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REPORT OF THE THIRD EXTRAORDINARY CONFERENCE OF MINISTERS OF TRADE,
FINANCE AND PLANNING OF EASTERN AND SOUTHERN AFRICA

ADDIS ABABA, ETHIOPIA, 13-15 OCTOBER 1981

A. ATTENDANCE AND ORGANIZATION OF WORK

Opening of the meeting (agenda item 1)

1. The Third Extraordinary Conference of Ministers of Trade, Finance and Planning of Eastern and Southern Africa was held in Addis Ababa, Ethiopia, from 12-15 October 1981.
2. The meeting was formally opened by Comrade Berhanu Bayeh, member of the Standing Committee of the Provisional Military Administrative Council and of the Executive Committee of the Commission to organize the Party of the Working People of Ethiopia. The Executive Secretary of the Economic Commission for Africa, Professor Adebayo Adedeji, also made an opening statement. The Honourable A.S. Mchumo, Minister of Trade of the United Republic of Tanzania, proposed a vote of thanks.

Attendance

3. The meeting was attended by Ministers and officials from the following member countries of the Eastern and Southern African subregion: Angola, Botswana, the Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mozambique, Swaziland, United Republic of Tanzania, Uganda, Zambia and Zimbabwe.
4. Also attending the meeting were observers from Burundi, Rwanda, African Development Bank (ADB), African Centre for Monetary Studies (ACMS), East African Development Bank, and UNCTAD.

Election of Officers (agenda item 2)

5. The meeting elected the following officers:
 - Chairman - Ato Wollie Chekol (Ethiopia)
 - Vice-Chairman - Mr. Augusto Teixeira de Matos (Angola)
 - Rapporteur - Hon. Raja Kunda (Zambia)

B. ADOPTION OF THE AGENDA (agenda item 3)

6. The meeting adopted the following agenda:
 1. Opening of the meeting
 2. Election of officers
 3. Adoption of the agenda and organization of work
 4. Consideration of the outstanding issues arising from the Resumed Session of the Enlarged Conference of Ministers of Trade, Finance and Planning, with particular reference to:
 - (a) Chapter 10 of the Proposed Treaty - Financial Provisions, with particular reference to the formula for contributions by member States to the budget of the PTA secretariat;

- (b) Annex VI to the Proposed Treaty - Draft Protocol on Clearing and Payments Arrangements as amended by: (i) the Working Group of Governors of Central Banks and Principal INT Negotiators of 8 selected ESA States; (ii) the East African Subregional Committee of the Association of African Central Banks.
 - (c) Annex XII to the Proposed Treaty - Draft Protocol relating to the unique situation of Botswana, Lesotho and Swaziland - Report by the RLS States on their consultations with the Republic of South Africa, and on their consultations with each other on the proposed amendments by Lesotho.
 - (d) Article 20 of the Proposed Treaty - Re-exportation of goods and transit facilities, with particular reference to the re-export of goods imported from member States of the PTA.
- 5. Chapter 9 of the Proposed Treaty regarding the Establishment of the Eastern and Southern African Trade and Development Bank, including the Draft Charter of the Bank.
 - 6. Article 11 of the Proposed Treaty: Tribunal of the Preferential Trade Area - consideration of the revised draft general provisions and statutes.
 - 7. Dates for the Summit Conference of Heads of State and Government of Eastern and Southern Africa
 - 8. Any other business
 - 9. Adoption of the report of the meeting.

C. ACCOUNT OF PROCEEDINGS

- 7. In his opening statement Comrade Berhanu Bayeh, Member of the Standing Committee of the Provisional Military Administrative Council and of the Executive Committee of the Commission to organize the Party of the Working People of Ethiopia, welcomed the honourable Ministers and the delegations to Addis Ababa, and expressed the hope that the Third Extraordinary Conference of Ministers of Trade, Finance and Planning would finalize negotiations on the Treaty for the establishment of a Preferential Trade Area.
- 8. Comrade Berhanu Bayeh then highlighted some of the prevailing international economic crises whose impact had adverse effects on the economies of the African countries. He stressed that the world economic environment not only was not supportive of the development efforts of African countries, but had also contributed to the continuous deterioration of the terms of trade of the primary commodities exporters, and the inability to secure sufficient export earnings from the primary products which had led to heavy debt burdens. Higher interest payments required to service the external debts had also continued to erode the purchasing power of the export earnings, thereby resulting in the reduction of the real value of foreign exchange resources. He noted that the situation had been particularly acute for the Eastern and Southern African subregion which had a substantial number of the least developed countries.
- 9. He stated that, in view of the declining trend in intra-African trade, and in view of the fact that the economies of the African countries still remained appendages of former metropolitan countries, serious measures should be taken to strengthen and

consolidate solidarity among the African countries and gear their economies towards independence and self-reliance in the interest of the African people. It was in this context, Comrade Berhanu Bayeh observed, that regional co-operation became an issue of great significance. He underscored the urgency of establishing the Preferential Trade Area now and not later, as the Lagos Plan of Action required that an African Common Market be established by 1990 and an African Community by the year 2000.

10. In conclusion, Comrade Berhanu Bayeh exhorted the Ministers to fulfil the commitment made in Lusaka three and a half years ago, by completing the negotiations at this Third Extraordinary Conference of Ministers of Trade, Finance and Planning, as this would lead the countries to take one step forward in the struggle to improve the living conditions of the African people.

11. In welcoming the delegates to the Third Extraordinary Conference of Ministers of Trade, Finance and Planning of Eastern and Southern African States, Professor Adebayo Adedeji, Executive Secretary of the Economic Commission for Africa, also thanked the Government of Socialist Ethiopia for the warm welcome that had been accorded to the Honourable Ministers and their delegations. He stated that under the dynamic leadership of Comrade Chairman Mengistu Haile-Mariam, Socialist Ethiopia had been able to make tremendous progress in the field of economic reconstruction, in addition to playing a positive role in the African affairs.

12. He stated that, through collective efforts, and through the establishment of the Preferential Trade Area, countries of the subregion would be in a better position to mobilise and exploit to the maximum the vast economic potential of the subregion and to embark on the road to economic independence and cut loose their dependence on developed countries for the provision of financial aid, technology, technical skills and even food and ideas. It was only then that the countries of the subregion would be able to re-structure their economies and create a basis for self-reliant and self-sustaining growth and development.

13. He reminded the Conference that since the adoption of the Lusaka Declaration of Intent and Commitment for the Establishment of a Preferential Trade Area in March 1978, eight rounds of painstaking negotiations had been conducted by the Intergovernmental Negotiating Team (INT). As a result, the Second Extraordinary Conference of Ministers of Trade, Finance and Planning was convened in January 1981 to finalize negotiations on the Draft Treaty. However, that Conference did not reach a consensus with respect to two Draft Protocols and four articles of the Draft Treaty. The Resumed Session of the Conference of Ministers which was preceded by a meeting of Experts was held in May 1981 to resolve the outstanding issues.

14. In conclusion the Executive Secretary urged the Ministers to ensure that the Third Extraordinary Conference of Ministers of Trade, Finance and Planning will be the last meeting on the Treaty for the establishment of the Preferential Trade Area so that the countries of the subregion could lay down the framework for breaking with the old order and replacing it with a new one.

15. In proposing a vote of thanks, Honourable A.S. Mchumo, Minister of Trade of the United Republic of Tanzania expressed his warm appreciation to Comrade Berhanu Bayeh, Member of the Standing Committee of the Provisional Military Administrative Council and of the Executive Committee of the Commission to organize the Party of the Working People of Ethiopia, for his opening statement which he said had set a positive tone for the deliberations of the Third Extraordinary Conference of Ministers of Trade, Finance and Planning. It was his belief that negotiations had now entered their final phase and that the more crucial phase of implementing the Treaty would soon be embarked upon so that the aspirations of the people of the subregion could be fulfilled. He thanked the Government and people of Socialist Ethiopia for the warm hospitality extended to all the delegations. He also thanked the ECA secretariat for the excellent preparations it had made for the Conference.

Chapter 10 of the Proposed Treaty - Financial Provisions, with particular reference to the formula for contributions by member States to the Budget of the PTA Secretariat (agenda item 4(a))

16. Before inviting comments on document ECA/MULPOC/Lusaka/PTA/IX/5/Add.2 regarding the structure of the PTA Secretariat and formula for contributions by member States towards the budget of that Secretariat, the Chairman briefly recalled the decision taken in this respect by the Resumed Session of the Enlarged Conference of Ministers of Trade, Finance and Planning held in Addis Ababa, from 18-21 May 1981.

17. In the discussion which followed, it was observed that, although the data used in the ECA Secretariat's paper were based on information obtained from the member States themselves or from international sources, there was need, in a number of cases, to review and amend such data in the light of additional information to be provided by member States.

18. Noting also that the data used related to 1979 and that the economic situation of the member States was likely to change from time to time, the Conference agreed that the data on GDP, per capita income and intra-PTA exports should be reviewed periodically by the PTA Council of Ministers.

19. Finally, taking into account the decision taken by the Resumed Session of the Enlarged Conference of Ministers of Trade, Finance and Planning held in Addis Ababa in May 1981, Article 37 of the Proposed Treaty was amended by renumbering paragraphs 5 and 6 thereof as paragraphs 7 and 8 and introducing the following new paragraphs 5 and 6:

"5. No one Member State may be required to contribute more than 20 per cent or less than 1 per cent of the total annual budget of the Preferential Trade Area.

6. 50 per cent of the contributions due from a member State shall be paid into the budget of the Preferential Trade Area within one month from the beginning of the financial year to which they relate and the remainder shall be paid within six months from the beginning of that financial year."

20. With this amendment, and taking into account the above observations, the proposed formula for contributions by member States towards the budget of the PTA Secretariat was adopted.

Annex VI to the Proposed Treaty - Draft Protocol on Clearing and Payments Arrangements for Eastern and Southern African States (agenda item 4(b))

21. The Chairman recalled that, as decided by the Resumed Session of the Enlarged Conference of Ministers of Trade, Finance and Planning of Eastern and Southern Africa in Addis Ababa from 18 - 21 May 1981, the Draft Protocol was considered by a Working Group of Central Bank Governors and Principal INT Negotiators of eight selected Eastern and Southern African States; and by the Eastern and Southern African Committee of the Association of African Central Banks (AACB) on two occasions. The meeting had, therefore, before it the Draft Protocol as revised by the Working Group and the Eastern and Southern African Committee of the AACB.

22. After extensive discussion and clarification given by the BLS delegations to the effect that the participation of their countries in the proposed clearing and payments arrangements would not oblige other member States to have any relationships with the Reserve Bank of South Africa, the meeting decided to adopt the revised Draft Protocol with the following amendments:

Paragraph 6 of Article 6 will now read as follows:-

"A monetary authority which, contrary to the provisions of paragraph 5 of this Article, fails to settle the outstanding debit balances due either at the end of the payment period or settlement period in accordance with the rules and regulations prescribed by the Committee, shall be deemed to be in violation of the provisions of this Article and the Committee may recommend to the Council that such a monetary authority be suspended by the Council from the Clearing House for such period as it may determine, and shall also be subject to such additional sanctions as may be contained in the rules and regulations prescribed by the Committee".

23. The definition of "transitional period" which appears in Article 1 was amended as follows:

"Transitional period" means the period referred to in paragraph 1 of Article 6 of this Protocol during which eligible transactions may be undertaken both under bilateral and multilateral arrangements".

24. In addition, a new paragraph 3 of Article 14 of the Protocol was agreed upon as follows:

"Notwithstanding the provisions of this Protocol the Council may, upon the advice of the Committee and on representation being made to it by a Member State, extend with respect to that Member State the transitional period referred to in paragraph 1 of Article 6 of this Protocol for periods of one year at a time".

25. The leader of the Angola delegation maintained his country's reservations on the whole Draft Protocol and pointed out that pending further consultations with his Government, whose decision would be communicated to the ECA secretariat in due course, his delegation could not accept the amended interpretation of "transitional period" which provided for multilateral payments arrangements in addition to bilateral ones.

Annex XII to the Proposed Treaty - Draft Protocol relating to the unique situation of Botswana, Lesotho and Swaziland: Report of the BLS States on their consultations with the Republic of South Africa and on their consultations with each other on proposed amendments to the Draft Protocol by Lesotho (agenda item 4(c))

26 The Hon. M.P.K. Nwako, M.P., Minister of Commerce and Industry, Botswana speaking on behalf of all BLS States, said that they had reached agreement on two of Lesotho's proposed amendments to the Draft Protocol, namely, that after the definition of "Tribunal" in the Proposed Treaty the following definition of "Unique situation" be inserted:

"Unique situation" in respect of the BLS States includes economic, geographic, monetary, migratory labour and transport and communications problems faced by these countries"; and that the words "and their membership" be substituted for the words "as members" appearing in item (XII) of sub-paragraph (a) of paragraph 4 of Article 3 of the Proposed Treaty. Lesotho's proposed amendment to Article 3 of Annex XII by inserting a new paragraph 7 was withdrawn.

27. On consultations called for under Article 19 of the Southern African Customs Union Agreement, 1970, the leader of the Botswana delegation said that such consultations had been initiated by the BLS States with South Africa and were continuing but had not been concluded. BLS States were optimistic about their outcome. In the event of these consultations not being concluded by the time the Proposed Treaty comes up for signature by the Heads of State and Government, the BLS states hoped that this would not hold up the signing of the Treaty and the coming into being of the PTA.

28. The Swaziland delegation stated that it had participated in the consultations referred to by the Hon. M.P.K. Nwako, M.P., but added that since their Minister was not present, the results of those consultations would be submitted for approval to the Kingdom of Swaziland. The necessary decision would be communicated to the ECA secretariat immediately it was taken.

29. In the light of the foregoing, the meeting adopted the two Lesotho amendments that were acceptable to all BLS States; noted the statement by Swaziland, the stage reached by BLS States in their consultations with South Africa, and the fact that BLS States did not wish to hold up the signing of the PTA Treaty and the early coming into being of the PTA.

Article 20 of the Proposed Treaty: Re-exportation of goods and transit facilities, with particular reference to the re-export of goods imported from member States of the PTA (agenda item 4(d))

30. The Chairman informed the meeting that, after extensive consultations, it had been possible to reach agreement on the outstanding issues relating to the above item. The following text to be substituted for paragraph 1 of Article 20 of the Draft Treaty, was accordingly adopted:

"Member States shall undertake to facilitate trade in re-exports among themselves. However, in certain cases to be jointly agreed upon, the Member States from which the goods to be re-exported originate, may object to the re-export of such goods". The whole of Article 20 as amended was adopted.

Chapter 9 of the Proposed Treaty regarding the Establishment of the Eastern and Southern African Trade and Development Bank (agenda item 5)

31. By way of introduction, the Executive Secretary explained briefly the background to this matter. He stressed that the establishment of the proposed Bank should not be regarded a pre-requisite for the signing of the PTA Treaty. In any case, if the EADB were to be transformed into the proposed Trade and Development Bank, negotiations with its current owners would have to be undertaken, and this would take time. In view of this, he suggested that, after the signing of the Treaty, a Negotiating Team of experts should be convened to review the new technical study jointly undertaken by ECA, ADB and ACMS (ECA/MULPOC/Lusaka/PTA/X/3) and report thereon to the Council of Ministers of the PTA. In that way, the proposed Bank could probably be established in about a year from now, subject to appropriate decision being taken by the Council of Ministers.

32. Following an extensive discussion on the matter, the Conference of Ministers took note of the new technical study on the proposed Bank and related revised Draft Charter and decided to refer the study and the Draft Charter to an Intergovernmental Team of experts from the Ministries of Trade, Finance and Planning and Central and Development Banks to be convened as soon as possible after the signing of the Treaty, for it to make appropriate recommendations thereon to the Council of Ministers of the PTA.

33. The Angola delegation maintained its reservations on the whole of Chapter 9 of the Proposed Treaty on the grounds that, although Angola was not opposed to the establishment of the Bank as such, they felt it was rather premature to include in the Treaty provisions relating to the Trade and Development Bank before the new technical study had been examined in detail by the Intergovernmental Team of experts and the necessary decision thereon taken by the Council of Ministers.

Article 11 of the Proposed Treaty - Tribunal of the Preferential Trade Area - consideration of the revised draft statutes (agenda item 6)

34. In introducing document ECA/MULPOC/Lusaka/PTA/IX/3 /Rev. 1 on the above agenda item, it was pointed out that the Resumed Conference of Ministers of Trade, Finance and Planning of Eastern and Southern African States had laid down certain guidelines which the document should reflect. The Resumed Conference had also decided that the document

should be considered by the Second Meeting of Attorneys-General or their Senior Representatives. The Document should therefore be regarded as background document to assist governments when advising the Authority when it comes to prescribe the Statutes of the Tribunal. The Document was noted and it was decided that the Second Meeting of Attorneys General or their Senior Representatives should ensure that the Document reflected all the guidelines laid down by the Resumed Conference. The revised Documents shall then be submitted to the meeting of Ministers that would precede the Summit Meeting of the Heads of State and Government of Eastern and Southern African States.

Date for the Summit Conference of Heads of State and Government of Eastern and Southern Africa (agenda item 7)

35. The Leader of the Zambian delegation, Honourable Raja Kunda, renewed his government's offer to host the Summit Conference of Heads of State and Government for Eastern and Southern Africa. He informed the meeting that following consultations with his Government, it was agreed that the Summit be held on 21 December and be preceded by the Conference of Ministers of Trade, Finance and Planning to be held on 20 December 1981. The meeting accepted the offer with appreciation.

Any other business (agenda item 8)

36. Under this agenda item, the Ethiopian delegation informed the Conference that following the symposium of Presidents and Secretaries of the Chambers of Commerce which had been successfully held in Addis Ababa in June 1981 under the joint sponsorship of ECA and NATPO (Association of African Trade Promotion Organizations), a meeting of African Chambers of Commerce will be held in Zimbabwe in May 1982. Member States of the subregion were urged to ensure that the Presidents and Secretaries-General of their respective Chambers of Commerce participate at the forthcoming meeting. The delegate of Zimbabwe supported this statement and confirmed that the Zimbabwe Chamber of Commerce had agreed to host the meeting. He also recalled that the Lagos Plan of Action provided for the establishment of a Federation of African Chambers of Commerce by 1985. The Conference accordingly adopted a resolution on this matter (Annex I).

Adoption of the report of the meeting (agenda item 9)

37. After noting a statement by the leader of the Mozambique delegation to the effect that his Government still maintained reservations on the various provisions of the Proposed Treaty and related Protocols as recorded in the respective reports of previous negotiations meetings, the Third Extraordinary Conference of Ministers of Trade, Finance and Planning of Eastern and Southern African States adopted the report of its proceedings as amended.

Adjournment of the meeting

38. Before its adjournment, the Conference unanimously adopted a vote of thanks proposed by the leader of the Ugandan delegation. The Conference also noted with appreciation statements delivered by the leader of the Djibouti delegation, the leader of the Zimbabwe delegation, the Executive Secretary of the Economic Commission for Africa and the Chairman of the Conference.

39. In proposing the vote of thanks, Hon. S. Tewungwa, Minister of Regional Co-operation of Uganda, commended the Chairman for the excellent manner in which he had conducted the meeting, and also thanked the Rapporteur for producing an excellent report of the meeting. Furthermore, he thanked the Government and people of Socialist Ethiopia for the hospitality extended to the delegates. Finally, he congratulated the Ministers and other delegates not only for their useful and relevant contributions, but also for the frankness and commitment displayed during their deliberations, which had led to the timely and successful conclusion of the meeting. In this connection, he observed that the decisions taken augur well for the future co-operation, solidarity and brotherhood of the Eastern and Southern African countries and wished the PTA a successful future.

40. The Hon. M. Aden Robleh Awaleh, Minister of Commerce, Transport and Tourism of Djibouti, endorsed the sentiments expressed by the leader of the Uganda delegation. He further expressed his delegation's pleasure at the outcome of the meeting and praised the spirit of compromise and give and take that had prevailed during the negotiations. This, he said, opened up a new area for meaningful co-operation between the countries of Eastern and Southern Africa, which could only be beneficial for the economic development of the whole subregion.

41. In his statement, the Hon. Sen. B.T. Chidzero, Minister of Economic Planning and Acting Minister of Trade and Commerce of Zimbabwe, observed that agreement on the proposed PTA Treaty, after three years of hard work and sustained negotiations, marked an historic occasion. He therefore congratulated the Conference and stressed the need for member States to brace themselves for the tasks that lie ahead in translating the agreement reached into meaningful and appropriate actions.

42. Hon. Chidzero went on to point out that economic transformation and development was a complex and multi-faceted task which entails self-reliance and national self-help, and that trade expansion was necessary in order to achieve a higher standard of living, economic growth, reduce dependence on the export of raw materials, and achieve greater economic inter-dependence and thus buttress the countries' hard-won political independence. It was in this context that agreement had been reached on various measures including: free and dynamic trade within a system calculated to benefit all member States; improved payments arrangements; expansion and improvement of transport and communications systems; enhancement of agricultural and industrial production; and free movement of factors of production.

43. Noting that the success of the PTA would depend on greater co-operation among the member States and their ability to solve problems which come about as a result of the very process of growth, Hon. Chidzero observed that the reservations made by some of the delegations on some of the Treaty provisions might be only temporary positions on the road to success, and that they did not derogate from the thrust and content of the historic achievement attained. He pointed out that effective co-operation was a dynamic and not static process, and stressed the need for continued study and analysis of problems with a view to facilitating realistic adjustment to changed situations and circumstances.

44. Referring to the great potential and significance of the PTA at the overall intra-African level, Hon. Chidzero stated that the Southern African Development Co-ordination Conference was part and parcel of the same subregional economic co-operation movement as the PTA and that the Lagos Plan of Action might not be fully implemented if concrete action was not taken and sacrifice made in the future at the subregional levels.
45. Finally, he thanked the Government and people of Socialist Ethiopia for the hospitality extended to the delegations; the Chairman for successfully concluding the deliberations of the Conference; and the Executive Secretary and his staff and the interpreters, translators and secretaries for servicing the meeting and producing an excellent report. He urged the countries of Eastern and Southern Africa to strive still further and observed that the victors are those who fight to the end.
46. Endorsing the statement made by Hon. Chidzero, Professor A. Adedeji, Executive Secretary of the ECA, remarked that the decision taken by the Conference would shatter the views of Africa's enemies and those who doubted that agreement on the Proposed PTA Treaty would be achieved. He therefore commended the member States for their co-operation and pointed out that it was through sheer determination and commitment that agreement on the Proposed PTA Treaty by the countries of the subregion had been reached. In this connection, he expressed the hope that Namibia would be able to join the PTA after the signing of the Treaty.
47. Prof. A. Adedeji went on to stress the need for subregional co-operation and pointed out that none of the countries could hope to achieve meaningful economic development on its own. Recalling that Africa was the least developed continent and that many developed countries were not willing to offer more development assistance to the developing world, including this subregion, he urged the member States to fully exploit the co-operation opportunities offered by the PTA Treaty.
48. In his closing statement, the Hon. Wollie Chekol, Minister of Foreign Trade of Ethiopia and Chairman of the Conference, endorsed the views and sentiments expressed by other speakers. He stated that the Conference had concluded an historic assignment which had been the major concern of experts and Ministers over the last four years. He therefore congratulated the Ministers, the INT officials and the ECA secretariat, interpreters, translators and secretaries for their respective contributions and hoped that the Heads of State and Government would go to Lusaka with confidence to sign the Treaty.
49. Having concluded its deliberations successfully, the meeting adjourned at 18:30 hours on 15 October 1981.

DRAFT RESOLUTION

Urging participation at the meeting of African Chambers of Commerce to be held in Zimbabwe in May 1982

The Third Extraordinary Conference of Ministers of Trade, Finance and Planning of Eastern and Southern African States

Recalling the Lagos Plan of Action which calls for the establishment of a Federation of African Chambers of Commerce by 1985;

Taking note of the commendable efforts made by the United Nations Economic Commission for Africa and the Association of African Trade Promotion Organizations in organizing the First Symposium of the Presidents and Secretaries-General of the African Chambers of Commerce;

Urges member States of this subregion to encourage the Presidents and Secretaries-General of their respective Chambers of Commerce to participate at the forthcoming meeting of African Chambers of Commerce to be held in Zimbabwe in May 1982;

Further requests that steps be undertaken as soon as possible to establish a Federation of African Chambers of Commerce by or before 1985 as called for by the Lagos Plan of Action.