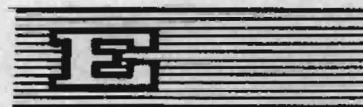




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SECTORAL PLANNING IN SUB-REGIONAL ARRANGEMENTS:

TRANSPORT AND COMMUNICATIONS

TRADE AND COMMERCE

CASE OF

PREFERENTIAL TRADE AREA FOR EASTERN AND SOUTHERN  
AFRICAN STATES (PTA)\*

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## I. INTRODUCTION

### A. Brief review of operating mechanisms of PTA

1. The Preferential Trade Area for Eastern and Southern African States (PTA) was established in 1981 following the declaration of intent and commitment on the establishment of a PTA made by the Extra-ordinary Meeting of Ministers of Trade, Commerce, Finance and Planning of the East, Central and Southern African sub-region held in Lusaka, March 1978. The Treaty establishing PTA was completed in June 1981, and approved in October 1981 at a meeting of ministers. It was ratified on 21st December 1981 by 9 of the 18 nations involved. One of the main arrangements that emerged subsequently has been a clearing and payment facility. The main objective of this facility was to promote the flow of traded goods and services within the sub-region and to facilitate payments. National currencies have to be used for settling net balances at the end of a transaction period. This PTA multi-lateral payments structure was meant to contribute in its own way towards the process of economic integration, the rationalisation of industrial production and, above all, economic transformation within the sub-region and in Africa as a whole, in line with the 1980 Lagos Plan of Action.<sup>1/</sup>

2. But the ultimate aim of the Preferential Trade Area goes for not only to promote intra subregional trade but also to promote co-operation and development in all fields of economic activity particularly in the fields of trade, customs, industry, transport, communications, agriculture, natural resources and monetary affairs with the aim of raising the standard of living of its peoples, of fostering closer relations among its Member States, and to contribute to the progress and development of the African continent. <sup>2/</sup> The PTA finally embraced 20 countries: Angola, Botswana, Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Seychelles, Somalia, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe with a total population of about 184 million and an overall GDP of US\$ 42.1 billion in 1986 (US\$ 229.5 per capita). The preamble of the Treaty, however, affirms the principles of sovereignty, equality and independence of all states involved.

3. The Preferential Trade Area operates through the following institutions: (i) the authority consisting of the Heads of State and Government of the Member States and vested with executive power; (ii) the Council of Ministers representing all nations involved; (iii) the Secretariat of PTA headed by a Secretary-General independent of national allegiance; (iv) the Tribunal for the settlement of inter country disputes and (v) the Intergovernmental Commissions and Technical Committees in the fields of Customs and Trade, Clearing and Payments, agricultural co-operation, transport and communication and other ad hoc committees.

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<sup>1/</sup> See PTA, Multilateral Clearing Facility: Operational Procedures Manual Reserve Bank of Zimbabwe, January 1984, p. 3.

<sup>2/</sup> See PTA, Treaty for the Establishment of the Preferential Trade Area for Eastern and Southern African States, 9 June 1982.

development and facilitate intra-PTA trade by providing guarantees to exporters and credits to importers. The resources hence mobilized from within the subregion could be supplemented by financial and technical assistance from donor countries and international financing institutions.

C. Time tables for the establishment of the community

6. The founding fathers of East and Southern African Community decided to start first with the "Preferential Trade Area" (PTA) for a period of ten years from the definitive entry into force of the PTA Treaty, because they believed that the big-push-once and for all approach would be counterproductive. They adopted a step by step and pragmatic approach which would attempt to minimize the stresses and strains that would arise, in short-term from: (i) the economic adjustments that each participating country would have to make within its domestic economy and in respect of its political and economic relations with other participating countries (ii) the economic problems that would arise, as a result of the inevitable unequal distribution of benefits among the participating countries, during the early stages of the integration process. The founding fathers also recognized that the single, disperse, project-by-project approach, although most practical and easiest it might appear on the surface, would be the quickest route to imbalancing stresses and strains, that would strengthen the forces of polarisation, and frustrate the objective of attaining the subregional common market.

7. That is why the PTA Treaty was built following a step-by-step approach, sectorally and inter-sectorally, which combines the careful balancing of the project-by-project approach within each sector, with inter-project and inter-sectoral programmes aimed at the gradual integration of all sectors, in all participating countries. The key mechanisms for the promotion of such inter-project and inter-sectoral programmes are the trade promotion mechanisms (reduction of tariff and non-tariff barriers and customs facilitation). It is believed that starting with trade promotions would help strongly cement inter-project, inter-sectoral and inter-country economic relations within the subregion. This explains why most of the provisions of the PTA Treaty and Protocols deal with trade liberalization arrangements. For trade liberalization and facilitation measures will, in the short-term and medium-term, encourage the PTA member States to loosen their economic and trading relations with countries outside the subregion and trade more with each other, and thus facilitate the economic integration process in other sectors. And supplementary programmes to strengthen trade liberalization measures are coordinated and complementary transport and communications systems.

8. At the end of the ten year period, provisions should be made to transform the Preferential Trade Area into a Common Market having a common external tariff and thereafter into an Economic Community for Eastern and Southern African States. With the step by step approach, it is difficult to speculate at moment whether such Eastern and Southern African Economic Community will be established before or after the LPA target year 2000. But with the emphasis on the trade liberalization, there are reasons to believe that the integration process will speed up as quickly as possible, other socio-political factors being equal.



13. Operational co-ordination of transport is an area of concentration that complements infrastructural improvements. The programmes on operational co-ordination of different modes of transport entail, among other things, simplification and standardisation of rules, procedures and documentation. One of the prominent regulatory features of the transport industry of PTA member States is the multiplicity of rules, regulations and documentation that are required for the movement of cargo. This state of affairs gives rise to delays in the movement of traffic and astronomical transport costs. The sine qua non conditions for the facilitation of inter-State movement of traffic is the removal of these non-physical barriers through the process of simplification and harmonization of transit rules, procedures, documentation and the standardisation of road design standards and vehicle specifications.

C. Methods and approaches adopted in the planning of transport and communication at the subregional level

14. In compliance with the decision of the meeting of the Fifth Council of Ministers adopted by the Third Meeting of the PTA Authority, the secretariat was directed to submit a work programme in the field of transport and communications to the meeting of Ministers of Transport and Communications held in Lusaka, 6-8 June 1985. The secretariat submitted at the meeting "Perspective Work Plan and Phased-Time Schedule for the Implementation of Projects/Programmes in the Short and Medium Term (1985-1990)".

15. The Plan recognized the importance of an efficient and integrated transport and communications system to the process of economic development in general and inter-regional trade expansion. The sine qua non of such a development of complementary transport and communications policies and systems is first, the effective co-ordination of planning and implementation of inter-state infrastructural projects. At the PTA level, this co-ordination entail the exchange of information by member States on their plans and status of the implementation of inter-State projects. This would facilitate the programming and execution of inter-State and regional projects. Failure to co-ordinate the development of transport and communications links that have a regional dimension is partly the cause of existing inter-State links that are fragmented. Secondly, operational co-ordination is required to facilitate the movement of inter-State traffic on both roads and railways; the simplification and standardization of trade and transport documents; common design specifications for the regional road trunk network necessary for the free movement of vehicles; and harmonized development of civil aviation; inland water transport, maritime shipping; telecommunications and postal tariffs and the evolution of preferential rates and tariffs. When the operational phase of the PTA was launched in July 1984, the development of viable and reliable inter-state transport links and services, improvements of existing infrastructural networks in terms of capacities and performances had become critical. This is because of the role of transport and communications can either be catalytic or permissive to the process of intra-PTA trade expansion and the promotion of subregional economic integration.

19. In the area of air transport, it is proposed that for the immediate future, emphasis should be on the harmonization of flight schedules and the pooling of maintenance facilities; based on what is already available within the subregion. The inter-country co-operation in civil aviation would embrace the standardisation of practices with respect to passenger and cargo facilitation at airports, co-ordination of schedules and operations, standardisation of aircraft fleet, pooling of training and maintenance facilities and development of air cargo services. The aim is to adopt, step by step measures for the establishment of a PTA airline in the future.

20. With regards to maritime transport, the main thrust is to establish a PTA Multinational Shipping Line by the early 1990s, beginning with the harmonisation of the operations of existing national vessels, from Masawa and Assab in Ethiopia to Maputo in Mozambique bringing in, the island countries of Comoros, Madagascar, Mauritius and the Seychelles and Angola and Namibia along the West Coast of Africa. This first phase will also include pooling of maintenance services, with the aim of gradually integrating the existing national shipping lines into one PTA shipping enterprise. The programme on the development of integrated inland water transport, operating mainly in lakes Victoria, Tanganyika, Malawi, Nyasa, the Shire and Zambezi rivers has been drawn up. It is also proposed to undertake study on the transport operations that are multi-modal with a view of recommending measures that would promote multimodal transport operations.

21. The proposed work programme in the sector of telecommunications between 1985-1990 will focus on the mobilization of financial and technical resources from within and outside the subregion required for the implementation of inter-State projects that are an integral part of the Pan African telecommunications Network (PANAFTEL). It is also proposed inter alia, to promote optimum utilization of completed inter-state telecommunications network and the use of the PTA Clearing House for the settlement of telecommunications accounts, to promote manpower training especially in the operational and maintenance fields, and to undertake in the medium term the feasibility study of regional satellite telecommunications. With respect to postal services the programme in short-term focusses on the promotion of closer co-operation among the postal administrations of the PTA sub-region in order to enhance efficient postal services, the establishment of intra-PTA mail routing, mail transit and sorting centres and programmes on manpower training and development.

D. Status of implementation of the transport and communications programme of action (1985-1990)

22. The Council of Ministers held recently in Kampala (Uganda) 28-30 November 1987 reviewed the state of the implementation of the programme of action in the transport and communications sector. The ministers deplored that some member States accord less importance to the execution of the projects which have a subregional impact. The meeting noted that it was necessary for member States to submit to the PTA secretariat the information regarding the mobilization of resources required to the execution of the PTA transport and



of flight scheduling, planning and civil aviation experts met in Lusaka in September 1986 was able to co-ordinate 34 per cent of the flights which misconnected. The following airlines altered their schedules to effect passenger transfers: Air Burundi, Air Tanzania Corporation, Uganda Airlines, Air Djibouti, Ethiopian Airlines and Zambia Airways. New direct air services have also been inaugurated: from Addis Ababa to Luanda and from Kigali to Entebbe and vice-versa. With regard to the pooling of aircraft, maintenance and training, the Council has designated PTA collaborative Civil Aviation Training and Aircraft Maintenance Centres which are: (a) Ethiopian Airlines Maintenance Base (Addis Ababa) for air frame B707, B727, B767, B737 and B757; engine overhaul JT-3, JT-8 and JT-9; and avionics, overhaul and test of avionics components associated with the above aircraft and engine types; (b) air Zimbabwe (Harare) for airframe B737 and for engine overhaul JT-8 and JT-3; (c) Zambia airways (Lusaka) for airframe B737 and Avionics: overhaul and test of avionic components associated with all types of aircraft used by PTA airlines; (d) Air Madagascar (Anatananarivo) for airframe B737; overhaul of HS 748, twin-others and other turbo-frop aircrafts; and PT6-27.

25. With respect of aviation training the following were approved as PTA collaborative centres in civil aviation: (a) the Addis Ababa Pilot and aircraft maintenance Technicians Centre (Ethiopia) for Pilot Training and Aircraft Maintenance Technicians Courses; (b) The East African Civil Aviation Training School (Nairobi, Kenya) for ground services including air traffic control, aeronautical telecommunications engineering, and telecommunications operations courses; (c) The Zambia Air Services Training Institute (ZASTI) for pilot training, assistant/advanced instructors ratings, type rating, aircraft maintenance engineers, airframes and engines licence, basic and advanced aeronautical electronics technology, air traffic control, meteorological assistants, rescue fire services, and basic and advanced training navigation aids; and (d) East African Civil Aviation Academy-Soroté Flying School (Uganda).

26. With respect to coastal shipping and inland water transport, the preliminary study on the possibilities of co-ordinating and harmonising the operations of coastal vessels has been completed and distributed to member States as well as the one dealing with Lake transport services and port facilities on Lakes Victoria, Tanganyika and Malawi/Nyasa, the Shire and Zambezi rivers. Likewise, a study was commissioned on the improvement of inter-state Postal services in the PTA subregion.

### III. TRADE PLANNING AT THE SUBREGIONAL LEVEL

#### A. Trade objectives

27. The promotion and gradual liberalization of trade among the member States with a view to the progressive establishment of a common market and eventually an economic community among the member States is the general framework of the trade objective in the PTA subregion. This supposes that the PTA member States

Without significant transportation and communication links it is difficult to expect increase in intra-PTA trade.

30. Other threats to PTA trade success include the possibility that some member-States will not attempt to interrupt reliance on traditional metropolises because they believe that dependence on a regional hegemony namely with South Africa is worse. However, South Africa did not prevent Lesotho, Botswana, and Swaziland from joining PTA, because the provisions preventing reexport of goods to or from South Africa can and probably will be easily circumvented by its neighbours with which it trades. The need for hard currencies will still continue to perpetuate the traditional trade links with the former colonial powers which are in need of the subregion's raw materials and natural resources.

#### C. Methods and approaches adopted in planning PTA trade

31. The Work Programme of the PTA secretariat in the field of Customs and Trade focusses on the following six sub-sectors:

##### 1. The establishment of the Common List of goods produced in the subregion

32. PTA member States were requested to submit a list of commodities to be included in what the Treaty refers to as the "Common List" in respect of which they have expressed import and export interests and which would qualify for preferential treatment when traded among the member States. 7/ However, the Rule 2(1)(a) of the Protocol on the Rules of Origin for products to be traded between the PTA member States requiring that such "products must have been produced by enterprises which are subject to management by a majority of nationals and at least 51 per cent equity holding by nationals of the member States or a Government or Governments of the member States or institutions, agencies or enterprises or corporations of such Government or Governments" found a compromise after 4 years of difficult negotiations. Once the PTA was launched on 1 January 1982, the member States found it impossible to operate this Rule. Two expert groups were established to report on it: one in 1984 and another in July 1985. These reached sharp ideological, political and practical differences among the member States on the application, as distinct from the principle, of the Rule. By July 1985 when the Council of Ministers met at Bujumbura (Burundi), the differences in the Council were so great that the PTA Secretary-General described them as constituting a threat to the survival of the PTA. Consequently another team of experts was appointed to look into the matter and make recommendations. The report and recommendations of this team was considered at the well-attended First Extra-Ordinary Meeting of the Authority in Bujumbura (Burundi) 27-29 May 1986.

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7/ Three editions of Common List were made so far: the first in December 1983, the second in July 1985 and the third in July 1987; overall there are now 418 commodities in the Common List.



36. However, as to the provisions of matching the commodities with import and exports interest, it is felt that such provisions restrict the promotion of intra-PTA trade and that the Treaty's phrase "which are of both import and export interest" did not necessarily imply matching. Thus, all commodities, of import and export interest should be included in the Common List regardless of whether there was a corresponding import and export interest expressed. <sup>9/</sup> Commodities will still receive preferential treatment strictly in accordance with the provisions of the Protocol on the rule of origin of the PTA Treaty.

37. As to the relaxation of non-tariff barriers, three considerations are made. First, as far as money and financial measures are concerned, PTA member States are urged: (i) to remove the system of advance import deposit within one year; (ii) to gradually reduce taxes on foreign exchange transactions other than fees, commissions or similar charges imposed for services rendered; (iii) to earmark a proportion of their foreign exchange availabilities for the financing of their intra-PTA imports; and (iv) to remove the foreign exchange restrictions in relation to intra-PTA trade.

38. Secondly, with regard to quantitative restrictions, prohibitions should not exist in Intra-PTA trade or otherwise a small but meaningful quotas for PTA partners should be given with effect from 1985 namely for those countries which wish to protect infant industries. Wherever quotas affecting Common List products exist, the countries concerned should establish PTA sub-quotas within the global quota limits. Special preferential treatment should be given to PTA suppliers in the issuing of import licences.

39. Thirdly, with regard to administrative practices, PTA member States are urged to consider using as a model the GATT Agreement on Licensing Procedures, the Brussels and GATT Valuation Codes as well as the Harmonized Commodity Description and Coding System and to speed up the implementation of the Protocol on the harmonization of standards and quality control.

### 3. Harmonization of customs regulations and procedures to facilitate intra-PTA trade

40. A programme of action for adoption and implementation of the harmonized system (HS) was proposed to all PTA member States. According to this programme, PTA member-States were urged (i) to make all the necessary efforts to sign the HS Convention by December 1986 (although Lesotho, Mauritius and Swaziland had already done so) and to adopt the full six-digit nomenclature in the interest of harmonizing their customs nomenclature; (ii) to seek from CCC, UNCTAD or EEC technical assistance with regard to tariff transposition; (iii) to revise the concessions given under the GATT in the light of the transposition; (iv) to initiate the necessary modification to their domestic legislation in accordance

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<sup>9/</sup> This means that the provisions of the Treaty should be amended. Some PTA countries (like Ethiopia) reserved their position on this new concept of the Treaty's provisions.

other member States; (iii) arrangements should be made without further delay on the selection of a permanent headquarters of the Clearing House if it is to stand on its own feet by 1987; (iv) the setting up of the PTA tribunal should be expedited; in the interim complaints or disputes arising out of the application or interpretation of the Treaty should be directed to the Secretary-General for onward transmission to the Authority of Heads of State and Government; and (v) UAPTA Travellers Cheques should be introduced for encashment within PTA member States in order to facilitate visits and personal contacts among businessmen. To this end a study should be undertaken on the technical and legal requirements and modalities for the introduction of such cheques.

45. On these recommendations, the PTA Council of Ministers took the following decisions: (i) Every Monetary Authority (Central Bank) should instruct or encourage commercial banks in its territory to open correspondent relations and accounts with commercial banks in the other PTA member States and encourage its commercial banks to arrange for settlement of trade transactions involving PTA member States through the Clearing House. In this respect, seminars should be organized to inform the commercial banks and the business community of the operations and advantages of the PTA Multilateral Clearing Facility; (ii) a memorandum of understanding to be executed by each Monetary Authority within six months after complying with the relevant legal formalities in each member States was issued in order to strengthen the juridical status of their dealing with the Clearing House; (iii) the Clearing House should clear any payments authorised by the paying authority; and that a balance of payments support facility should be provided to those monetary authorities who may find themselves perpetual net debtors in the settlement of inter-State transactions undertaken through the Clearing House; (iv) all member monetary authorities should control and prevent the initiation of commitments in excess of agreed credit limits; (vi) the PTA will have its own Unit of Account (UAPTA) equal to one SDR of the International Monetary Fund (IMF) and, therefore, the Financial Rules and Regulations of the PTA should be amended so that the contributions of member States to the PTA budget will be computed in UAPTA and paid in convertible currencies. 11/

46. Another related achievement is the establishment of the PTA Trade and Development Bank which began its operations in 1986 in Bujumbura (Burundi). The Trade Window of this Bank is supposed to facilitate intra-PTA trade by providing guarantees to exporters and credits to importers. The Development Window of the Bank on the other hand is expected to facilitate the restructuring and integration of production sectors, as well as the creation of a comprehensive and integrated PTA transport system, by participating in the financing of multi-national projects in the sectors of agriculture industry and transport. Of the 15 PTA member States, 11 had signed the charter of the Bank and of these 9 had paid their contributions, as of July 1986. A core staff was now in Burundi to get the Bank operational.

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11/ The PTA will adopt the exchange rates between the UAPTA and other currencies that are notified by the Clearing House of the PTA. When the UAPTA are exchanged into any other currency, the amount taken into account is the amount actually obtained for UAPTA equivalent of that currency. In other words, the PTA should maintain its books of accounts in UAPTA instead of the United States dollar as was the case for the previous transactions.



Table 1: Matrix of Intra-PTA Trade in 1986 (in million of US dollars)

	Angola		Burundi		Comoros		Djibouti		Ethiopia		Kenya		Madagascar		Malawi		Mauritius	
	X	M	X	M	X	M	X	M	X	M	X	M	X	M	X	M	X	M
la																		
ndi							0.90		0.36		4.90				0.96			
ros											2.80		0.18	0.01			0.88	0.60
outi			0.90						30.35	2.06	2.90							
opia			0.39				1.90	33.40			4.20	5.50			0.01	0.37	0.01	0.37
a			2.08	5.42		3.00		3.10	1.23	4.77			2.60		0.42	0.64	0.22	4.54
gascar					0.10						2.40						0.90	0.81
wi			0.92														0.02	0.70
itius					0.50	0.80			0.34	0.01	4.10	0.20	0.73	0.98	0.64	0.02		
mbique	0.70										6.20	0.20			5.68	1.63		
da			3.76	0.18							39.10	3.30						
helles							1.30				1.40						0.71	0.55
lia							15.10	1.30			4.40							
da			0.56								99.10	1.60			0.02			
ania			1.14	1.80					0.03	0.22	19.10	1.80			0.41	0.48	0.98	
ia	0.20		7.99								1.30	2.70			9.25	12.70		
abwe	2.50	0.24	1.25						0.01	5.62	2.30	9.10			4.32	13.75	0.10	0.65
l PTA	3.40	7.78	18.85	0.50	3.90		19.10	35.80	32.32	12.68	141.20	26.10	0.91	3.59	21.98	29.22	3.82	8.22
ade																		
Percentage																		
otal PTA	0.10	5.0	9.4	3.1	6.5		42.4	12.7	6.5	1.0	14.5	1.4	0.3	0.8	7.8	10.2	5.8	1.2
d Trade																		

Source: Compiled from IMF, Direction of Trade Statistics Yearbook, 1987.

X = Exports  
M = Imports

The total intra-PTA trade of US\$789.3 million represents approximately only 4-5 per cent of total PTA countries' trade. This shows that the trade performance had not kept up with the trade objective of PTA and the various measures undertaken so far to promote it. It is too early to expect any significant change in the pattern of intra-PTA trade in view of the problems that were enumerated above. It will need a little time for the various measures of reduction of tariff and non-tariff barriers to have an impact on the performance of intra-PTA trade.

## 2. The implementation of PTA trade objectives

### (a) Customs and trade

51. In accordance with Article 6 of Annex I to the PTA Treaty, all member States of the PTA are required to give preferential treatment, in respect of the reduction of tariffs and relaxation of non-tariff barriers, to commodities in the approved Common List within 180 days after the approval of such a list. The first Common List was approved in December 1983. This means the operational phase of the process of reducing tariff barriers and relaxing non-tariff barriers should begin by 1st July 1984.

52. The first step the PTA secretariat undertook is the publication of the approved Common List in the official gazette of the PTA on 31 January 1984, and its circulation to all member State so as to facilitate the publication, by each member State, of a preferential PTA Customs Tariff Column and, in cases where this was not possible, the publication of suspension orders or regulations before 1st July 1984. The eligible groups of commodities in the Common List in respect of which tariffs were reduced (or should have been reduced) for the 1st July are classified into six broad groups embracing: food items excluding luxury goods; intermediate goods; durable consumer goods and non-durable consumer goods, particularly goods of particular importance to economic development; capital goods; and finally luxury goods. The highest percentage tariff reductions of 50 per cent and above apply to agricultural raw materials - intermediate and capital goods that are required by member States as inputs for the promotion of industrial and agricultural development purposes. 14/

14/ This is in conformity to the underlying objective of the PTA, namely, the generation of the process of economic transformation and self-sustaining growth and development in the PTA subregion. The six groups of commodities in the Common List are: Group I: food (excluding luxury goods) embraces 52 commodities with reduction in tariffs and other charges of equivalent effect: 30 per cent; Group IIA: agricultural raw materials, 15 commodities with reduction: 50 per cent; Group IIB: non-agricultural raw materials, 11 commodities with reduction: 60 per cent; Group III: Intermediate goods, 75 commodities with reduction: 65 per cent; Group IVA: Durable consumer goods (excluding commodities in Group IV and IVD), 23 commodities with reduction: 40 per cent; Group IVB: Durable consumer goods (excluding commodities falling under Groups IVC and IVD), 68 commodities with reduction: 35 per cent; Group IVC: highly competing consumer goods: 34 commodities with reduction: 30 per cent; Group IVD: Consumer goods of particular importance to economic development (rather than capital goods), 15 commodities with reduction: 70 per cent; Group V: capital goods (excluding transport equipment), 21 commodities with reduction: 70 per cent; Group VI: luxury goods, 11 commodities with reduction: 10 per cent. The total number of covered commodities in the Common List is 325.



(b) Clearing and payments arrangements

55. In order to alleviate the problem of the shortage of foreign exchange, the PTA Treaty provides for the machinery of a Clearing and Payments system, which will be operated through a Clearing House. The Clearing House, which is housed in the Reserve Bank of Zimbabwe, was formally launched on 1st February 1984. Its aim is to encourage the use of national currencies in the settlement of intra-PTA Trade Transactions and other services and thus reducing the use of foreign exchange in inter-state transactions. At the end of every transaction period of two months, the accounts of all the participating countries are balanced and countries that are in debit are required to settle in foreign exchange.

56. During the first transactions period, 1st February to 31st March 1984, the business of the Clearing House progressed steadily and reached PTA units of Account the UAPTA = 1SDR, 5.6 million. The trade pattern was fairly evenly balanced. Consequently, of the total volume of business recorded during that period, only 23 per cent of total transactions was settled in foreign exchange. The situation in the next transactions period from 1st April to 31st May was less favourable. The volume of business increased to about 8 millions UAPTA; but the proportion of the balance settled in foreign exchange also rose to 69 per cent of total business transacted. During the third transactions from 1st June to 31st July the pattern of trade was even more unbalanced. While the volume of business increased, the amount settled in hard currency considerably rose to 94 per cent of total business. Performance in the fourth transactions period from 1st August to 30 September 1984 was reminiscent of the third transactions period. The trade pattern was just as unbalanced as in the third transactions period. Consequently, even though the volume of business decreased, the proportion of trade settled in foreign exchange amounted to 92 per cent. It is clear from this record, that the PTA Clearing Facility is not doing as well as one would hope.

(c) Problems in the implementation of other PTA measures as of December 1986

57. Only a few countries have published the PTA Tariff column or suspension orders. Several member States has not yet acceded to the International Conventions - such as the Kyoto or the Nairobi Convention - for harmonization and standardisation of customs, laws, regulations and procedures. Member States have generally not aligned their trade document and procedures to the United Nations layout key. Several member States have not yet started using the interim transport document for the documentation of transit goods within the PTA. Several countries are finding it difficult to adhere strictly to the rules of origin. Only six countries are using the PTA Clearing Facility. Some member States are still insisting using convertible currency for the settlements of intra-PTA Trade in certain goods. In many member States exporters and importers find it difficult to obtain licences from the authorities either to export to or import from other PTA countries. Commercial Banks are generally reluctant to open correspondent

2. Means and ways of strengthening the planning and operational capacity of the PTA secretariat

61. A PTA ministerial delegation paid visit to the World Bank, the Secretary-General of the United Nations, the European Investment Bank, the European Economic Community, the FAO, the International Development Fund, the ADB and the World Food Council. As a result of this mission, a cooperation agreement was signed between FAO and PTA on 13 November 1987 which provide a US\$ 84 000 project for technical assistance to PTA in the formulation of food security projects. In addition, FAO will send a pluri disciplinary mission to PTA to help the PTA secretariat prepare concert projects in the field of agricultural development of the subregion and contribute to implement them.

62. The PTA secretariat has endeavoured for the mobilization of financial and technical resources from the international community. It has received technical assistance from the ECA, UNCTAD, FAO, the United Nations Centre on Transnational Corporations, ITC, the African Centre for Monetary Studies, ICAO and AFCAC. The Council of Ministers approved the appointment of a number of candidates on secondment and renewal of contracts of a number of staff members to the staff of the secretariat. However, the appointments to the staff of the secretariat are done strictly in accordance with the staff Rules and Regulations which require posts to be advertised and competent candidates interviewed, regardless of their nationality by the Committee of the Whole of the Intergovernmental Commission of Experts which should consider the appointment of staff to the PTA secretariat and make its recommendations to the Council.

GENERAL CONCLUSION

63. Despite its title, the PTA Treaty is much more than an elaborate definition of trading and distribution relationships among the countries of Eastern and Southern Africa. It is an instrument, par excellence, for collective effort in the promotion of self-reliant and self-sustaining growth and development in the Eastern and Southern subregion. It provides for cooperation in all major sectors embracing trade, industrial and agricultural co-operation, transport and communications and appropriate financial and other arrangements. It has built into it, a step-by-step approach. During the first ten-year phase, emphasis is put on promoting intra-subregional trade, without of course neglecting the other sectors, especially those on which increase in trade directly depends.

64. The underlying logic behind the approach of concentrating on trade promotion in the early phases of implementing the provisions of the PTA Treaty is that, as sectoral linkages among the PTA member States are established and strengthened through exports to and imports from each other, the complementarity of production sectors and units located in different countries within the PTA subregion will



## ANNEX I

COUNTRY PROGRESS REPORTS ON THE IMPLEMENTATION OF DECISIONS  
TAKEN BY THE POLICY ORGANS OF THE PTA IN THE FIELD OF  
CUSTOMS AND TRADE a/

## (i) BURUNDI

- (a) Publication of PTA tariff rates in respect of additional commodities to the Common List: (measures to publish being undertaken);
- (b) Relaxation/elimination of non-tariff barriers as from 1st January 1986; (necessary measures being undertaken),
- (c) Taking of necessary measures to effect further tariff reductions as from 1st October 1986; (necessary measures being undertaken).

## (ii) COMOROS

- (a) Publication of PTA tariff rates in respect of goods contained in the Common List; (compiled but awaiting Parliamentary approval);
- (b) Forwarding of data on preferential trade (measures being undertaken);
- (c) Utilization of the Clearing House, (measures being undertaken);
- (d) Publication of PTA tariff rates in respect of additional commodities to the Common List, (measures being undertaken);
- (e) Relaxation/elimination of non-tariff barriers as from 1st January 1986, (measures being undertaken);
- (f) Taking of necessary measures to effect further tariff reductions as from 1st October 1986, (awaiting outcome of study on Comoros and Djibouti).

## (iii) DJIBOUTI

- (a) Publication of PTA tariff rates in respect of goods contained in the Common List;
- (b) Forwarding of data on preferential trade;
- (c) Utilization of the Clearing House;
- (d) Publication of PTA tariff rates in respect of additional commodities to the Common List;

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a/ See PTA Report of the eighth Meeting of the Council of Ministers, July 1986

## (vii) MALAWI

- (a) Forwarding of data on preferential trade;
- (b) Publication of PTA tariff rates in respect of additional commodities to the Common List;
- (c) Relaxation/elimination of non-tariff barriers as from 1st January 1986;
- (d) Taking of necessary measures to effect further tariff reductions as from 1 October 1986.

## (viii) MAURITIUS

- (a) Publication of PTA tariff rates in respect of goods contained in the Common List;
- (b) Forwarding of data on preferential trade;
- (c) Publication of PTA tariff rates in respect of additional commodities to the Common List;
- (d) Taking of necessary measures to effect further tariff reductions as from 1st October 1986.

## (ix) RWANDA

- (a) Forwarding of data on preferential trade (preferential trade has not taken place);
- (b) Utilization of the Clearing House; necessary steps have been taken to use the Clearing House);
- (c) Publication of PTA tariff rates in respect of additional commodities to the Common List; (awaiting Parliamentary approval);
- (d) Relaxation/elimination of non-tariff barriers as from 1 January 1986; (Advance import deposits abolished);
- (e) Taking of necessary measures to effect further tariff reductions as from 1st October 1986. (measures being undertaken).

## (x) SOMALIA

- (a) Publication of PTA tariff rates;
- (b) Forwarding of data on preferential trade;
- (c) Establishment of bonded warehouses, transit or customs areas;



(xiv) ZAMBIA

- (a) Publication of PTA tariff rates in respect of additional commodities to the Common List; (awaiting Parliamentary approval);
- (b) Relaxation/elimination of non-tariff barriers as from 1 January 1986;
- (c) Taking of necessary measures to effect further tariff reductions as from 1st October 1986.

(xv) ZIMBABWE

- (a) Forwarding of data on preferential trade for import only (data on exports under preference has been received); (preferential trade on import in the process);
- (b) Relaxation/elimination of non-tariff barriers as from 1 January 1986. (Foreign exchange earmarked).

## ANNEX II

STATUS OF IMPLEMENTATION OF SUBREGIONAL ROAD PROJECTS  
AS OF 31 OCTOBER 1986

Country	International Road Link	Status
Djibouri:	<ul style="list-style-type: none"> <li>- Djibouti-Ethiopia Highway</li> <li>- Djibouti-Loyada-Berbera (Somalia)</li> <li>- Alisabieh-Galile road link-ing Djibouti to Ethiopia.</li> </ul>	<ul style="list-style-type: none"> <li>- The portion Djibouti-Arta road (41 km) is asphalted but requires rehabilitation.</li> <li>- The portion Djibouti-Loyada: feasibility study completed in 1984; construction to be financed by Italy and EEC.</li> <li>- Unpaved - no financing for feasibility study.</li> </ul>
Ethiopia:	<ul style="list-style-type: none"> <li>- Assab-Djibouti (20 km)</li> <li>- Awash-Dire Dawa-Dewale road towards Djibouti border</li> <li>- Kabridar Shilabo-Ferfer connecting Ethiopia to Somalia (195 km)</li> </ul>	<ul style="list-style-type: none"> <li>- Asphalted Assab-Djibouti border road (20 km), need rehabilitation.</li> <li>- Made of gravel-funds are sought to cover the feasibility study.</li> <li>- To be rehabilitated, but lack of funds for feasibility studies and work.</li> </ul>
Kenya:	<ul style="list-style-type: none"> <li>- Garessa-Liboi-Kissimayo-Somalia</li> <li>- Isiolo-Moyale Section of Trans-East African Highway (510 km)</li> </ul>	<p>Project in the process of being jointly submitted by Kenya and Somalia for financing of construction works.</p> <ul style="list-style-type: none"> <li>- Improved engineered gravel standard, need to be re-habilitated.</li> </ul>
Rwanda:	<ul style="list-style-type: none"> <li>- Kayonza-Kagitumba border with Uganda (121 km)</li> <li>- Gitarama-Ruhengeri-Cynika border with Uganda</li> <li>- Kigali-Nemba border with Burundi</li> </ul>	<ul style="list-style-type: none"> <li>- Studies financed and executed by Belgium; construction work started in 1986 programmed to last 30 months.</li> <li>- Construction Ruhengeri-Cynika completed; feasibility studies Gitarama-Ruhengeri completed in 1986.</li> <li>- Prefeasibility studies completed</li> </ul>
Somalia:	<ul style="list-style-type: none"> <li>- Kisimayo-Liboi border with Kenya (286 km) is feeder road link to the Trans-East African Highway and Trans-African Highway.</li> </ul>	<ul style="list-style-type: none"> <li>- Feasibility study completed</li> </ul>



ANNEX III

STATUS OF IMPLEMENTATION OF THE RCTD  
AS AT 31ST OCTOBER 1986<sup>b/</sup>

Country	Date of implementation	Remarks
1. Burundi	Nil	Not in a position to use document because other countries not yet using it.
2. Comoros	Not applicable	Does not have inter-State road links with other PTA countries, hence not expected to implement RCTD.
3. Djibouti	Nil	Not decided when to implement document. The attitude is that at the present moment there is very little transic traffic.
4. Ethiopia	Nil	Consideration is being given to implementating the document. At present the volume of transit traffic is limited between Ethiopia/Djibouti and Ethiopia/Kenya.
5. Kenya	1.8.85	Has been using document since 1.8.85. Other documents have been gradually replaced.
6. Lesotho	Not applicable	Due to geogrpahical situation not able to use the document.
7. Malawi	3.11.86	Will start using document on the date indicated.
8. MAURITIUS	Not applicable	No transit traffic
9. Rwanda	Nil	Document has been used on a trial basis during September, 1986.

<sup>b/</sup> See PTA, Progress Report on the Implementation of Transport and Communications Programmes and Project, November 1986.

## ANNEX IV

STATUS OF PREPARATORY ARRANGEMENTS FOR THE  
IMPLEMENTATION OF THIRD PARTY MOTOR VEHICLEINSURANCE AS AT 31ST OCTOBER, 1986 c/

Country	Date of Implementation	Remarks
1. Burundi	Nil	National Bureau jnot designated by 31st October, 1986
2. Comoros	Not applicable	Due to geographical position not in a position to use the card.
3. Djibouti	Nil	National Bureau not designated by 31st October, 1986.
4. Ethiopia	Nil	National Bureau not designated by 31st October, 1986.
5. Kenya	Nil	National Bureau not designated by 31st October, 1986.
6. Lesotho	Not applicable	Due to geographical position not in a position to use the card.
7. Malawi	Nil	National Bureau not designated by 31st October, 1986.
8. Mauritius	Not applicable	Due to geographical position not in a position to use the card.
9. Rwanda	Nil	National Bureau not designated by 31st October, 1986.
10. Somalia	Nil	National Bureau not designated by 31st October, 1986.
11. Swaziland	Nil	National Bureau not designated by 31st October, 1986.

c/ Ibid.