

# NEWS WRAP

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The New Common market of East African Community (EAC) covers Burundi, Kenya, Rwanda, Tanzania and Uganda. Benefiting over 130 million people, the agreement was signed in 2009, at the EAC's headquarters in the Tanzanian city, Arusha. From mid-2010, goods are expected to be sold without tariffs, across the borders, within the five signatory countries. Future prospects glow on monetary union and a political federation. At a future date, the EAC could combine with the free-trade blocks in southern and western Africa. Though the EAC's combined GDP is a small \$ 75 billion, regional trade and commodity trade competitiveness will improve, consequent to abolition of tariffs. The EAC will have a larger manufacturing base, in trade with Congo, Ethiopia and Sudan. Cheap goods from China will face stiff competition from EAC manufactured items.

Kenya has a strong base of manufacturers, retailers and banks. Goods from Rwanda and Burundi will receive cheaper and quicker transport from ports of Mombasa and Dar es Salaam. Imported goods will also be benefited. Uganda will benefit from agricultural goods exports. Tanzania wishes to continue the taxes on goods from Kenya. There are fears over free movement of labour, as the better-educated Kenyans could derive better opportunities. But a larger number of superior roads, railways and power stations are required to widen the benefits of the common market.

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Since 2004, the European arrest warrant as passed by the European Parliament, has allowed courts to order the arrests of suspects, anywhere in the European Union. The warrant has made it difficult for border-crossing criminals to evade justice. The process of extradition has been speeded up. The legal innovation is widely used. A man wanted for stealing chickens was recently extradited to Rumania, and the British High Court refrained from interfering. More than half of all Britain's extraditions to Europe are Polish. The number of transfers from Britain to Poland, increased from four in 2005, to more than 200 in 2008. Poland and some east European countries request extradition for any crime, even though petty. "Theft of a chicken", "theft of a piglet" and "theft of a cupboard door" are some of the crimes for which Polish migrants have been extradited back to Poland. In Britain, the serious organized crime agency, designed to break international crime syndicates, is tracking down fugitives guilty of poultry theft. The Polish constitution requires the Polish government to impose arrest warrants on every offender.

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An analysis by A Deaton and Jean Dreze "Food and Nutrition in India : Facts and Interpretations" (2009) points to failure of anti-poverty programs, nutritional deprivation and inequity. There has been a huge worsening of nutritional deprivation in India between 1983-2004, in spite of comprehensive macro-policy reforms and accelerated growth. A significant decline in calorie intake occurred during 1983-2004. The decline in total calories intake has been at the same levels for rich and poor. The per capita calorie norms are 2100 for urban areas, and 2400 for the rural. The proportion of calorie deficient population in the urban

areas has increased from about 58% to about 64%, during 1993-2004. Similarly the proportion of calorie deficient population in the rural areas has risen from about 71% to about 80% over the same period.

With empirical validation, there are several conjectures. Better access to drinking water, transportation, and improved epidemiological environment with less exposure to disease and infections, may have reduced calorie requirements. Rising incomes may cause emulation of consumption patterns and being influenced by advertisements. Statistics of World Bank researches reflect a trend decline in different indices of poverty, viz the head-count ratio, the poverty gap index and the squared poverty index gap, over a period of fifty years, in the fifteen years of economic reforms. Apparently, there has been a decline in urban and rural poverty measures. There has been a faster decline in the head-count ratio in the post-reforms period (upto 2005-06), in comparison to the pre-reforms period (until 1991).

There has not been larger reductions in poverty in the post-reforms phase, if poverty is measured by the intensity of poverty measures (the poverty gap index) and greater valuation of the gains of the poorest (the squared poverty gap index). Rural economic growth was the main driving force for overall poverty reduction, until 1991. Urban growth reduced urban poverty, and rural growth reduced rural poverty. In the post- reform phase, the rapid rise in urban living standards has reduced urban and rural poverty. Urban economic growth has alleviated urban and rural poverty. The marginal rural economic growth has benefited the deprived sections in rural areas without benefiting the urban sector.

The divergence between reduction in poverty and the steady rise in calorie deficient population continues, as the poverty estimates are not co-related to nutritional adequacy. India faces intriguing figures of urban growth reducing urban and rural poverty, acute expenditure inequality, and an increasing proportion of calorie deficient population in urban and rural areas.

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In order to replace the out-dated weapons of 15 lac state policemen and 7.5 lac jawans of the central police, organizations (viz BSF, CRPF, CISF, etc) India's Union Ministry of home affairs has promulgated a draft Arms and Ammunition Manufacturing Policy, which allows the department of Industrial Policy and Promotion, to issue licenses to large private companies, that are capable of manufacturing advanced weapons, and invest over Rs 50 crores, to manufacture arms and amunition, which are to be "primarily supplied to the Central Paramilitary Forces, Defence, and state governments, on tendering basis". Certain foreign suppliers who would partner the Ordnance Factories Board (OFB) to produce modern rifles and carbines, for the military and police, have been blacklisted. With an annual production capacity of 100,000 rifles at each of the two ordnance factories at Ichapore (West Bengal) and Kanpur (UP), the annual replacement requirement of 17 lac soldiers, sailors and air force personnel were barely met. Now India's private sector will arm the security forces with small arms, carbines and ammunition to respond to terror attacks. □□□