozambique, February 23-25, 2006.

Also see "Mozambique" in the Trade Competitiveness Exportable Agriculture Section in this report for more details on this Meeting.

DIALOGUE FOR COMPETITIVENESS

During the first quarter, the Trade Hub's Dialogue for Competitiveness component continued to work on initiatives to multiply the impact of Trade Hub activities through its communications tools as well as strengthening private sector initiatives. These included development of a series of educational films on trade issues, publication of the fourth issue of *Inside Southern African Trade (INSAT)*, planning of a Business Environment Roundtable, development of a series of in-country workshops for the private sector, work with business associations among others.

Development of Educational Films

During the first quarter of 2006, Lisa Yarmoshuk, TFCB Director, and Hanson Hosein, Executive Producer of HRH Media, continued to develop a series of five short (less than 15 minutes each) educational films. The films will be launched at a Regional Business Environment Roundtable May 23 in Johannesburg. The films have been developed with the involvement and/or assistance of the Trade Hub Technical Team, USAID/RCSA, Embassies and USAID Missions in the region, regional stakeholders and Trade Hub partners.



The films examine trade and competitiveness issues in Southern Africa and deal specifically with (1) the impact of trade preferences and AGOA in Southern Africa, (2) business environment challenges, (3) building an effective private sector voice for policy change using the Trade Hub's work with the Botswana Cattle Producers Association (BCPA) as a case study, (4) transport corridors and the TKC and Maputo Corridors, and (5) HIV/AIDS from a business perspective. During February, the team undertook filming

in Botswana, Mozambique, Namibia and South Africa for the Transport Corridors and HIV/AIDS pieces. Both in preparation for and during the filming the Trade Hub received tremendous support from the USAID Missions and US Embassies, as well as from Government Ministries and private sector firms and organizations in each country.

These professionally-made films, in documentary format, are expected to (a) provide a valuable educational tool which will facilitate the work of Trade Hub staff; (b) create a medium that

discusses trade issues important to the region's competitiveness that can reach a broader audience; (c) serve as a vehicle for sharing some of the work and successes of the Trade Hub and USAID/RCSA; and (d) raise the profile of the Southern African Trade Hub. At strategic workshops and seminars, these films will be used to share best practices, generate discussion on trade issues, and multiply the impact of the technical activities of the Trade Hub throughout the Southern Africa Region. At the request of the American Business Council in Botswana, the Transport Corridors film will be shown June 6 at a flagship seminar program entitled "Transport – The Life-Blood of a Land-Locked Country".

For additional information see trip reports by Lisa Yarmoshuk and Hanson Hosein:

- *"Video: Impact of HIV/AIDS in the Business Environment Focusing on Botswana, Lesotho, Mozambique and Swaziland as a Case Study", February 5 – February 25, 2006.*
- *"Video: Trade Facilitation and Customs and Transport Issues Using the Trans Kalahari Corridor and Maputo Corridors as Case Studies", February 5 – February 25, 2006.*

Private Sector Advocacy

During the quarter the Trade Hub continued to work closely with several organizations as part of its mandate to build capacity for private sector advocacy.

- **Women in Business Association (WIBA)**

The Trade Hub recruited Microfinance Specialist Margaret Jiri to design a microfinance service for the members of WIBA. From May 1 to 15 she will be in Botswana to meet with the Board of Directors of WIBA, representatives of the banking industry and Government officials to obtain buy-in for the program. The Trade Hub will also be facilitating a membership campaign for WIBA to increase the organization's membership. The institutional support provided by the Trade Hub will give businesswomen from Botswana a greater voice with respect to policy and other issues impacting the business operating environment in which they operate. The project will also be used as a model for other private sector associations.

- **Botswana Cattle Producers' Association (BCPA)**

See "Policy Change in the Beef and Cattle Sub-sector in Botswana" at the beginning of the Capacity Building and Policy Reform for Trade and Competitiveness Section and "Botswana: Support to BCPA" in the Trade Competitiveness Exportable Agriculture Section.

- **Planning for Private Sector Workshops**

During the quarter planning also began for a series of private sector workshops in countries throughout the region around the topics of the film series (using the films as a discussion tool). Development of a program for Malawi is currently being discussed with the USAID Mission and US Embassy in Lilongwe for September. Discussions are also underway with Swaziland for late June.

Outreach and Communication

During the first quarter of 2006, the Trade Hub undertook several outreach activities on multiple fronts to reach a wider group of stakeholders, raise awareness of trade issues critical to the region and increase the impact of Trade Hub programs. The following are some of the major efforts towards this goal:

- ***Inside Southern African Trade (INSAT)***

During March the Trade Hub published the fourth issue of its flagship newsletter, *Inside Southern African Trade (INSAT)*, which looks at the role of the private sector in shaping the business environment in Southern Africa through its participation in the policy process. The newsletter has a circulation of more than 5,000, and stakeholders in the Southern African region, the United States and beyond receive this issue both electronically and in hard copy.

An indication of the relevance and importance of the reporting in this newsletter is the fact that *INSAT* material is being reprinted in other publications. *INSAT* has become one of the major communications instruments of the Trade Hub. It has stirred private-public debate regionally and internationally and has positioned the Trade Hub as an organization with cutting-edge analyses of trade issues on the one hand and concrete action on the other.

At the end of the quarter work started on producing the fifth issue of *INSAT* which will look at Trade Facilitation in Southern Africa and will be published in June 2006.

- **Website Enhancement**

The Trade Hub's website is continuously being updated and upgraded with new material being added weekly and small but significant improvements being made in terms of the functionality of the site on a regular basis. These enhancements have born fruit: statistics show that average sessions per day have once again this quarter more than doubled (from 66.20 to 153.09). Average page views per day increased almost threefold in the same period (from 362.57 to 896.04) while average hits per day also increased by more than 100% (from 949.40 to 1945.51).

- ***The New Hub Happenings***

The monthly publication of *Hub Happenings* has continued uninterrupted since the joint December/January issue. It remains a valuable source of information about the activities of the Trade Hub and its staff and continues to generate new ideas for Trade Hub activities



through the requests and comments of readers. The publication has also been expanded to accommodate the PFID-F&V program which is hosted at the Trade Hub.

<p>Responses to Hub Happenings</p> <p><i>I find these so very useful. Please keep it up.</i> Ada Adler, Commercial Director, Economic Policy Staff, Bureau for African Affairs, US State Department</p> <p><i>Thanks, Ms. Van Schalkwyk, for a very informative and up to date “Hub Happenings” publication. Some areas of interest, such as food fortification and BCPA activities have been noted and will be followed up on our own. I have also forwarded the HH to the Chairmen of the Namibia Seed Council to make contact with the Hub’s activities in this regard.</i> J.A.H. Hoffmann, Senior Trade Advisor, Agricultural Trade Forum, Namibia</p> <p><i>Thanks for keeping us informed. Much appreciated!</i> Chris More, Director Regional TRADE, South African International Business Linkages</p>

- **Media**

In coordination with the USAID Mission / RCSA in Gaborone, the Trade Hub worked on developing a comprehensive outreach strategy which targets a wider scope of contacts in the region and the United States, as well as stronger ties with media representatives.

At the beginning of January the Trade Hub joined forces with the Botswana Department of Agriculture, Botswana Horticultural Society and U.S. Embassy in Gaborone to arrange the extensive media coverage of the melon trials being carried out on a number of farms close to Gaborone. This represented a continuation of the inter-agency cooperation towards increasing media coverage of Trade Hub Activities which started in December. Once again the effort was met with great success and considerable coverage on Botswana television and radio and in the local press.

The following indicators quantify the activities of the Trade Hub that were completed during the first quarter under Outreach and Communications.

Table 1: Important Outreach and Communications Indicators

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	2
Quantity of newspaper coverage	individual newspaper and magazine articles, press releases printed in publications, and news articles appearing in major internet sites.	Regional press	8
Trade Hub Publications			
<i>Inside Southern African Trade (INSAT)</i> quarterly newsletter	Number of people receiving INSAT electronically	TFCB Dialogue Unit	2,000

Indicator	Definition/Unit Measure	Data Source	Results
<i>Inside Southern African Trade (INSAT)</i> quarterly newsletter	Number of people receiving INSAT in hard copy	TFCB Dialogue Unit	2,500
<i>Inside Southern African Trade (INSAT)</i> quarterly newsletter	Number of people receiving INSAT through secondary e-mail distribution	TFCB Dialogue Unit	600
<i>Hub Happenings</i> monthly calendar of events and projects	Number of people receiving <i>Hub Happenings</i> electronically	TFCB Dialogue Unit	850
Website Statistics (Date range - January 1 – March 31, 2006)			
Total sessions	A series of hits to the site over a specific period by one visitor	website	13,778
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	80,644
Total hits	Any successful request to the server from a visitor's browser	website	175,096
Average sessions per day		website	153.09
Average page views per day		website	896.04
Average hits per day		website	1,945.51

TRADE COMPETITIVENESS

BACKGROUND

The Trade Hub's Trade Competitiveness activities seek 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.

During this quarter, the Competitiveness Team has continued work in the target sectors: exportable agriculture, sustainable tourism, and textiles and apparel. The following represents highlights of activities, aimed at improving the competitiveness of enterprises in Southern Africa.

- The finalization and distribution of a practitioner's guide to importing fresh produce into South African markets. This manual is designed to assist exporters in SADC countries understand the steps to follow when exporting into South Africa. The manual provides information of relevant institutions in South Africa, their contact details, and documentation required. The manual was presented to a forum of Mozambican industry role players and the Horticulture Task Force.
- The completion of a survey to gain a better understanding of perception and understanding of sourcing opportunities from Southern Africa on the part of US apparel buyers. This addresses a previously identified constraint to expansion of AGOA qualified exports in the apparel sector. Although the response rate was disappointing, the content was not. The initial analysis has been completed with preliminary indications being that Southern Africa has not marketed itself as a possible garment sourcing option.
- Preparation for the Fancy Food show including on-site company specific support to each of the selected. The support, provided by the AGOA Trade Advisor and consultant Derryck Cox, focused on preparing each company to participate in the show including design of booth space, preparation of samples and design of hand-out materials.
- Finalization of the Training and Development Plan for the Matsafeni Trust, a BEE agricultural producer based in South Africa. After conducting research to establish the training requirements a training plan was developed to ensure the enterprise remains capable of producing export-quality subtropical fruit. The development of this training plan also includes identification of training providers and recommendations as to the number and names of participants.
- Continued collaboration with the South African Litchi Growers Association by providing funding for research into developing litchi moth rearing techniques. Litchi moth represents a significant constraint to US market admissibility for litchi.

The Trade Competitiveness activities, similar to all Trade Hub activities, focus on providing support to the region via a combination of technical assistance and training. The technical assistance is provided either by resident specialists or short-term experts hired locally, regionally or internationally. Training is provided in the form of in-country workshops and seminars,

regional conferences, observational travel, and participation in trade shows or industry conferences.

The Trade Competitiveness team has developed distinct approaches for each of sub-sectors: exportable agriculture products, sustainable tourism, and apparel. In accordance with USAID policy, gender, HIV/AIDS, and environmental concerns are also incorporated in each. Highlights under each of the three sectors and in the area of AGOA Support are described below. Crosscutting work in the area of HIV/AIDS mitigation is also described.

EXPORTABLE AGRICULTURE

This quarter, activities in export agriculture focused on the publication and dissemination of the How-to Guide for those interested in importing agricultural products to South Africa, the continuation of partnership work in Zambia, and a study tour for Mozambican participants to visit agricultural production and research facilities in South Africa. Highlights of recent activities undertaken in each focal country are as follows.

Zambia

In February John Keyser traveled to Zambia as a continuation of the assistance being provided to the agriculture sector. Along with the agribusiness related activities he met with USAID staff, members of the MATEP team and the Zambia Export Growers Association (ZEGA). Trade Hub work in Zambia is being implemented in collaboration with the Market Access, Trade, and Enabling Policies Project (MATEP), with the Trade Hub supporting competitiveness improvements in the horticulture export, tourism, and apparel sectors.

- **Importation of Baby Vegetables**

Early in the quarter the Animal and Plant Health Inspection Service (APHIS) proposed amending the fruits and vegetables regulations allowing importation, into the United States, of fresh dehusked immature (baby) sweet corn and fresh baby carrots from Zambia. The comment period for the review ended on March 13, with the proposals currently in rulemaking. The Trade Hub has been working with producers of these products and in the event the proposals are accepted will assess the commercial viability of exporting baby vegetables to the United States, including identifying potential outlets.

Zambian exporters expressed interest in this opportunity and acknowledge a need for further information in determining the viability of the US market. Information required includes: identification of seasonal windows allowing for competitive advantage over traditional producers; establishment of price points for single- double- and tri-pack product; identification of specific markets within the US; and, identification of the most cost effective transportation mode and route into the identified markets.

- **Expansion of Regional Trade**

The Trade Hub is also providing support to the agriculture sector to access areas for expanded trade within the Southern Africa region. Compared to the United States, export markets in South Africa are believed by exporters to be easier to penetrate, not least because of the availability of inexpensive backload freight from Zambia. Markets for

second quality produce to supply processors and canneries are also of interest. However, one problem with targeting South African supermarkets is that most buyers demand exclusivity. That is, if a producer signs an agreement with one buyer they cannot sell to another. This condition prevents farmers from grading produce and separating it according to the standards of different supermarket chains. The support being provided focuses on overcoming these issues and obstacles allowing for increased regional trade.

- **Assistance to the Floriculture Industry**

The Trade Hub and ZEGA developed a proposal to bring a PUM Dutch Senior Expert, qualified in the evaluation of floriculture loan applications, to Zambia early next year. The expert will provide training for local banks in the evaluation of floriculture investments. It is anticipated that the expert will and come from Rabobank or a similar institution with experience in floriculture and knowledge of current market opportunities.



For additional information see John Keyser's trip report, "Zambia Exportable Agriculture Value Chain Support", March 2006.

South Africa

In South Africa, the Trade Hub's continues to build new market links between South African firms and Mozambique, Swaziland and other countries in the region. To support the USAID/South Africa Bilateral Mission strategy, activities also focus on linkages with emerging small-scale farmers, Black Economic Empowerment (BEE) entities and horticulture marketing companies. This focus incorporates synergies between the Trade Competitiveness project and USAID/Pretoria funded Promoting AgriBusiness Linkages (PAL) project.

- **Guide to importing Fresh Produce into South Africa**

The competitiveness team has developed a manual titled ***"Practitioner's guide to importing fresh produce into South African markets"*** to assist exporters in SADC countries understand the procedures to follow when exporting into South Africa. The manual provides information for relevant institutions in South Africa, contact details and documentation requirements. Development of this manual has been ongoing since the fourth quarter 2005, including a consultative process of review with various regional partners, including GEEST/Spring Valley Foods, the USAID-funded Zambian project MATEP, the Zambia Export Growth Agency (ZEGA) and Export Board of Zambia (EBZ). The manual was also presented to a forum of Mozambican stakeholders and the Mozambican Horticulture Task Force.

This guide can be accessed at

*http://www.satradehub.org/CXA_html/docs/Guide%20to%20importers.pdf
or by contacting Craig Carlson at the Trade Hub.*

- **Study Tour of Mozambican Stakeholders**

On February 20 – 22 the Trade Hub organized and sponsored a study tour of Mozambican farmers, government officials and representatives of the private sector. The tour consisted of visits to commercial agriculture operations and agriculture research institutes in Mpumalanga and Limpopo provinces in South Africa. The intent of the tour was to exchange information and served as an introduction of business practices and operational techniques associated with all levels of commercialization. The tour was also an opportunity for participants to establish business relationships with producers in South Africa which have the potential to develop into future business relationships.



Visits were organized with commercial production facilities including Colors, Laughing Waters, Halls and Sons, Katopé and Bavaria/Westfalia. During the visits participants were able to observe packhouse operations including processing for bananas, mangoes and avocados. Farm tours were also organized providing an opportunity to obtain information related to planting techniques, growth rates, production input requirements and nursery operations. During visits participants were able to ask questions and gain insight into export markets and requirements for obtaining market access.

Another part of the tour focused on agriculture research including visits to the Institute for Tropical and Subtropical Crops (ITSC), the South African Agricultural Research Council and du Roi Labs. During these visits participants were introduced to research underway including plant breeding programs, new propagation methods and pest management techniques. An opportunity was provided for participants to discuss with their South African counterparts the possibilities for collaboration and future action in fields of research and development

The delegation from Mozambique represented a cross-section of important actors in the industry and consisted of: commercial and emerging farmers from Maputo and Manica Provinces; USAID Mozambique representatives; members of the Ministry of Agriculture's Office for the Promotion of Commercial Agriculture; researchers from the National Research Institute and National Plant Protection Organization; representative of the Mozambique Export Promotion Institute; and TechnoServe Mozambique.

For additional information see the trip report by John Keyser, Jutta Drewes, Ken Ames' trip report, "Study Tour to Commercial Fruit Production Operations: Mapumalanga and Limpopo, South Africa, March 2006.

- **Support to Black Empowerment Enterprise (BEE)**

Research was conducted through a consultative interview process with the Matsafeni Trust, a BEE, in Nelspruit, South Africa. The goal of this research was to establish the training requirements for this for-profit legal entity, to ensure the enterprise remains capable of producing export-quality subtropical fruit. This process was completed by Jutta Drewes with a Training and Development Plan for the Matsafeni Trust being developed. The training requirements, with potential service providers, has been consolidated into a Training and Development Plan, and presented to the organization. Subsequent action on the part of Matsafeni will entail utilizing Technical Training Assistance Fund (TTAF) financing, available from the government of South Africa, for rolling out the training activities. This could be accomplished through the USAID/Pretoria supported PAL and South African International Business Linkages (SAIBL) projects.

- **Continued Collaboration with the South African Litchi Growers Association**

The admissibility barriers facing the South African litchi industry in accessing new markets require research into establishing effective quarantine treatments for litchi moth, false codling moth and fruit flies. Research is currently being conducted by the South African Agricultural Research Council's (ARC) with Trade Hub support. Dr. Tertia Grové, is studying rearing techniques for the litchi moth, in order to have critical numbers of moths to test quarantine treatments. This research is funded collaboratively with South Africa Litchi Growers Association (SALGA) and the EU-funded South African Pesticide Initiative Program (SAPIP).

- **Discussions with South African Supermarkets**

In January, Jutta Drewes traveled to Cape Town to meet senior management of the fresh produce procurement divisions of select South African food retailers. In instances where the food retailers have a regional presence, there could be opportunities for supplying produce locally, thereby stimulating intra-regional trade, or opportunities for meeting South Africa demand through exports from the region

This trip served as an opportunity to introduce the Trade Hub, explain its mandate, objectives and activities and explore opportunities for co-operation. The interviews conducted with procurement management officials also served to: define how linkages with exporting growers would best be established; gain an understanding of the extent and nature of supplier relationship management; and gain insights into certification and accreditation requirements. This information has been incorporated into the TCP's 'How to' guide for importing into South Africa

For additional information see the trip report by Jutta Drewes, "Introductory Trip to Food Retailers: Cape Town, South Africa", January 26-29.

- **Intra-Hub Collaboration**

The Trade Competitiveness project and the MSU PIFID F&V project are collaborating on the development of a Memorandum of Understanding to be signed by each project and

South Africa supermarkets. This document will identify areas or responsibility for all parties involved and serves as a means of ensuring assistance being provided by the Trade Hub reaches the greatest number of beneficiaries without overlapping or being duplicative.

Mozambique

- **Maputo Workshop**

On February 24 a one-day workshop was held in Maputo to present the Action Plan on Removal of Non-Tariff Barriers. This workshop was presented by John Keyser, Ranga Munyaradzi, Evans Marowa and Jutta Drewes representing the Trade Hub. This action plan was developed following a workshop held in September 2005 which identified barriers to export of agricultural products. More information concerning the removal of these non-tariff barriers can be found in the Customs Modernization and Transportation Facilitation section of this report.

The workshop was also an opportunity to present, for comments and suggestions, the how-to manual entitled *Practitioner's guide to importing fresh produce into South African markets*. It was suggested that for the guide to be of maximum use in Mozambique it should be translated into Portuguese. The Trade Hub staff will coordinate with the Bilateral Mission and the Empreenda Program to facilitate this activity. Parties attending the workshop also provided valuable comments and suggestions for improvements which will be incorporated into the next version.

For additional information see the trip report by Ranga Munyaradzi, John Keyser, Evans Marowa and Jutta Drewes, "Facilitation and Promotion of Horticultural Exports in Mozambique: Action Plan on Removal of Non-Tariff Barriers," Maputo, Mozambique, February 23-25, 2006.

Botswana

In Botswana, agriculture activities focused on institutional development support for the Botswana Cattle Producers Association, the conclusion of field trials for melons and participation in a trade show to gain a more in-depth understanding of the European market.

- **Melon Trial Conclusion**

On Tuesday, January 31, the US Ambassador to Botswana, Katherine H. Canavan, the Assistant Minister of Agriculture Hon. Peter L. Siele MP, representatives from the USAID Regional Center for Southern Africa (RCSA), members of the media and the USAID Trade Hub participated in a melon harvesting event sponsored by the Ministry of Agriculture. Participants in this event traveled to three farms in the Gaborone area, witnessed collection and harvesting of numerous melon varieties and participated in the delivery of the produce to a local wholesaler for delivery.



This activity also represented the conclusion of the melon trials supported by the Trade Hub. Initial results from samples provided to South African wholesalers were positive, with an interest in buying product from Botswana. The next step in the process will attempt to grow melons during the winter months, a time when product is not available in South Africa. It is anticipated the planting for the next crop will begin in August.

- **Support to BCPA**

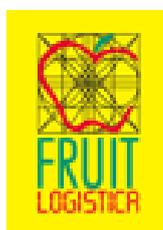
In a continued effort to support the newly established Botswana Cattle Producers Association (BCPA), the Trade Hub sponsored meetings at our facilities in January and February. Support was also provided for the research, writing and publication of the *Joint Working Group's Republic of South Africa Export Parity Price Task Force Recommendations*. The study examines the cattle/beef industry which constitutes the most important agricultural sub-sector in Botswana. This industry could contribute significantly to the Gross Domestic Product (GDP) of Botswana. The sector provides a livelihood to a significant portion of the population (>60%), it has strong forward and backward linkages with the rest of the economy and is an earner of foreign exchange.

The low price paid for production of cattle has put the industry in severe jeopardy. Many farmers were forced out of production because of increase in costs for inputs without a corresponding increase in price paid. As a result of the work of BCPA, with support from the Trade Hub, the Government of Botswana has agreed to a initial price increase of 40%, paid to farmers, as of January 2006. This increase will remain in place while the export parity price is established.



For additional information see technical report, "Joint Working Group's Republic of South Africa Export Parity Price Task Force Recommendations", February 2006.

- **Participation in Agriculture Commodities Trade Show**



Mario Bacchiocchi, Market Chain Coordinator, attended FRUIT LOGISTICA from February 2-4 in Berlin, Germany. The goal of the trip, in support of the general goal of the Trade Hub, was to establish contacts among buyers and market operators for Southern African growers in the horticultural sector. To this end, major buyers in the horticultural sector and growers, packers, and shippers in the fruit and vegetable sector were met with at FRUIT LOGISTICA. These meetings were supplemented by visits to, and interviews with, potential production partners and chain market buyers in Europe.

The focus of these meetings was to gain an increased understanding of requirements for the European market as a key means of increasing trade for Southern Africa producers. The organizations visited, both at FRUIT LOGISTICA and in person, possess critical production, packaging/processing, and distribution assets which could assist projects in Botswana, and across Southern Africa, become successful.

For additional information see trip report by Mario Bacchiocchi for FruitLogistica, February 2006.

Swaziland

- **Project Launch**

Amanda Hilligas and Ken Ames attended the launch of the Swaziland Enterprise and Entrepreneurship Program (SWEET) between February 28 and March 1 in Swaziland. The SWEET program seeks to build and nurture successful SMEs through an intensive five-year effort to support individual entrepreneurs and their businesses through each



stage of development. Recent studies by the Trade Hub identified a number of barriers to trade, which negatively affect the competitiveness of exports from Swaziland. As the SWEET program is implemented, areas of intersection between the Trade Hub and SWEET activities will emerge, particularly in the area of cross-border trade in the agriculture sector.

While in Swaziland, Ames and Hilligas also met with Eswatini Kitchen, to assess the needs of this company for preparation to the Southern African delegation to the upcoming Fancy Foods Show in May 2006. See the AGOA section for further details.

For additional information see trip report by Amanda Hilligas, "SWEET Launch", March 2006.

TEXTILES AND APPAREL

- **US Apparel Retail Survey**

The Trade Hub identified a lack of knowledge, on the part of the US apparel retailers, as a constraint to increased AGOA apparel exports from Southern African. A survey of these retailers, to gain a better understanding of their perception and understanding of sourcing opportunities from Southern Africa, was completed this quarter. Although the response rate was disappointing, the content was not. The initial analysis has been completed with preliminary indications being that Southern Africa has not marketed itself as a possible garment sourcing option. The final report, to be available next quarter, will detail the findings and be used to assist in determining future activities to be undertaken by the Trade Hub in this sector.

- **Material World**

The Trade Hub identified candidates for sponsorship to the Material World trade show to be held in September in New York. The original list of ten candidate companies has been narrowed to four, the number the Trade Hub is able to support. This show will provide a marketplace for one-stop global shopping and direct access to global and local channels of commerce. Participants represent fabric and production sourcing suppliers from around the world presenting their lines and services to leading private label retailers and branded apparel companies. More information is available at <http://www.material-world.com/content/574.htm>

Pursuit of Deal-Making Opportunities

As part of the ongoing efforts being undertaken in this sector, focus continues on fostering relationships between various players both in the region and internationally. Highlights include:

- Provided contacts for vendors to a US based Urban Clothing buyer based in New York. The buyer is interested in jeans, polo and woven shirts. The key issue for the buyer is craftsmanship. The initial enquiry for this request originated with the U.S. Department of Commerce's Minority Business Development Agency.
- A US based retailer introduced to a South African owned International Sourcing House rather than directly with vendors, as this is their first foray in to outsourcing. This retailer is interested in sourcing quality ladies denim jeans. The contact with the Sourcing House will allow for provision of full-package service.
- Fielded a USA enquiry for Baby Knit Wear for hospitals (1 million units per annum). The enquirer was put in contact with four vendors (RSA and Lesotho) each with a capacity to produce twice as many garments per annum as required.
- Followed up with a Tanzania based company in reference to knit fabric supplies to the South African garment manufacturer and reciprocal marketing of RSA garments in to North .
- Introduced a number of South African manufactures to garment manufacturers in West Africa as potential customers of Southern Africa AGOA compliant fabrics.
- Put South African owned International Sourcing House in contact with West African garment manufacturers with a view to possibly supplying South African chain stores.



AGOA SUPPORT

The Trade Hub AGOA strategy includes: (a) continuation of awareness and information-oriented activities at the country, sub-sector, cluster and enterprise level; (b) promotion of apparel and agricultural exports eligible for duty-free status under AGOA; (c) organization, co-sponsorship or participation in relevant events such as the AGOA Forum; and (d) responding to unique, often

unpredictable requests or opportunities to engage in match-making between suppliers and buyers, to facilitate export transactions, and to nurture investment or export deals.

Because value-chain and cluster development are more methodical and strategic in nature, they tend to result in larger export gains over time. On the other hand, it is important that the Trade Hub show short-term results and be responsive to the immediate needs of commercial stakeholders and development shareholders alike. For that reason, the Trade Hub is providing support for match-making, discrete transactions, and specific deals, all of which tend to be opportunistic in nature. The main mechanisms for delivering such support is technical assistance given by the resident AGOA Advisor and short-term technical experts, and observational tours to target markets or to the operations of more experienced players in a particular value chain.

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 RCSA region. During the first quarter of 2006, significant progress was made in supporting the AGOA Mission of promoting partnerships that increase trade in goods to the United States.

Exporting Specialty Food Products to the United States



The International Fancy Food and Confection Show is a high profile, well-attended event that attracts participants from specialty food, wine, gift and department stores, supermarkets, restaurants, mail order and other related businesses. In the past few years, African companies have participated in this trade show and made business contacts. The Africa Fast Track Trade program, in conjunction with the Southern and Eastern African Global Competitiveness Hubs, are sending a delegation of nearly 20 companies to the 2006 show.

The AGOA Trade Advisor has been working over the past quarter with Africa Fast Track Trade (AFTT) to select, support and provide capacity building for appropriate companies positioned for export success to attend the show from four Southern African countries.

The first component of the support provided to these companies was held in December 2005, with Dr. Patrick Wilson, Ph.D., Associate Director for Africa, Europe and the Eastern Mediterranean at the U.S. Food and Drug Administration providing guidance on US labeling requirements. An additional seminar was conducted by two representatives from the National Association for the Specialty Food Trade (NASFT):

After companies attended the labeling and marketing events, AFTT and the Trade Hub encouraged each export-ready company to fill out an application form to be sponsored to attend the Specialty Food Show in Chicago from May 7-9, 2006.

AFTT and the Trade Hub collaborated on the selection of the companies to attend the Trade Show selecting a delegation of over twenty companies from Eastern and Southern Africa who will attend the event in Chicago. Ten companies will attend from Southern Africa. The companies selected represent a wide range of products, from a company representing the first Black Economic Empowerment program (BEE) certified entity in the winery business, to a specialty

chili company that works to promote rural livelihood and mitigation of the human-wildlife conflict.

This quarter the Trade Hub provided assistance to these companies by hiring Mr. Derryck Cox, a consultant who traveled to the region in March. The visit by Mr. Cox to each company attending the show is the second phase of support that is occurring in stages during the six months prior to the show. In addition, Mr. Cox will facilitate networking, advice and business linkages before, during, and after the Trade Show. Both Mr. Cox and the AGOA Advisor visited each company participating in the Chicago Fancy Food Show in March 2006.

To highlight the Southern African companies, AFTT and the Trade Hub are working together to produce a special media insert for the Specialty Food Magazine, a publication read by over 30,000 in the specialty food trade.

Fancy Food Delegation

South Africa

Nelson's Creek

Nelson's Creek is a small winery located in the Western Cape, producing premium South African wines for South African, European and potentially American consumption. Nearly 20 years ago, Alan Nelson purchased a winery from a bankrupt estate to start on the path of his dream, to produce fine South African wine. But with money tight, his best chance to accomplish his goal was to promise vineyard workers some land in exchange for their work.

Over the course of seven years, Nelson and his workers replaced roughly 50 hectares (roughly 120 acres) of old vines with the help of noted viticulturists. Two short years later the vineyard was named the champion wine estate in South Africa's Boland region on the Western Cape. With his dream realized, Nelson turned over 11 hectares of his vineyards to the workers who wanted to own land.

Since those first awards in 1996, Nelson's Creek has continued to win recognition for its wines both at home and abroad. Whether it is Cabernet, Pinotage, Chardonnay or Sauvignon Blanc.

ReMogo Holdings

ReMogo Holdings works with Nelson's Creek to market, produce, and sell wine, using the facilities and products of the Nelson's Creek estate. ReMogo is Nelson Creek's BEE partner, and is working with the historically disadvantaged community in South Africa to produce wines.

Bou Joubert

Bou Joubert is a wine estate located on the outside of Stellenbosch producing fine red South African wines. The estate has an American partner and has recently changed the management structure. Bou Joubert is looking for an additional American importer and retailer to sell their wines. They currently do not use all of their grapes for wine production, and with additional American buyers, their strategy is to bottle most of their production.

Olyvenbosch

Olyvenbosch is a small boutique wine estate located near Wellington, South Africa. The company currently produces about 12,000 bottles per year and they are looking at exporting their entire production to the United States. Olyvenbosch currently has one American retailer, located in the South, Southern Seasons. The Olyvenbosch strategy is to obtain at least 3 additional retailers that will buy all of their production.

Carmien Teas

Carmien Teas is a South African tea producer specializing in uniquely African products such as Rooibos for the local, regional and international marketplace. Carmien participated in the FDA labeling seminar and has recently worked on both the FDA requirements and new marketing for their tea products. Carmien is currently not exporting to the United States and are looking for retailers to carry their products.

So Gourmet

So Gourmet or SoGo! is a South African company producing specialty chili and curry sauces for the South African and the American marketplace. SoGo! is a small emerging company, and is looking to expand operations, including employment in the Cape area.

SoGo! currently uses Verve to import their products to the United States, but believes they will be able to capture additional market share as a result of the Chicago trade show. The company has won awards in the American market for the unique and modern packaging of their sauces.



Employees at So Gourmet prepare an export shipment. The company hopes to employ additional workers in the Cape area with additional retail sales in the US.

Peppadew

Peppadew is a unique South African pepper this company has turned into a condiment to sell in the regional and international marketplace. Peppadew currently exports to more than 20 countries, including the United States. Peppadew is marketing their product to high end restaurants and retailers in the New York area and has recently had success in high-end olive bars.

They are currently trying to grow consumption in the United States, as their market is roughly 60% East Coast, 20% Midwest and 20% West Coast. Peppadew would like to grow distribution and consumption in the United States and is using the Fancy Food Show to penetrate the Midwest market.



The peppadew is produced in the Limpopo province of South Africa, and this company's production employs nearly 2,600 people directly and a further 5,000 indirectly.

Swaziland

Eswatini Kitchen

Eswatini Kitchen was founded in the 1960s by Anglican Missionaries in Swaziland. Since that time, the company has evolved into a quality producer of jams, chutneys and sauces for the international market, employing nearly 200 women. Eswatini exports products to France, Denmark, Sweden, Holland, the Netherlands, Spain, Germany, Belgium and Canada. Eswatini currently operates at 68% capacity and is seeking to penetrate the U.S. market to secure new orders.



Zambia

Elephant Pepper

Elephant Pepper is a unique chili sauce that has an impact on the local community in Livingstone, both in terms of the human-wildlife conflict and rural employment. The Elephant Pepper Development Trust (EPDT) works with rural farmers to employ methods to keep elephants away from local crop production. A practical method to deter elephants from crops is using chili products, as elephants are repelled by the scent of the products.

In 2001, Elephant Pepper introduced chili as a cash crop to the Livingstone area. Elephant Pepper currently purchases chilies from Zimbabwe, Zambia, Kenya and produces sauces from these chilies in South Africa.

Malawi

Nali



Edward Khoromana and his mother Monica standing outside of their production facility that has been in the family for over 30 years.

Nali, Ltd is a family owned business producing hot sauces for the regional Southern Africa marketplace, and has recently penetrated the Middle East market, due to attending a trade show in Dubai. The Trade Hub and the USAID-SALES project, based in Blantyre, Malawi are partnering to send Edward Khoromana to the Fancy Food Show in Chicago.

In 1999, Nali sent a shipment of sauce to the United States that was detained due to FDA labeling requirements and hygiene issues. Since that time, Nali has worked with SALES and the Trade Hub to ensure the proper

labeling is used for the United States product, and has moved production operations to a contract packager in South Africa.

In addition to the visit by Mr. Cox to each company, the Trade Hub in conjunction with AFTT will host a special buyers' breakfast during the second day of the trade show that will include retailers interested in the products from Southern Africa and the consumer media.

For additional information see trip report by Amanda Hilligas, "Trade Capacity Building for the Fancy Food Show", March 2006.

AGOA Resource Center

During the first quarter of 2006, the President of CARANA Corporation, Eduardo Tugendhat, visited the Trade Competitiveness Team to discuss program work and progress on the project. Joyjit Debroy accompanied Mr. Tugendhat during the visit. Together with the Competitiveness Team Eduardo provided useful insight on developing an AGOA resource center that will service stakeholders in the region and assist the Competitiveness Team to select demand-driven requests that may turn into market-driven and value-chain opportunities. The AGOA support program receives an average of 300 requests per month from stakeholders in the region on topics ranging from policy issues to export logistics. The AGOA resource center will provide a valuable customer service center for stakeholders requesting information on AGOA from the Trade Hub.

The AGOA Advisor is working with Barrett Hightower to structure the resource center which will be completed in the second quarter of 2006. The resource center will include an "Are You Export Ready?" document and additional toolkits for stakeholders requesting assistance from the AGOA program.

AGOA Training

Part of the AGOA support program at the Trade Hub includes a training component for stakeholders in each country where the Trade Hub operates. The first AGOA training occurred on the margins of the 2005 AGOA Forum in Dakar, Senegal. Participants from each country were selected based upon recommendations from the U.S. Embassies, USAID Bilateral Missions and African governments.

The second phase of this training will be held in Johannesburg, South Africa from May 23-24. The AGOA training participants will participate in the Business Environment Forum and then will stay for an additional day of AGOA-specific training on May 24. The training will be conducted by consultant Phyllis Shearer Jones, who has worked with the United States Trade Representative and on facilitating business linkages with Southern Africa.

During the first quarter of 2006, the AGOA Advisor and Ms. Shearer Jones have assembled a program to address technical issues under AGOA and strategies for increasing trade and investment with Southern African countries. The training materials will also be included in the AGOA resource center.

AGOA Program Assistant

During the first quarter 2006, Veronica Malama became the new AGOA Program Assistant for the AGOA Support Program. Veronica previously served as an accountant for the Trade Hub under the previous contractor and more recently the accountant under the CARANA contract. Ms.

Malama will be assisting with the AGOA training in the second quarter of 2006, and preparations for the Fancy Food Show and AGOA resource center.

AGOA Support Program Quarterly Indicators

INDICATOR	SOURCE	TARGET	QUANTITY
DEMAND DRIVEN			
Companies assisted in export logistics requests	AGOA support program files	N/A	10
Companies requesting AGOA resource tools	AGOA support program files	N/A	65
Calls received on AGOA inquiries from regional companies	AGOA support program files	N/A	26
Emails received on AGOA inquiries from regional companies	AGOA support program files	N/A	34
U.S. government stakeholders requesting information or program assistance	AGOA support program files	N/A	14
African government stakeholders requesting information or program assistance	AGOA support program files	N/A	3
MARKET DRIVEN			
Companies assisted for Trade Show support	AGOA support program files	10	10
Number of people trained on exporting to the United States or product entry into the United States	AGOA support program files	50	73
Number of U.S. buyers or retailers requesting information on Southern African products	AGOA support program files	N/A	3
Number of business linkages/networking established with U.S. buyers	AGOA support program files	5	6

Support for HIV/AIDS Mitigation

The Trade Hub continued its work with firms in South Africa for HIV/AIDS workplace interventions. These activities focus on capacity building of clusters of firms to adequately respond to HIV/AIDS thus minimizing the impacts on the competitiveness.

In Zambia HIV/AIDS Advisor Paolo Craviolatti participated in the launch of the HIV/AIDS workplace mitigation activities for the Zambia Export Growers Association (ZEGA) between February 13 - 17. The focus of this series of meetings was to detail activities to be undertaken with ZEGA and too coordinate with the MATEP project to ensure synergies with activities being implemented by this Bilateral USAID program. The activities scheduled to be provided by ZEGA will be carried out by the ZEGA Training Trust (ZTT).

Dr. Craviolatti also met with the Zambia Business Coalition on AIDS while in Lusaka. The meeting explored how to access Global Fund of HIV/AIDS, Malaria and TB funds.

In South Africa activities focused on implementation of workplace mitigation programs in coordination with the International Organization for Migration (IOM) and the Hoedspruit Training Trust (HTT). Utilizing funding from the Business Trust of South Africa emphasis was also placed on the design of workplace policies and program. This efforts will assist in the development of standard policies for the 16 firms in the Hoedspruit cluster and 3 firms in the Melalane cluster.

For additional information see trip report by Paolo Craviolatti, "Trade Competitiveness and HIV/AIDS Visit to Zambia", March 2006.

SECTION III: PLANNED ACTIVITIES AND RESULTS

April - June 2006

TRADE HUB MANAGEMENT, TRADE FACILITATION AND CAPACITY BUILDING

The following list of planned activities for the second quarter of 2006 is organized according to specific tasks under the headings of “Trade Capacity Building”, “Customs Modernization and Transport Facilitation” and “Dialogue for Competitiveness”. Each activity is demand-driven and strategically designed to advance the work of TFCB and make a maximum contribution to the overall goals of the project.

EXPECTED ACHIEVEMENTS

The Trade Facilitation and Capacity Building activities of the Trade Hub directly address the goals of the President’s TRADE Initiative as well as tracking closely with the focus of the new African Global Competitiveness Initiative (AGCI). The Trade Hub works to promote regional integration and cooperation by strengthening the ability of sub-Saharan African countries and businesses to develop economic policy and create an improved business environment towards developing regional and international trade.

Specific results in the second quarter of 2006 will build on previous activities and projects and are expected to include:

- Final Report on Trade Facilitation for the Government of Zambia submitted and stakeholder meeting held;
- Draft Report of the Namibia Tourism Investor Roadmap submitted and stakeholder presentation held;
- Final Report of analysis identifying inconsistencies of proposed regional harmonized seed regulations with national regulations complete to support final adoption and implementation of regional seed regulations.
- Develop Terms of Reference for a Feasibility Study for a one-stop border post between Mozambique (Ressano Garcia) and South Africa.
- Film Series Examining Trade and Competitiveness Issues in Southern Africa completed and launched at Regional Business Environment Roundtable;
- Private Sector Workshops plan developed for countries in the region around showing of Film Series in- country.
- Fifth issue of news publication, *Inside Southern African Trade (INSAT)*, on Trade Facilitation published;
- Finalize Performance Monitoring Plan and Indicators with USAID/Mission and establish benchmarks.

These achievements are expected to result from the following planned activities for the first quarter of 2006. The activities are organized according to specific tasks under the headings of

“Trade Capacity Building”, “Customs Modernization and Transport Facilitation” and “Dialogue for Competitiveness”. Each activity is demand-driven and strategically designed to advance the work of TFCB and make a maximum contribution to the overall goals of the project.

PLANNED ACTIVITIES

The requests from the first quarter of 2006 as well as the ongoing projects from 2005 will generate a wide range of activities during the second quarter of 2006. The technical activities planned for the next quarter, organized by task, are expected to include the following:

Trade Capacity Building

Task 1.2 Providing Support for Countries to Identify National Trade Interests and to Implement National Priorities

- Conduct process improvement workshop for Swaziland in close collaboration with the Swaziland Investment Promotion Authority (SIPA).
- Assist Swaziland to produce a procedural guide for investment in Swaziland focusing on a trading license system.
- Assist the FSE&CC Swazi Chamber to produce a compendium of trade and commerce laws which will serve as a tool for their outreach and capacity building activities.
- Assist the Swaziland Investment Promotion Agency (SIPA) in drafting an Investor’s Guide aimed at foreign investors and attracting more foreign direct investment to the country.
- Prepare a policy note on the costs and benefits of trade facilitation for the private sector and governments in the region based on the Trade Hub’s experience with conducting a trade facilitation country assessment in Zambia.
- Initiate a review of Madagascar’s SPS requirements as compared to the SADC Draft Annex on SPS per a request from the SADC Secretariat.
- Produce the Final Report on the assessment of trade facilitation needs and priorities for Zambia and hold a stakeholder meeting.

Task 1.3 Support for Implementation of Trade Agreements

- Prepare information and policy briefs and coordinate, with the Federation of Swaziland Employers Federation and Chamber of Commerce, FSE&CC, preparation and planning for a one day information seminar for private sector on on-going trade negotiations.

Task 1.4 Support for Countries to Participate more Effectively in Trade Negotiations and Task 1.5 Support to SACU-US FTA

- Conduct joint induction course for Trade Policy Analysis funded by the Commonwealth Secretariat stationed in SADC member states for the entire region.

- Conduct training course for Lesotho on trade policy
- Assist Lesotho with policy brief on WTO and EPA.
- Prepare Final Draft of Trade Facilitation Assessment for Zambia
- Continue consultations with Angola on Trade Hub assistance for SADC-EPA agricultural negotiations which Angola is coordinating.

Task 1.5 Support to SACU

- Continue to coordinate and implement the TCB program for the BLNS.
- Consult with SACU Secretariat on follow-up activities from the policy papers prepared by the Trade Hub on bilateral agreements and national tariff bodies.

Task 1.6 Support to SADC

- Facilitate implementation of Regional Seed Policy Harmonization plans in support of SADC.

Task 1.7 Support to Policy Change Issues Related to Trade Competitiveness Activities

- Continue to support the Botswana Cattle Producers Association in its efforts to ensure the Government implements export parity pricing and other policy change to boost the industry.
- Continue to support the efforts of the Botswana Economic Advisory Council.
- Present the findings and recommendations of the Tourism Investor Roadmap to a stakeholders' workshop to be held in Windhoek, Namibia, in May 2006.
- Provide continued support to SIPA towards implementation of the investor roadmap recommendations.

Customs Modernization and Transport Facilitation

Task 2.2 Improve the Capacity of Customs Administrations to Implement Policies and Regulations that Support Competitiveness and Free Trade

- With respect to Zambia air cargo costs and capacity for horticulture exports, explore the potential of the Angolan Airline (TAG) to airlift cargo horticultural exports from Lusaka to Europe.
- Develop the terms of reference for a feasibility study on the proposed Dry Port at the Mozambique / South African Border, which will establish the structure and cost of the project.
- Liaise with SADC Secretariat on development of North-South Corridor and on implementation of TKC Pilot Regional Customs Transit Bond Guarantee.

- With respect to a new transport corridor, the Trans Cunene, from Windhoek to Southern Angola which will be opened as an extension of the TKC, modify the procedures and SAD 500 to accommodate Angola's needs.

Task 2.3 Support for Implementation of Customs Efficiencies and State-of-the-Art Methodologies

- For North-South Corridor Activities, review the operation of the pilot cross-border overload control initiative at Martin's Drift – Gobbler's Bridge border post to verify compliance with the original system design and take note of any issues requiring improvement based on the experiences. In addition, an action plan for replicating the system along the North-South Corridor and the Trans Kalahari Corridors will be developed.
- For the Beira Corridor, work with the Malawi and Mozambique stakeholders to develop a road map for the implementation of one-stop border post processing at the Mwanza-Zobue border post between the two countries.
- Review progress on development of simplified and harmonized Customs procedures and SAD 500 on the Maputo, Beira and Dar es Salaam Corridors.
- Work with the Malawi Revenue Authority to implement an Action Plan for removing constraints found during the WCO Time Release Study which was finalized during the last quarter.
- Complete the third and final phase of WCO Time Release Study in Mozambique; analyze the data collected by the TRS Working Group and produce the Mozambique National Report, using the WCO Software.
- Launch the WCO Time Release Study in Zambia. This will involve the following activities: (i) draft the methodology and Questionnaire; (ii) draft Terms of Reference for the Zambian TRS Working Group; (iii) train the Zambian TRS Working Group; (iv) analyze the findings of the Time Release Study and produce the Zambian National TRS Report.
- Assist Mozambique to implement the Action Plan on the removal of non-tariff barriers to agricultural exports.

Task 2.4 Support for Training and Capacity Building

- With respect to the TKC maintain close liaison with the Government of Botswana officials to secure payment of the Botswana contribution to finance the permanent secretariat as an interim measure. The SA Trade Hub will follow up exchanges with the Northern Corridor Transit Transport Corridor Authority in order to develop suitable member country contribution formulae to finance the corridor secretariats as well as to design appropriate systems for collection of tonnage levies through the Namibian Ports Authority (NAMPORT).
- For the Dar es Salaam Corridor, work with the Corridor Secretariat and key service providers to develop a briefing document for the Ministers responsible for transport in the

corridor countries highlighting priority interventions required to ensure uninterrupted trade flow along the corridor.

- For the Dar es Salaam Corridor, work with the Corridor Secretariat to propose a formula for country contributions to fund the activities of a permanent Corridor Secretariat as well as to design appropriate systems for collection of tonnage levies through the Tanzania Ports Authority. This formula will be presented at the next DCC meeting in Dar es Salaam in May 2006 with a view to securing agreement by the DCC to implement it and initiate the recruitment of a permanent secretariat.

Dialogue for Competitiveness: Building Private Sector Advocacy and Outreach

Task 4.1 Relationship Building and Workshops, Seminars, Roundtables and Training

- Organize a Business Environment and Competitiveness Roundtable in Johannesburg on May 23 for public and private stakeholders from each country in Southern Africa. The program will include the launch of the Trade Hub's Trade Film Series. It will be organized in conjunction with an AGOA training seminar of the Trade Competitiveness activity on May 24 at the same venue.
- Provide meeting space and ongoing technical support for the policy change efforts of the Botswana Cattle Producers' Association (BCPA).
- Study micro finance options in Botswana and make recommendations as to how to best establish a microfinance service for WIBA's members.
- Assist WIBA with the recruitment, contracting and activities of a Membership Campaign Coordinator who will begin spearheading a membership campaign for WIBA during the second quarter of 2006.
- Develop private sector workshops plan for countries in the region around showing of Film Series in-country.

Task 4.2 Preparation and Dissemination of Outreach Materials

- Publish the fifth issue of the Trade Hub's quarterly newsletter on trade matters, *Inside Southern African Trade* (INSAT). The fifth issue will look at Trade Facilitation in Southern Africa.

Task 4.3 Website Enhancement

- Continue to expand and improve the Trade Hub website by adding technical reports, training materials and expanded links.

TRADE COMPETITIVENESS

Activities being undertaken by the Trade Competitiveness team during the coming quarter will continue to focus on the identified sectors. It is anticipated they will include:

Exportable Agriculture

During the first week of the quarter Mr. Craig Carlson will join the team as the Agribusiness Advisor. Craig is an agricultural economist and private enterprise development specialist with years of business development experience. This includes experience in industry and competitive analysis, business strategy/planning/implementation, and market development, primarily in the food and agriculture sector.

Mr. Carlson will take the lead in implementing the Trade Hub's activities in exportable agriculture. During the next quarter these are likely to include:

Zambia

- Coordinate with growers to determine the effectiveness of a study on U.S. market opportunities for baby vegetables.
- If accepted by ZEGA and the Dutch Government, participate in training provided by the PUM Dutch Expert for Zambian banks.

South Africa

- Continue fostering and establishing relationships with leaders in the export marketing, subtropical fruit production, fresh-cut operators and research institutions.
- Liaise with buyers from fresh-cut operations and food retailers to gauge interest in a buyer's visit to Zambia to explore procurement opportunities.
- Travel to Cape Town and meet with Supermarket buyers to finalize identification of activities to be carried out in coordination with PFID.

Mozambique

- Follow-up with the participants of the Study Tour to determine individual next steps as needed.
- Organize an observational tour by South African marketing firm to southern Mozambique.
- Provide assistance to the Emprenda project for translation of the Importers Guide.
- If translation complete, participate in workshops to disseminate to stakeholders nationwide.

Botswana

- Continue support to the BCPA for the establishment of parity pricing for the cattle sector.
- Contact farmers involved in melon trials to evaluate experience and lessons learned. This information can be used during the next planting.

Namibia

- Conduct scoping activities to assess whether technical assistance should be provided to develop red meat and horticulture export activities from Northern Namibia into Angola
- Travel to southern Namibia to investigate opportunities to support to table grape growers with exports to USA
- In Windhoek, explore opportunities for diversification in seafood sector.

Swaziland

- Arrange a fact-finding tour for South Africa producers and marketing companies to meet investment agencies, producers and other role players in Swaziland to assess investment opportunities, in coordination with SWEEP.

Sustainable Tourism

The activities to be undertaken in the coming quarter in the sustainable tourism sector could include:

- The Value Chain Leader will participate in a short-term assignment with MATEP in Zambia.
- Continuation by the Value Chain Leader to identify alternative support, both technical and financial, for moving activities in this sector forward.

Textiles and Apparel

The Trade Hub expects to carry out the following activities next quarter in the textile and apparel sector:

- Anticipate trips to Zambia, Malawi and Swaziland to access considerable changes in the industry (updates, additional vendor opportunities for US retailers, areas of possible assistance, etc)
- Complete the compilation of the US demand survey results
- Plan three roundtable meetings to disseminate results
- Finalize selection of participants for Material World in September 2006, including beginning process for obtaining the necessary visas and other documentation
- Continue deal-making introductions for entities in Southern Africa

AGOA Support

The Trade Hub expects to carry out the following activities next quarter:

- Conducting a series of country-level round tables to present the findings of the apparel surveys.

- Conducting an AGOA training and business forum from May 23-24 in Johannesburg, South Africa, which will include delegates from each country the Trade Hub covers in Southern Africa.
- Visit by consultant Barrett Hightower to finalize the AGOA resource center and analytical support on an AGOA 5-year report.
- Attend and support the 2006 AGOA Forum, to be held from June 6-7 in Washington, DC.
- Capacity building for firms from Southern Africa attending the Material World apparel trade show in New York City from September 26-28, 2006.
- Attend and support 10 companies at the Fancy Food Show held from May 7-9 in Chicago, Illinois.
- Post trade show support for companies attending the Fancy Food Show in Chicago.
- Workshop in Swaziland on partnership between Customs and private sector stakeholders on bottlenecks to exporting from Swaziland.
- Attend the Foreign Commercial Service and State Department training on May 31-June 1 to present the Competitiveness Program and AGOA Program.

SECTION IV: FINANCIALS

TRADE FACILITATION AND CAPACITY BUILDING

a. Budget	\$24,711,932
b. Cumulative expenditures before this quarter	\$ 4,362,514
c. Expenditures during this quarter	\$ 1,229,323
d. Cumulative expenditures through this quarter (b+c)	\$ 5,591,837
e. Remaining budget (a-d)	\$19,120,095
f. Obligated amount	\$ 7,773,721
g. Remaining obligated amount (f-d)	\$ 2,181,884

TRADE COMPETITIVENESS

a. Budget	\$6,911,503
b. Cumulative expenditures before this quarter	\$1,984,089
c. Expenditures during this quarter	\$ 306,380
d. Cumulative expenditures through this quarter (b+c)	\$2,290,469
e. Remaining budget (a-d)	\$4,621,034
f. Obligated amount	\$3,899,010
g. Remaining obligated amount (f-d)	\$1,608,541

ANNEX



USAID
FROM THE AMERICAN PEOPLE

SOUTHERN AFRICA

SUCCESS STORY

New Publication Informs and Empowers

The USAID Southern African Trade Hub empowers stakeholders with information on relevant trade issues

SOUTHERN AFRICA GLOBAL COMPETITIVENESS HUB



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USAID SOUTHERN AFRICA

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Through making available, in a concise and accessible format, reliable and regular information on trade-related issues, USAID is empowering policy makers and private sector actors to better define, articulate and defend their interests.

The news publication also contributes to breaking down negative perceptions about the region that exist abroad.

U.S. Agency for International Development
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At the end of May 2005 Southern Africa got its first specialized quarterly news publication covering trade related issues relevant to the region.

Designed to complement other activities undertaken by the USAID Southern African Trade Hub to enhance Southern Africa's trade competitiveness and further USAID's strategic goals of economic development and growth in the region, INSAT is distributed electronically and in hard copy to over 5,000 stakeholders in the region and beyond. The news publication's target audience includes policy makers, the private sector, regional civil society, donor community, and interested parties outside the region.

The dearth of reliable and regular information on trade-related issues in Southern Africa adversely affects the ability of our stakeholders to define, articulate and defend their interests. The lack of information about Southern Africa has also contributed to negative perceptions of the region as a high-risk investment destination.

INSAT addresses these issues by providing clear and concise reporting on a number of issues that affect trade and competitiveness in the sub-region. The objectives of the news publication include: the promotion of good practice with relation to trade and competitiveness by highlighting innovative approaches; highlighting success stories to help promote a positive image of the region; the introduction of trade related resources; highlighting initiatives and activities undertaken or supported by various US agencies and by the U.S. Administration to support development in the region; providing in-depth analysis of some key trade related issues that have been overlooked or underreported by the media in the region.

The first four issues of INSAT were received with great enthusiasm that confirmed the region's need for such a publication.

"It is a great paper – I really think this is a great service to all of us in the field." Carrie Walczak, USTDA

"I read you last issue of INSAT dedicated to Hong Kong and found it being an excellent putting together of valuable and insightful materials." Luis Eduardo Siteo, National Director for International Relations, Ministry of Industry and Trade, Mozambique

"Thank you very much for such an informative newsletter." D. Njowa, SADC Desk Officer, Ministry of Foreign Affairs, Zimbabwe

"Congratulation[s] – this is a very good effort in concise reporting on regional issues." J.A.H. Hoffmann, Senior Trade Advisor, Namibian Agricultural Trade Forum



FIRST PERSON Melon Trials Provide Opportunity

Itumeleng Ncube is finally practicing her trade – working as agricultural technician and farm manager



Photo: Southern Africa Trade Hub

I am so happy to have this job and to finally be able to give my children a little bit extra. It was hard when we had to do everything with only my husband's salary.

—Itumeleng Ncube, Agricultural Technician on the farm of Olebile Gaborone, where trial melons and watermelons have been grown since September 2005

Cynthia Ncube, shows off a new school uniform to her girlfriends at boarding school in Bulawayo, Zimbabwe. Finally, Itumeleng Ncube does not have to worry, term after term, about how she will be able to afford the ever-increasing school fees for her two older children. This was not the case last year.

Thanks to a collaborative effort between the USAID Trade Hub, the Botswana Horticulture Council (BHC), Ministry of Agriculture, and local farmers to explore the feasibility of commercial melon farming in the area around the country's capital city, Gaborone, Itumeleng Ncube is earning a regular income for the first time in 12 years.

A trained agricultural technician, Itumeleng followed her husband to Botswana in 1993 after he was recruited as a secondary school teacher. That was more than a decade ago.

Today Itumeleng is not only an employee, but also an employer herself. Since starting work full-time, she hired a young Motswana girl to look after her youngest daughter, 3-year old Muzingaye at home.

Itumeleng, whose name means 'to give thanks' in Setswana, the tongue of her paternal grandparents, ascribes her newfound economic freedom entirely to the efforts of the USAID Trade Hub, the BHC, the Ministry, and the farmers to carry out the melon trials. During the winter season, specialty melons are not produced elsewhere in the region. Fruit processors in South Africa, who export extensively to the EU market, have indicated their satisfaction with the quality of melons delivered thus far as part of the trial.

Much like the trial melons, Itumeleng feels she is also under scrutiny after spending the past 12 years caring for her family. She looks forward to continuing working as a farm manager when commercial production starts. She would also like to share the specialized expertise gained from the trials with others and further expand her own skills.



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SOUTHERN AFRICA

SUCCESS STORY

First Time Release Study for the Region

A Time Release Study identifies bottlenecks and delays in the customs process



Photo: Southern Africa Trade Hub

If the recommendations of the Time Release Study currently being carried out in Mozambique are implemented, Customs operations at the Ressano Garcia border post between South Africa and Mozambique will be streamlined.

The USAID Southern Africa Trade Hub, in partnership with the World Customs Organization, assisted Malawi to carry out a diagnostic study to identify inefficiencies in the customs clearance process in order to reduce the costs of doing business in Southern Africa.

The USAID Southern Africa Trade Hub, in partnership with the World Customs Organization, facilitated the design, execution and completion of a Time Release Study (TRS) for Malawi. The study, which was carried out at the end of 2005, is the first-of-its-kind to be completed in the Southern African region.

A TRS is an effective diagnostic tool for identifying inefficiencies in the customs clearance process and determining necessary infrastructure, policy and process improvements as it assesses the time elapsed at each stop in the cargo release process. The successful completion of a Time Release Study relies very heavily on the concept of ownership by all stakeholders. Towards this end, the USAID Trade Hub assisted Malawian stakeholders to put together a representative working group to lead the process.

The Working Group included representatives from the Malawian Customs Authority, Freight Forwarders, relevant Government Departments (such as from the Ministry of Agriculture), the pre-shipment inspection company, and transporters. With technical assistance from the USAID Trade Hub and World Customs Organization, the working group designed a questionnaire, administered the questionnaire at selected border posts, compiled and analyzed the results and produced a final report containing recommendations for possible improvements to the customs process.

At present the USAID Trade Hub is assisting Malawi in designing Action Plans for implementing the recommendations identified in the final report.

As a result of the successful experience in Malawi, a TRS, supported by the Trade Hub and WCO, is currently being carried out in Mozambique, and Zambian authorities have also expressed their interest in undertaking a similar study.



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SUCCESS STORY

Cattle Farmers Get Higher Prices

BOTSWANA MEAT COMMISSION PAYS PRODUCERS HIGHER PRICES IN BID TO BOOST THE STRUGGLING CATTLE INDUSTRY



Photo: Southern Africa Trade Hub

It is hoped that the increases offered to farmers will lead to greater throughput at the Botswana Meat Commission's abattoir in Lobatse which currently operates well below capacity.

As a result of the Trade Hub's technical work and continued support to cattle producers in lobbying for changes to Botswana's beef export policies, in December 2005 the Botswana Meat Commission (BMC) increased the prices it pays to producers by an average of 40 percent.

In an effort to revitalize the cattle industry and increase incentives for raising cattle, the Botswana Meat Commission (BMC), which has a monopoly over Botswana's beef exports, has increased the prices it pays to producers by an average of 40 percent since the beginning of 2006.

The price increase comes at a time when the Botswana cattle sector is facing significant difficulties due to declining exports. The sector's share in exports has fallen by more than 50 percent – from 3.4 percent in 1998 to only 1.3 percent in 2003 with only a slight recovery to 1.5 percent in 2004. Revenue from beef exports also reached a record low in 2003 with only 166 million Botswana Pula (US\$30 million), down from 349 million Pula (US\$63 million) in 1998.

The cattle sub-sector is the mainstay of Botswana's rural economy, with an estimated 20-25 percent of the country's households involved in cattle rearing as owners or employees. While the amounts are low, it remains the country's second largest foreign exchange earner.

The recent increase in prices is aimed at spurring growth in the industry by encouraging more investments in cattle rearing.

The Minister of Agriculture told Parliament recently that the Government has left the door open for further reviews of its policies on the cattle industry and, potentially, more price increases for producers.

Government efforts to boost the cattle industry, including the recent price increases, are in line with recommendations made in a USAID Trade Hub policy paper by Dr. Keith Jeffers. The paper, published in 2005, identified the low prices paid by the state-owned BMC as one of the main impediments to the economic viability and expansion of the sector.

With Trade Hub support, the Botswana Cattle Producers' Association (BCPA) provides a strong voice to cattle farmers and is recognized as a key partner by the Government of Botswana.