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INFORMATION PAPER ON THE STANDING
COMMITTEE ON TRADE

Information Paper on the Standing Committee on Trade

1. Following a request of the ad hoc committee of Government representatives on the impact of Western European economic groupings on African economics (see E/CN.14/100, paragraph 60), the Executive Secretary prepared a note on the establishment of a Standing Committee on Trade (E/CN.14/100, Add.1) for consideration of the Commission at its third session, which adopted resolution 28 (III) requesting the Executive Secretary to undertake the constitution of a Standing Committee on Trade.
2. The decision to establish a Standing Committee on Trade was made on the clear understanding that governments would be prepared to send high-ranking officials in foreign trade administration, accompanied by necessary staff experts to the meetings of the Committee. All member and associate member Governments of the Commission will be invited to participate in these meetings.
3. In accordance with the above resolution the Executive Secretary made preparations in 1961 for the convening of the first meeting, provisionally planned to take place in May 1962. The first task was to establish permanent contacts with the main national bodies dealing with foreign trade policy and senior officials and experts responsible for that policy, including tariffs, quantitative restrictions, trade promotion, marketing and other related subjects. To that effect members and associate members of the Commission were asked to forward nominations. So far 36 countries of 40 approached have nominated correspondents. Some of the answers to this request have, however, simply directed the Secretariat to continue to use the official channel of the Ministry of Foreign Affairs, while other have given fairly detailed lists of officials.
4. The suggestion of the Secretariat on various matters that could be handled by the Committee were circulated to members and associate members for their comments. (Annex I). So far very few comments have been received, and most of the answers only express

- general agreement with the suggestions put forward. Specific comments have been taken into account in the following paragraphs. It has to be born in mind, however, that the work programme of the Standing Committee can only be decided upon by the Committee itself.
5. A memorandum on the work of the Committee in the West African sub-region where the plans of the Secretariat were somewhat more advanced, was furthermore submitted to all members and associate members of the Commission, (Annex II) but only the West African countries were asked to comment upon it. Only a few countries have so far forwarded any comments.
 6. Resolution 28 (III) authorizes the Executive Secretary to constitute working parties under the auspices of the Standing Committee on Trade to consider the special problems of various sub-regions. It was thought that without prejudice to any decision taken by the Committee, a working party on Customs Administration in West Africa to discuss harmonization of customs procedures and cooperation between customs administrations might be convened before the first meeting of the Committee. The preparations for this Working Party, which met in Dakar from 9 October to 13 October, included visits by Secretariat members to all countries in West Africa having a separate customs administration to conduct a detailed enquiry on the basis of a questionnaire elaborated in consultation with GATT. The information thus collected was incorporated in a working paper prepared by the Secretariat (E/CN.14/STC-WPCA 1). The report identified a series of important problems, some of which required urgent action.
 7. The Working Party was attended by 20 Customs officials from 15 countries and by observers from member countries outside the sub-region and from the General Agreement on Tariffs and Trade, (GATT) the Customs Co-operation Council, (CCC) the Customs Union of West African states and other bodies. After a thorough discussion of the various aspects of customs administration in West Africa, including inter alia questions of nomenclature, valuation, frontier traffic, transit arrangements and training, the Working Party recommended (E/CN.14/138):

- (i) that the countries of West Africa which have not yet adopted the Brussels Nomenclature should use it as a basis for establishing their national customs tariffs, (ii) the adoption of the Brussels definition of value at the earliest possible opportunity, (iii) the organization by ECA of a panel of experts to undertake a thorough study of transit problems in West Africa, (iv) the conduct of a working party to examine regulations and definitions to facilitate control of frontier traffic, (v) action by the various countries on exchange of information and reciprocal assistance on matters affecting the control of smuggling and fraud, (vi) the establishment of a permanent body to facilitate cooperation between customs administrations, and (vii) a training course for customs officials from English-Speaking countries.
8. The core of the work programme of the Committee reflects projects included in the proposed programme of work and priorities for 1962-1963 (see document E/CN.14/62). It should consider and discuss any report prepared under the projects, and direct and supervise the work of its subsidiary bodies. In the conditions prevailing in Africa, however, a Standing Committee on Trade has to have a flexible approach to its activities. In particular, since the meeting in May 1962 is the first meeting of the Committee, there is a need for a rather comprehensive agenda enabling the countries of the region to single out for later action a limited number of specific projects likely to give practical results.
9. Among the documents to be discussed by the Committee is the report of the Working Party on Customs Administration in West Africa, where the Committee will have to decide on what future steps to take in this field. By the time the Committee meets, it is hoped that the preparations for the training course for customs officials from English-speaking countries in West Africa will have reached an advanced stage. In addition to this course the Committee may wish to consider the possibility of exchange of staff between customs administrations, which is another field providing scope for greater cooperation. It is also envisaged that the study on transit problems in West Africa should have made some progress. Finally, it

- may also be useful to send all non-West African countries a slightly revised version of the questionnaire used for the Working party in Dakar in order to build up complete information in this field.
10. Other documents for consideration by the Committee may include reports on the Commonwealth preference system and on trade of African countries with centrally planned economies. It is furthermore hoped that it will be possible to present a rather comprehensive report of the latest developments in Western European economic groupings; including the most recent institutional changes in the relationship to associated countries, and to evaluate and assess the importance of these developments for the African economies. The Standing Committee should preferably have an opportunity to discuss these matters before any final decision on association is taken.
 11. Although commodity problems are not mentioned in resolution 28 (III), it seems reasonable to assume that the Standing Committee on Trade should deal with all important aspects of African foreign trade and consequently devote considerable attention to these problems. The African countries have common interests as primary producers and may find the Trade Committee a convenient forum for confronting their views at regular intervals. It is planned to call a meeting of African primary producing countries to consider the position of the agricultural commodities of main interest and to discuss stabilization of these commodities (Resolution 25 (III) adopted by the third session of the Commission) in the summer of 1962. The Standing Committee would be expected to express its general views on these problems prior to this conference.
 12. It is envisaged that the first issue of a Foreign Trade Newsletter giving information on foreign trade policy including tariffs and quotas, trade agreements, marketing of produce, foreign trade promotion etc., will be published before the Committee meets. In this connexion it is suggested that the ECA should give advice on what the various countries could and should afford as far as trade intelligence units are concerned and how to set them up, since no central regional unit can be a satisfactory substitute for a specialized unit serving the Government on the spot. There are,

however, quite a range of commodities and subjects where the interests and the resources of the individual Governments are not sufficient to justify specialized intelligence services and where a central African service provided by the ECA may be most useful. It is thought that before any advice can be given to Governments on the setting up of Trade Intelligence Units, the ECA should survey the situation in the various countries interested in this matter.

13. The two memoranda which were sent to the Governments on the scope of activities of the Standing Committee, envisaged the setting up of four working parties on West African problems. The following paragraphs incorporate some of the comments received from member states. For further details as to the activities of these working parties it is advised to read Annex I and II.
14. The first working party on customs administration was organized in 1961 (see paragraphs 6-7 above). The second would consider fiscal policies as far as they affect imports and exports. There may be a point in linking the study of these problems up with work being done in the general field of budgets. The third working party would examine the structure of overland trade, which for the major part is not recorded in African trade statistics. The fourth working party, would deal with trade promotion. The preparatory work for this working party would be co-ordinated with the activities of the Commission in the industrial field. It is understood that some African countries have started marketing research as a basis for trade promotion, but it appears that some assistance from ECA might be needed.
15. Consideration is being given to the possibilities of organizing working parties in other sub-regions. It is expected that proposals to this effect would be submitted to the Standing Committee on Trade.
16. Several countries of the region, while adhering in principle to multilateral trade, have recently found it useful to enter into rather long-term bilaterals trade agreements in order to solve some of their trading problems, particularly those connected with the marketing of specific commodities. A study of long-term trade and payments arrangements with basis in arrangements concluded by countries

of the region may be found to be of some value. It may inter alia give information on type of arrangements, i.e. whether it is just a broad framework of trade without attempting to strike a balance, balanced trade, types that are designed to accomplish specific objectives etc.. An evaluation of the disadvantages and advantages of such arrangements may also be attempted taking into account the particular circumstances prevailing in the various countries.

17. State or quasi-state trading measured by the share of Government in import trade is becoming increasingly important in several countries, necessitated by large scale economic development programmes. State trading may be found particularly useful for conducting trade with centrally planned economies, whose foreign trade is carried out by specialized governmental corporations. Such trading raises important and complex questions of economic policy, which it might be worthwhile to study in its various aspects, i.e. the objectives of governmental trading, the extent of this trading, the methods and techniques employed, the goods trade, effects on direction of trade etc.. This study might also include information on countries outside the region with experience in state trading.
18. Some comments have stressed the desirability of preparing a study on trade between Africa and Asia. Such a study which would follow the lines of similar studies devoted to trade between African economies and countries in other parts of the world, may be carried out in close cooperation with the Economic Commission for Asia and the Far East.
19. Other questions which may usefully be discussed by the Standing Committee during its first session include the possibilities of increasing sub-regional or regional cooperation in respect of tourism and trade fairs. As far as the first subject is concerned, organizations for promoting tourism has been set up in several African countries, but there is still considerable scope for expansion, particularly regarding a sub-regional approach to the question. This problem may require attention at an early stage in order to take full advantage of the growing tourist trade opportunities. The organization of a trade

fair, even on a sub-regional basis only; calls for a great deal of preparatory work. It also has to be decided whether the fair should be held in an African country or in a country outside the region.

20. Developments are moving fast in this field, and the Secretariat is not always as well informed about the latest developments as is desirable. It will therefore be greatly appreciated if member countries could assist the Secretariat in maintaining up to date information on all fields of trade, including commodity arrangements. Such information may be supplied in connexion with the general discussion of the Standing Committee on trade and trade policies in African countries. This item on the agenda of the Standing Committee on Trade will also provide an opportunity for an exchange of views on problems of particular interest to the various countries and thereby assist in developing common understanding and habits of regional thinking and cooperation.

Scope of activities for the Standing Trade Committee

(Memorandum prepared by the Trade Unit of the ECA Secretariat).

In the particular conditions of Africa, the Standing Trade Committee is bound to have a very flexible approach to its activities. Some tasks can only be performed efficiently in the more limited framework of sub-regions, whereas others require co-operation from all countries of the continent. The following note intends to give a rough indication of the activities that could be envisaged on an all-African basis.

1. Research and information on trade problems.

Only very few African countries can afford to have a full-fledged "trade intelligence unit", requiring not only highly qualified personnel but also easy access to existing sources of information. At the same time, government departments and other bodies accumulate in a non-systematic way considerable amount of knowledge on various aspects of trade problems of direct relevance for their work.

The Trade Unit of the ECA Secretariat could help member governments in this field by collecting and analyzing systematically information and data on trade and more particularly by following in detail research work performed in more developed countries and in international organizations. In order to complete the material with information directly relevant for Africa, it would be necessary to collect information from member countries. This information could cover the following subjects: national foreign trade policy including tariffs and quotas, trade agreements, marketing of produce including pricing, foreign trade promotion including participation in fairs, training of trade and customs personnel. It could be envisaged to publish a Foreign Trade Newsletter reproducing the most relevant information (this is done by the ECAFE Trade Committee).

The research tasks of the Trade Unit for the coming 2-3 years are incorporated in the Programme of Work and Priorities. The quality of this research work could be greatly improved if national administrations would transmit the Trade Unit their ideas on the various projects and communicate information (including relevant internal memoranda) on the subject matter. The Trade Unit would handle confidential information with greatest care and discretion and use it only as background material for its research work.

Although the enumerated research tasks constitute already a very heavy workload for the Trade Unit, the Executive Secretary would consider suggestions for new research projects. Some of the new projects may be more urgent than the accepted ones and may be brought to the attention of the Standing Trade Committee.

2. Practical methods of trade promotion

The experience of other regional commissions shows that trade committees can be of considerable practical help in promoting inter-regional trade. One of the methods used consists of organizing series of bi-lateral trade talks between member countries. The reason for this procedure is that the limited scope of trade between a number of countries does not justify the sending of trade delegations to negotiate trade agreements, whereas these talks enable any participant to establish contacts with any other, without additional travel costs and with the assistance of the Secretariat. The talks are held in camera, without records.

Although most of the work in the field of customs administration can be best performed on a sub-regional basis, the general principles of customs co-ordination have to be worked out for Africa as a whole. This work could include, among others, the elaboration of transit procedures, the establishment of a code of recommended customs procedures, co-operation in preventing smuggling and in law enforcement, arrangements concerning frontier facilities, etc.

There is also scope for activity in the field of international fairs. Whereas the possibility of holding an African Fair could only be envisaged after careful planning and preparation, joint participation of several African countries in well-established international fairs could be promoted.

Finally, it would appear that co-operation in the framework of the Trade Committee could do much to expand tourist trade. This applies not only to propaganda, where the pooling of resources would be particularly beneficial to small countries, but also to the organization of conducted tours, where isolated ventures by less accessible and small countries may not succeed in attracting tourists.

3. Defence of regional interests

By performing its day-to-day tasks the Standing Trade Committee will greatly contribute to the creation of a regional solidarity in its sphere of competence. There are, in addition, a few fields where solidarity could be strengthened by specific measures.

One of these fields is the stand to be taken towards regional economic groupings in other parts of the world and particularly in Western Europe. Although the immediate interests of African countries may be divergent in this respect, the Standing Trade Committee could provide the ideal forum for consultations with a view to reaching a better understanding.

The other related field is in commodity policies. Although here again the sub-regional approach may prove to be the most efficient for dealing with most individual commodities, the basic issues are a matter of concern for all African countries who have common interests as primary producers and may find in the Trade Committee the best forum for confronting their views.

SCOPE FOR ACTIVITIES OF THE STANDING TRADE
COMMITTEE IN THE WEST AFRICAN SUB-REGION

(Memorandum prepared by the Trade Unit of the ECA Secretariat).

INTRODUCTION

The programme of work and priorities adopted by the second session of ECA and confirmed by the third session, includes the following project (02-01 a):

"Study of the problems and prospects of the foreign trade of West African countries, with special reference to trade with African countries and to possible ways of promoting intra-African trade in industrial and other products. Trade problems of other African areas will be studied in subsequent years".

In its report on the Impact of Western European Integration on African trade and development (E/CN.14/72), the Secretariat suggested that "the Commission might consider the organization of a special trade conference for this sub-region^{1/}, before the start of negotiation on the new implementing Convention of association. The purpose of this conference would be to assess realistically the perspectives of West African trade and development and to consider measures of commercial and other policies which could be of mutual benefit." Subsequently the third session of ECA adopted resolution 28(III) calling for the establishment of a Standing Trade Committee and authorizing the Executive Secretary to constitute working parties dealing with special problems particular to sub-regions. In a note (E/CN.14/100/Add.1) addressed to the third session, the Executive Secretary outlined briefly the approach which might be applied to deal with trade problems of the West African sub-region.

^{1/} For the purpose of this conference the sub-region could be defined as including the area enclosed by the countries formerly part of French West Africa and French Equatorial Africa and the Congo (Leopoldville).

Although West Africa is by no means a homogeneous or even a clearly defined geographical sub-region, there are several reasons for which it could serve as a framework for sub-regional trade activities:

1) Land communications with other parts of Africa are, with a few exceptions, quite inadequate whereas the transports within West Africa are relatively more developed.

2) There is a considerable amount of trade going on within the sub-region both in locally produced goods and in imported manufactures.

3) There is some scope for increasing exchanges even without further development of production since there is a certain degree of complementarity between member countries which is not fully exploited for trade.

4) The permeability of land frontiers combined with the considerable disparities in import and export prices call urgently for some degree of cooperation between countries without which their efforts to industrialize would be seriously handicapped.

5) The region includes, with a few exceptions, countries that do not even constitute a sufficient market for relatively simple types of industrial ventures and actually many of the existing industries were based on markets larger than the present national states.

6) As explained in document E/CN.14/72, special and serious problems arise from the fact that countries associated and non-associated with EEC are contiguous within West Africa.

This does not imply that trade problems of West Africa should be dealt with in isolation from intra-African trade in general. There is already some trade between West African countries and other parts of Africa, especially in the temperate zone and the prospects for increasing it should not be overlooked. However, the most urgent trade problems of West African countries concern their

relations with each other especially if they belong to different monetary and commercial zones. On the other hand, industrial ventures based on regional cooperation are hardly conceivable between countries which are not geographically close to each other and which are not connected by adequate transports.^{1/} For all these reasons it was felt that ECA's first attempt of regional cooperation should be made in West Africa. Similar attempts will be made subsequently in other sub-regions.

Practical suggestions for work

Looking at the issue from a functional point of view, the above mentioned note, the Executive Secretary identified four related areas which could be tackled by separate working parties. The first of these working parties would deal with various problems of customs administration with a view of elaborating recommendations to ensure a certain degree of harmonization of customs policies and some cooperation between customs administrations. The issues to be considered by this working party would be, among others: valuation of imports and exports for customs purposes, the application of rules of geographical discrimination if any by the customs administrations, the structure of the tariff with special reference to protective and to fiscal duties, the incidences of the tariff on a certain number of important import goods, the degree of control of the frontiers by the customs administrations, special provisions for frontier traffic, etc. In cooperation with the Secretariat of GATT, a draft questionnaire has been elaborated on this subject. On the basis of this questionnaire, the Secretariat would compile a working paper to serve for the discussions of the working party.

^{1/} Problems of transports have been studied in a report submitted to the Third Session of ECA (E/CN.14/63). A resolution (32(111)) was adopted calling for a Transport Conference in West Africa, tentatively scheduled for September 1961.

The second working party would be less technical and would be geared to fiscal policies insofar as they affect import and export prices. The main purposes of this working party would be to examine various documents prepared by participants and by the Secretariat, on the disparities of prices between various West African countries, both on imported goods and concerning prices paid to the producers of cash crops. It is hoped that these discussions would lead to some recommendations concerning the gradual harmonization of fiscal policies with a view of eliminating smuggling which is harmful for all the countries concerned.

The third working party, closely connected with the second, would examine the structure of overland trade between West African countries which for the major part is not recorded in statistics. Although quantitative information is obviously missing, the working party could establish a sort of inventory of various flows of trade. The aim would be to establish a distinction between "useful" and "useless" intra-trade and to see in what way the first could be encouraged and promoted while discouraging the second. This working party could also deal with the organization of transit trade.

The fourth working party, which would require especially careful and long preparation, would deal with trade promotion in locally produced goods. In order to do useful work it would need to have an inventory of various commodities, semi-processed goods and manufactures produced in the region and also some indications on the short-term increases of production which could be achieved if a market should be available. On the basis of such information it may be possible to make at least the first steps towards trade promotion within the region while elaborating also recommendations for those industries which could be established in West Africa on the basis of a larger regional market.

As far as the practical arrangements of these working parties are concerned, there are two possibilities open. The first possibility would consist of starting directly with the working party on customs administration in 1961 followed by the second and third working parties in 1962 with a view of reporting back, if possible to the first plenary meeting of the Standing Trade Committee which may take place in 1962. The other possibility would be to call for an informal meeting of foreign trade and customs officials in West Africa^{1/}. This meeting, after a short general discussion could break up into three or four sub-committees corresponding to the working parties described above and would elaborate in detail the programme of the working parties and would give directives to them. The advantage of this procedure would be that the officials present at this meeting could pledge themselves to provide the working parties with the necessary information and working papers on the basis of well established outlines. In any case, it would be impossible for the Secretariat to do alone all the preparatory work of the working parties as it was explained in the above mentioned note of the Executive Secretary. It would be important to reach a decision as soon as possible on the alternative outlined above since it would take at least three months to prepare adequately the informal meeting of trade officials.

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^{1/} For the Secretariat's point of view the second half of September would be the most suitable date, irrespective of the decision taken on the subject-matter of the meeting.