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DRAFT REPORT OF THE TWELFTH SESSION OF THE
CONFERENCE OF AFRICAN MINISTERS
OF TRADE

(Tunis, Tunisia, 22-24 October, 1993)

A. Formal opening of the Conference (agenda item 1)

1. The Twelfth Session of the Conference of African Ministers of Trade was held in Tunis, Tunisia from 22 to 24 October 1993. The Conference was opened by His Excellency Mr. Hamed Karoui, Prime Minister of the Republic of Tunisia. Statements were also made by His Excellency Mr. Layashi Yaker, United Nations Under-Secretary-General and Executive Secretary of the Economic Commission for Africa (UNECA), His Excellency Dr. Salim Ahmed Salim, Secretary-General of the Organization of African Unity (OAU) and the outgoing Chairman of the Bureau of the eleventh session of the Conference of Ministers of Trade.

2. His Excellency Mr. Layashi Yaker, United Nations Under-Secretary-General and Executive Secretary of ECA welcomed all delegates to the Twelfth Session of the Conference of African Ministers of Trade and payed tribute to the Government and people of Tunisia for agreeing at short notice to host this Session of the Conference. He observed that the Conference was being held concurrently with the First Arab-African Trade Fair jointly organized by the Government of Tunisia, the Organization of African Unity and the League of Arab States, and with full involvement of the Economic Commission for Africa in all the major activities of the Fair.

3. He further recalled that the Twelfth Session of the Conference of African Ministers of Trade was taking place against the backdrop of a number of developments which pose a serious challenge to the African continent. These include the uncertainty surrounding the conclusion of the Uruguay Round of Negotiations, the continuing decline in commodity prices, the collapse of major international commodity agreements and the creation of larger trading blocs in other regions. He further stated that the economic situation of Africa has been exacerbated by the debt problems faced by many African countries and the social costs of adjustment to volatile changes in the world economy. Africa has found itself marginalized

not only in world trade but also in international political and economic relations. The need for self-reliance has never been greater than it is now, as is the need for Africa to accelerate its process of economic integration.

4. The Executive Secretary of ECA pointed out that the Session would consider Africa's position in the global trading system within the context of the current Uruguay Round of Negotiations and the current crisis in major international commodity agreements during two discussion fora to which had been invited distinguished Executives from the General Agreement on Tariffs and Trade (GATT), the Secretariat of African, Caribbean and Pacific Group of States (ACP), the Common Fund for Commodities (CFC), the United Nations Conference on Trade and Development (UNCTAD) and the Inter-African Coffee Organization (IACO). He observed that African countries had looked to the current Uruguay Round of Negotiations in the belief that the inequalities created by previous Rounds would be addressed. However, these hopes appeared to have been dashed by the emerging main elements of the current Round and the side-line negotiations and agreements being reached by major trading partners; as the concerns of African countries and those of developing countries in general were being sidestepped .

5. The Executive Secretary further stated that the sharp decline in commodity prices of export interest to Africa during the last decade, and the cloudy outlook, pose serious challenges to many African countries. The collapse of a number of key international commodity agreements had raised fundamental questions as to the ability of these agreements to continue to cushion instability in export earnings of African countries. Efforts made by the coffee growers, within the framework of the Uganda and Brasilia meetings, where it was agreed to establish a "Coffee Retention Plan", needed to be appreciated and carefully examined as an example for dealing with problems of declining commodity prices in other products.

6. In his concluding remarks, the Executive Secretary of ECA expressed his hope that the First Arab-African Trade Fair, being hosted by the Government of Tunisia, would be the beginning of more productive collaboration among African and Arab countries.

7. Dr. Salim Ahmed Salim, the Secretary-General of the Organization of African Unity, expressed his gratitude to the Government and People of Tunisia for having accepted to host the Twelfth session of the Conference of African Ministers of Trade. He went on to extend a warm welcome to all delegations. He reminded the Ministers on the relevance of some of the decisions they had taken in the previous sessions of their Conference and referred to the continuing dismal economic performance of African countries. In that connection he pointed out that, although African countries had adopted a number of development strategies such as the Lagos Plan of Action, the African Priority Programme for Economic Recovery and other initiatives, these had failed to get off the ground. It was not the ideas nor the policies that were lacking but rather the will to carry them through. He, therefore, urged African countries to demonstrate greater resolve to pursue the goals they had set for themselves.

8. About the progress so far made with respect to the implementation of the Treaty establishing the African Economic Community which was signed in Abuja in June 1991, Dr. Salim stated that 34 countries had ratified the Treaty and deposited their instruments of ratification with the secretariat. Only one more country was needed to ratify the Treaty for it to enter into force. In preparation for the operationalization of the Treaty, he went on to state, the Joint Secretariat of the OAU, ECA and ADB has drafted the following eight trade and customs protocols which are to be eventually negotiated and annexed to the Treaty. These are Protocols on Rules of Origin; non-tariff barriers; elimination of customs duties; customs cooperation; re-exports; intra-community transit trade; the simplification and harmonization of trade

documents; and procedures on trade promotion. He therefore, invited the ministries of trade of member States, which will be the main actors and implementors of the said protocols, to join the ministries of Foreign Affairs in the on-going exercise of establishing the African economic community.

9. On the significant contribution that trade promotion could make to intra-African trade and Africa's economic development, the Secretary-General of the OAU drew attention to the importance of the regular All-Africa Trade Fair and the First Afro-Arab Trade Fair which had just opened the previous day and a possible future South Fair. He, however, cautioned that all hopes and aspirations, in that regard could only materialise if peace were to reign on the African continent. He regretted the current conflict situation prevailing in a number of African countries and reiterated the importance of peace and stability as key elements in Africa's development. In this regard, he referred to the framework agreed upon by African countries for conflict resolution called "Mechanism for conflict prevention management and resolution", adopted in June this year by the OAU Assembly of Heads of State and Government of the OAU.

10. In the light of the foregoing, he felt compelled to refer to the sadness of the events unfolding in Burundi where the verdict of the people so eloquently demonstrated in the country's presidential and legislative elections, had been arbitrarily flouted by a military take over. That event, he went on to state, has shattered the hopes and expectations of the people of that country. He expressed the hope that the situation would not be allowed to deteriorate further and thereby jeopardising the prospects of national reconciliation. In conclusion, he seized the opportunity to inform the Ministers of the position taken, in an emergency Session, by the central organ of the OAU mechanism for conflict prevention, management and resolution which had condemned the coup d'Etat in Burundi.

11. His Excellency Mr. Hamed Karoui, Prime Minister of the Republic of Tunisia officially opened the Conference. He welcomed all delegates to the Twelfth Session of the Conference of African Ministers of Trade and expressed his thanks to international and regional organizations which had helped prepare the two important events which were taking place currently in Tunis, Tunisia, namely, the Conference of African Ministers of Trade and the First Arab-African Trade Fair. These events had been organized by the League of Arab States, the Organization of the African Unity and United Nations Economic Commission for Africa in collaboration with the Tunisian government. He then proceeded to stress the importance his Government attaches to the success of these two events. The Prime Minister stated that there is need to develop cooperation among African countries in order to develop common positions in international relations and to protect their interests.

12. The Prime Minister regretted the fact that Africa's growth rate was of about 2 percent per year, a rate which is below that of its population growth. Moreover, the continent's contribution to world trade has dropped from 5 percent in mid-century to under 2 percent, because of the very structure of African exports, which are dominated by exports raw materials, whose prices on the world market have declined and fluctuated. Taking into consideration the impact of all these factors on African countries' economies, and uncertainties surrounding new changes in the world economy, there is a need for economic reform in the structures of production, distribution and financing and the adoption of management methods based on the market economy as well as the need to encourage private initiative.

13. The Prime Minister reiterated further that cooperation between African States should be strengthened to constitute one more means of support to sustainable and durable development. He paid tribute to UNECA and the OAU for their attempts to set up suitable strategies and programmes to help African countries and to enable

them to develop mutual cooperation. In this effect, he mentioned the Abuja Treaty and the setting up of the six subregional economic communities as a basis for promoting an African market that will enshrine the basis of cooperation and solidarity. He concluded by expressing the wish that deliberations during the Session would be successful and productive.

14. In his statement, the out-going Chairman of the Conference of African Ministers of trade, noted that since the last Session of the Conference, Africa's economies have been affected severely by declining prices of commodities, coupled with the deepening debt crisis as well as the stagnation in real terms of net resource flows to Africa. The representative of Zambia, indicated that the success of structural adjustment programmes currently pursued in the region would depend on an improvement in the international environment. He appealed to developed countries to improve the conditions of market access for products from developing countries and to help to strengthen markets for African commodities. In his concluding remarks, he emphasized the importance for Africa to recognize that the primary responsibility for its socio-economic development rested with African countries themselves. He referred to the need for the continent to see through its economic strategies at national level, supplemented by effective sub-regional and regional co-operation and integration.

B. Attendance

15. The Conference was attended by the following African countries: Algeria, Angola, Benin, Botswana, Burkina Faso, Cape Verde, Congo, Cote d'Ivoire, Egypt, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Guinea Bissau, Libyan Arab Jamahiriya, Malawi, Mali, Mauritania, Morocco, Mozambique, Namibia, Niger, Nigeria, Sao Tome and Principe, Senegal, Sudan, Togo, Tunisia, Uganda, Zambia, Zimbabwe.

16. The following Organizations attended as observers: the African Caribbean and Pacific Group of States (ACP), the African Development Bank (ADB), the Association of African Trade Promotion Organizations (AATPO), the Inter-African Coffee Organization (IACO), the Common Fund for Commodities (CFC), the General Agreement on Tariffs and Trade (GATT), the Organization of African Unity (OAU), the United Nations Conference on Trade and Development (UNCTAD).

C. Election of the Bureau (agenda item 2)

17. The meeting elected the following countries to constitute its bureau:

Chairman:	Tunisia
First Vice-Chairman	Zimbabwe
Second Vice-Chairman:	Ghana
Third Vice-Chairman:	Eritrea
Rapporteur:	Congo

D. Adoption of the agenda and Programme of work (agenda item 3)

18. The Conference adopted the following agenda:

1. Formal opening of the Conference
2. Election of officers
3. Adoption of the agenda and programme of work
4. Discussion Forum on "Africa and the International Trading System within the Framework of the Ongoing Uruguay Round of Negotiations".

5. Discussion Forum on "Africa and the Current Crisis in Major International Commodity Agreements".
6. Consideration of the Report of the Technical Meeting of Experts of the Twelfth Session of the Conference of African Ministers of Trade.
7. Any other business
8. Adoption of the Report and closure of the Conference

E. Account of proceedings

- (a) Discussion Forum on "Africa and the International Trading System within the Framework of the ongoing Uruguay Round of Negotiations" (agenda item 4)

19. The discussion forum, under this agenda item, was chaired by Honourable Sadok Rabah, Minister of National Economy of Tunisia. Panel members comprised of the following: Mr. Layashi Yaker, United Nations Under-Secretary-General, Executive Secretary of the Economic Commission for Africa; Dr. Salim Ahmed Salim, Secretary-General of the Organization of African Unity; Mr. Jesus Seade, Deputy Director-General, General Agreement on Tariffs and Trade; Dr. Berhane Gebray, Secretary-General, African, Caribbean Pacific States; and Mr. Liondjo, Representative of the Secretary-General of United Nations Conference on Trade and Development (UNCTAD).

20. The discussion was introduced by the following speakers: Honourable Sadok Rabah, Minister of National Economy of Tunisia, Mr. Jesus Seade, Deputy Director of GATT, Mr. Marcel Namfua, Representative of UNCTAD and Dr. C.T. Mwalwanda, Representing UNECA.

21. In his introduction, the Deputy Director General of the General Agreement on Tariffs and Trade (GATT) highlighted major developments that had taken place both in the political world and referred to market-oriented reforms that were taking place world wide. He reminded the meeting that GATT rules had served the world trade relations for the last forty years, but these needed to be improved upon. In his view, results expected from the Uruguay Round included the openness of the global trading system; the strengthening of the rules of GATT; the introduction of the regulatory mechanism and legal framework. As the results of the Uruguay Round were of interest to all countries, including the developing countries, African countries could benefit directly and indirectly from the Uruguay Round. To this end, there was need for greater participation by African countries in the negotiation processes of GATT. However, many African countries were not members of GATT. He finally offered GATT technical assistance to African countries.

22. The UNCTAD representative pointed out that African countries had been increasingly recognizing the importance of being part of the multilateral trading system and drew to the attention of the Conference the reality of the situation which could prevail in the post-Uruguay Round and the challenges it would bring to African countries. He stated that the outcome of the Uruguay Round will significantly change the landscape in which international trade transactions take place and with ramifications for Africa. He stated that although in the long-run the results of the Round could yield positive results on Africa's trade and development in the short-run African countries would face serious challenges. African countries could benefit from strengthened multilateral trade rules and mechanisms in the conduct of trade relations, assuming that the Round will result in a more open global trading system. The representative of UNCTAD spelt out in detail the measures needed for them to take advantage of various provisions contained in the Round. He emphasized the importance for African countries of

undertaking a thorough and careful evaluation of the implications of the Uruguay Round on African countries and involvement by African countries in the new trade arrangements.

23. The representative of UNCTAD presented in detail a variety of ways by which the international community could ensure that the least developed countries were not further disadvantaged than at present, after the conclusion of the Round. These could, inter-alia, include complete elimination of market access barriers that remained in developed countries after the Uruguay Round for products from least developed countries; concrete commitments to provide adequate food aid to cushion the net food-importing countries and the least developed countries from higher prices as a result of the agricultural reform programme; greater flexibility and sufficiently longer time-frames for implementing the provisions of the Uruguay Round agreements, particularly in TRIPs and TRIMs to enable them to use the necessary policy instruments for improving export supply capabilities including diversification and trade competitiveness; and ensuring that no obligation or concession from the Round would be inconsistent with their development, financial and trade needs.

24. The ACP Secretary-General pointed out that African countries had not effectively utilized the facilities made available by GATT and UNCTAD and the Lome Conventions. He called on African countries to use these facilities to help them to adapt to the post-Uruguay situation. He called on African countries to ensure that advantages already gained through previous GATT negotiations should not be permitted to be eroded.

25. The UNECA representative stated that the major challenges facing Africa included globalization of world trade, the entry into force of the European Single Market Act, uncertainty surrounding outcome of the current Uruguay Round of Negotiations and its implications for Africa's trade, as well as developments in

commodity prices and the sluggish growth of world output. Furthermore, African countries were encountering difficulties in servicing their external obligations as well as in maintaining levels of essential imports; additional factors which have constrained Africa's development.

26. He stated that these developments raised basically two fundamental issues of importance to African countries namely, the implications to Africa of the new emerging global trading system and the institutional framework being created to support it; and the implications on African economies of the conclusion of the Uruguay Round of Negotiations. Concerns of African countries as regards to the current Uruguay Round have centred on provisions and obligations the conclusion of the Round will place on African countries in the field of trade-related aspects of property rights (TRIPs), trade-related aspects of investments measures (TRIMs) and the General Agreements of Trade on services. He stressed that the most important aspects of the current Uruguay Round of Negotiations to African countries relate to its aspects of agricultural reforms, particularly on market access, domestic support schemes, export subsidies, and sanitary and phytosanitary measures.

27. During the debate which followed Ministers held presentations by various delegations on the concerns of individual African countries regarding the current Uruguay Round negotiations. It was made evident that the problems of African countries with respect to the current Uruguay Round of negotiations are related to a number of key factors. Firstly, out of fifty-two African countries, about only ten countries are contracting partners of the General Agreement on Tariffs and Trade (GATT). Secondly, the procedures for negotiations under GATT require that a participating member make offers to other participants in order to be allowed to be involved in the "Green Room" negotiations. Many African countries have not been making these offers, even how small they may be. Thirdly, African countries which are contracting members of GATT do

not usually participate in the negotiations due to various factors, including financial problems.

28. The Conference took note of developments in the current Uruguay Round of Negotiations and welcomed the introduction of agriculture, and trade in textiles and clothing into the current Uruguay Round negotiations but expressed concerns on a number of provisions contained in the protocols on these key issues, and called for appropriate measures to be taken to cushion the impact of liberalization of trade in agricultural products on net-food importing countries. African countries of the CFA Frank expressed concern on the instability that has been created in the zone by the decision of the countries of the zone not to accept CFA Franks that outside the zone to be remitted back.

29. The Ministers stated that, while many African countries were committed to a liberalized global trading system, they needed commitment from other partners that the world trading system which will emerge will be an equitable and predictable one. They called for supplementary measures to alleviate the position of the poor contracting partners of GATT. The Conference called on African countries to intensify their efforts on follow-up actions for measures needed for Africa to adapt to the new world global trading system.

30. In conclusion, the Conference noted that African countries can make a difference in the GATT negotiations firstly, by tabling offers, and more importantly by participating in the negotiations. The Conference was informed by the GATT representative that the main area in which developing countries stand to gain is negotiation on special and differential treatment, especially as regards to market access. He also informed the Ministers that some developing countries have requested contracting partners of GATT for non-contracting members to be allowed in "Green Room" negotiations. However, it is unlikely that the current rules of

participation in the negotiations will change in the immediate future.

31. The Conference called for evaluation of the implications of the Uruguay Round on Africa's trade in goods and services. However, they also warned that this cannot be a substitute to effective participation by African countries in the negotiations. Finally, the Conference expressed the view that for GATT to be credible, it has to be a universal organization whose membership is worldwide and more importantly an institution which deals with the concerns of both major and small trading countries. They called on UNECA, OAU, ADB, GATT and UNCTAD to assist African countries with various aspects of assisting African countries to respond effectively to the challenges that will be engendered by the post-Uruguay Round.

(b) Discussion Forum on "Africa and the Current Crisis in the Major International Commodity Agreements" (agenda item 5)

32. The Conference discussed the issue of the current crisis in major international commodity agreements of interest to Africa. The discussions were guided by the following panel members: Mr. Layashi Yaker, United Nations Under-Secretary-General and Executive Secretary of Economic Commission for Africa (UNECA), Mr. Arega Worku, Secretary-General, Inter-African Coffee Organization (IACO), Mr. Rudi Hartantyo, Managing Director, Common Fund for Commodities (CFC), Mr. Berhane Gebray, Secretary-General of the African, Caribbean, Pacific Group of States (ACP), and Mr. Liondjo, Representative of the Secretary-General of United Nations Conference on Trade and Development (UNCTAD). Presentations were made by the Common Fund for Commodities, the Inter-African Coffee Organization and the United Nations Economic Commission for Africa.

33. The Managing Director of the Common Fund for Commodities in making his presentation, emphasized the great importance the Fund

attached to Africa. He stated that in developing countries, the commodity factors were not only historical factors but also imperative to their future. The Managing Director stated the need to strengthen international commodity policies based on cooperation between producers and consumers, on the one hand, and among producers on the other hand. Concern was raised about the declining support to international commodity cooperation from some important consuming countries, such as the United States.

34. He observed that the Common Fund was the only key instrument for achieving the objectives of the Integrated Programme for Commodities which still contains relevant and valid objectives. He informed the Conference that the Fund had financed some projects which were located in African countries. The need to strengthen cooperation between the Common Fund, the UNECA and other United Nations Commissions was mentioned.

35. The Secretary-General of the Inter-African Coffee Organization (IACO) gave background information to the crisis in the International Coffee Agreement (ICA) which started in 1989 when the quotas which had regulated world coffee trade since 1962 came to an end. By 1993, coffee prices had fallen to US\$800 per tone, which was below production costs. The meeting of major producers in Kampala last August and the subsequent one in Brasilia, led to the establishment of the "Coffee Retention Plan". The Secretary-General of IACO stated that the objective of the Coffee Retention Plan was not to create a cartel but to manage coffee supplies in order to stabilize prices.

36. He observed that, with the retention scheme a price stabilization mechanism was established which was independent of consuming countries. On the issue of whether this scheme could be replicated in other commodities, the Secretary-General was of the view that each commodity should be examined on its own merit and marketing structure. He stated that it is difficult to conclude,

at this stage, that the experience of coffee could be copied in other commodities. The technical and political conditions could be different. A case analysis of each commodity was needed to determine the modalities.

37. The UNECA representatives stressed African countries' heavy dependency on exports of commodities and the progressive and precipitous decline in commodity prices of export interest to Africa. He referred to the crisis that had emerged in major international trading agreements. The UNECA representative observed that failures to negotiate successor arrangements in major international commodity agreements had often been attributed to the inequality in negotiating strength between consumers and producers.

38. He gave appreciation to the establishment of the Coffee Retention Plan and stated that the basic question facing Africa is whether there is a scope to replicate the scheme in other international commodity agreements such as cocoa, rubber, sugar, etc.

39. During the debate that followed, the Conference noted with regret the prevailing situation in world commodity market. A number of international commodity Agreements of interest to Africa had collapsed and prices of many products had not improved.

40. The Conference took note of the Coffee Retention Plan by Coffee growers as a framework for managing coffee supplies and stabilizing coffee prices and resolved to explore modalities for possible replication of this approach in other commodities, should the need arise. It called upon African countries to analyze the efficiency for applying the principles of the Coffee Retention Plan to other commodities of export interest to Africa.

41. The Conference stressed the need for the Common Fund for Commodity, the General Agreement on Tariffs and Trade, the United

Nations Conference on Trade and Development, to provide tangible financial support to African countries to enable them to diversify their economies. It called on the UNECA, OAU, ADB and the Common Fund for commodities as well as other UN regional commissions to provide technical assistance to African countries to deal with problems of declining commodity prices as well as for improving productivity of African economies and for diversification.

(c) Consideration of the Report of the Technical Meeting of Experts of the Twelfth Session of the Conference of African Ministers of Trade (agenda item 6)

(i) Review of the Implementation of the Strategies for Revitalization, Recovery and Growth of Africa's Trade in the 1990s and Beyond

42. The Conference took note of the progress report on the implementation of the Strategies for Revitalization, Recovery and Growth of Africa's trade in the 1990s and Beyond, adopted by the extraordinary session of the Conference of African Ministers of Trade held in 1990, with a view to providing a framework for making trade an engine of growth and development in Africa. They noted that the ECA Executive Secretary, in close collaboration with other relevant international organizations and the Standing Committees established under the Strategies, had been called upon to submit reports on the implementation of the Strategies to meetings of the Conference of African Ministers of Trade on a regular basis.

43. The Conference reaffirmed that the Strategies constituted an adequate framework for promoting trade in African countries. It, however, regretted that the prevailing economic-situation had hindered the effective implementation of the Strategies. Accordingly, very little had been achieved so far in the implementation. There was need, therefore, to initiate concrete actions such as organization of workshop, seminars, fairs and to

provide opportunities to African businessmen and women to meet and establish trade relations. The Conference requested the UNECA secretariat to secure the additional financial resources required to assist member States in the implementation of the Strategies.

(ii) Consideration of technical studies and reports in the field of domestic, intra-African and international trade

(a) Promoting domestic trade

44. Under this Agenda item, three documents had been submitted to the Conference by the secretariat, namely: Enhancing Domestic Trade; Enhancing the Role of women in Domestic Trade and; Facilitating Development of Rural Trade Through Provisions of Services, Trade Financing and Rural Credit.

45. The Conference noted that a number of factors had been a hinderance to the effective contribution of domestic trade to the development process of many African countries. These obstacles included lack of infrastructure, financing and an appropriate enabling environment to support domestic trade. The report presented by the secretariat examined these impediments which had inhibited the development of domestic trade, especially in rural areas. The Secretariat discussed pricing policies and their impact on the development of this type of trade and measures needed to revitalize such trade; such as promotion of production for domestic markets, rationalization of domestic distribution channels, improvement of physical infrastructures, strengthening of the financial sector and establishment of an effective institutional framework to promote social and economic activities supportive of domestic trade. As regards to the role of women in domestic trade, the Secretariat noted that there was need to adopt financing and other policies supportive of women activities in trade.

46. On the issue of facilitating domestic trade in rural areas, the secretariat recommended that African countries should devise specific measures to improve transformation networks and to provide adequate financial services and credit.

47. In the discussion that followed, the Conference reviewed the trends in Africa's domestic trade and measures required to revitalize it. It was felt necessary to explore ways and means of promoting production, providing complementary infrastructural support, improving distribution and marketing channels and rehabilitating transport and trade information systems.

48. The Conference stressed the need for effectively integrating African women in the productive sectors of African economies. In this regard, strengthening of the institutional and financial framework in support of women was emphasized. Furthermore, activities such as workshops, seminars and fairs should be organized by African countries on a permanent basis, to provide an appropriate framework for business women to meet and establish business relations.

49. The Conference also observed that recommendations relating to the need for trade facilitation in rural areas should take into account the need to deal with transportation problems inhibiting the development of trade. Particular emphasis was to be given to the need to provide financial support to rural trade as well as for storage facilities. There was also need to develop adequate marketing/distribution infrastructure. In this respect, the Conference acknowledged the need to set up programmes for phased construction of rural markets and for providing the enabling environment for the development of wholesale and retail distributional networks.

(b) Development and expansion of intra-African trade

50. The secretariat briefly introduced two documents to serve as background materials for deliberations under this agenda item, namely: Growth prospects for intra-African trade and elimination of tariff and non-tariff barriers; and Prospects for expanding intra-African trade through planning of production on a sub-regional basis.

51. It was pointed out that each sub-regional grouping had not only adopted a trade liberalization scheme but had also made progress in its implementation. The secretariat observed that significant constraints still existed in reducing tariff and non-tariff barriers within most sub-regional groupings and underlined the recommendations contained in the study relating to the accelerated implementation of sub-regional trade liberalization programmes.

52. The secretariat further indicated that lack of attention paid to the need to transform production patterns in African countries in order to respond to the opportunities created by sub-regional markets had contributed to the slow expansion of intra-African trade.

53. National economies had not responded effectively to the economies of scale generated by the creation of sub-regional groupings. Modalities for planning of production on a sub-regional basis within the context of expanding intra-African trade required the existence of a stable political environment and the harmonization of national and sub-regional development policies and strategies.

54. The representative of Tunisia, in this regard, presented Tunisia's experience with economic development and its approach to economic cooperation with African countries. Taking into account

the interest aroused by this experience as regards to the restructuring of the economy, liberalization of foreign trade, the positive results achieved, as well as the proposals made for encouraging development of intra-African trade, the delegations present request for the relevant document to be distributed.

55. During the debate that followed, the Conference noted that the volume of intra-African trade had not improved, despite the multiplicity of preferential agreements agreed upon by African countries within their respective economic sub-regional groupings.

56. The Conference recognized that significant constraints still existed that inhibited the expansion of this trade, including the low level of economic complementarity between member States within the same sub-region; the widespread proliferation of non-tariff barriers; the lack of information on available African goods; the absence of marketing strategies; the increasing debt servicing which reduced payment capabilities; and divergent macro-economic policies among member States.

57. The Ministers observed that in the context of the ongoing world wide, market-oriented reforms, Africa had to adjust to the changing international environment and adopt reforms, including trade reforms. The meeting noted that a number of countries had not implemented the decisions agreed upon and reaffirmed that the signing of the Treaties on stabilization and reduction of intra-community tariff and non-tariff barriers were not sufficient for increasing intra-African trade unless they were implemented.

58. The Conference, therefore, recommended that African countries should expand intra-African trade through planning of production at sub-regional levels. To this end, industries that were competitive at the national, sub-regional, regional and international levels should be established; service industries should be improved; joint ventures should be encouraged; a data bank for dissemination of

information on available African products should be set up; and technical cooperation among African countries should be enhanced.

59. The two other documents under this agenda item were introduced by the OAU representative:

- (iii) Report on the Evaluation of the Sixth All-Africa Trade Fair and the preparations for the Seventh All-Africa Trade Fair

60. The representative of the Organization of African Unity outlined the activities that were undertaken prior to, during and after the Fair. He went on to highlight the administrative problems encountered and the results of the assessment made on the commercial impact of the Fair. He underscored the important roles played by the host country, Zimbabwe, the collaborating agencies of the UN system, the specialized agencies of the OAU, as well as the General-Secretariat of the OAU.

61. In preparation for the Seventh All-Africa Trade Fair which he indicated will be held in Nigeria, he informed the meeting of the new orientation that the OAU intended to give to the Fair in order to increase its commercial impact. In that connection, he invited the meeting to enrich the ideas of the secretariat for the new approach.

62. During the discussion that ensued, a number of delegations sought clarification on some issues. They fully supported the idea of the new approach and made concrete suggestions on how best the OAU should go about its objective of improving the commercial impact of the Fair. Prominent among these suggestions was the need for the OAU to use modern forms of telecommunications such as telefax in preparation for and during the Fair.

Progress Report on the Implementation of the Provisions of the Abuja Treaty Establishing the African Economic Community, in the Field of Trade

63. The representative of the OAU secretariat gave a brief account of the historical circumstances leading to the signing of the Treaty, efforts deployed so far by the Joint Secretariat of the OAU/ECA/ADB and the Permanent Steering Committee to formulate inter-alia eight draft protocols in the trade and customs sectors which would operationalize the relevant provisions of the Abuja Treaty.

64. It was pointed out that so far 32 OAU member States had ratified the Treaty and only 2 countries remained to ratify the Treaty for it to come into force. With regard to the preparations for the operationalization of the first phase of the six stages envisaged in the Treaty, it was pointed out that the Joint Secretariat had already formulated a draft protocol which, when finalized, would govern the relationships between the African Economic Community and the African regional economic Communities. This would facilitate the formulation, implementation and evaluation of joint programmes and projects.

65. The attention of the Conference was drawn to the recommendations contained in the report which they supported. They agreed with the secretariat that the Ministers of Trade of all OAU member States, signatories to the Abuja Treaty, should be involved in the finalization of the Trade and Customs Protocols and the implementation of the relevant protocols.

(c) Africa's external trade situation and the impact of the current international trade negotiations on Africa's trade

66. The secretariat, in introducing this agenda item, drew the attention of the meeting to a number of important developments in Africa's external trade relations which were impairing the continent's efforts to attain sustainable development. These related to the decline in commodity prices of export interest to Africa, market access of African exports due to non-tariff barriers in the industrial countries, and the external debt burden. Furthermore, the creation of larger trading blocs in other regions of the world and the uncertainty as to the conclusion of the current Uruguay Round of multilateral trade negotiations were all posing serious new challenges to Africa.

67. The secretariat observed that Africa remained uncertain as to what the conclusion of the Uruguay Round would bring to the continent and its people. The possible benefits from its conclusion remained indeterminate and unpredictable. It called on African countries, individually and collectively, to evaluate the impact the conclusion of this Round of multilateral trade negotiations would have on their economies and peoples.

68. The Secretariat also stated that, while international commodity agreements had over the years served as avenues for stabilizing commodity prices of primary products, and in turn, export earnings of these countries, in recent years many of these had broken down or were stalled in negotiating new arrangements. This situation had precipitated the fall in commodity prices, as consumers of primary products had gained an upper hand over producers in the negotiations for successor arrangements. The secretariat brought to the attention of the meeting the Kampala Ministerial Meeting of major coffee growers held in August 1993, at

which a Coffee Retention Plan was agreed upon in order to stabilize coffee prices. A follow-up meeting took place in Brazilia, Brazil, in September 1993. The Secretariat noted that following the Kampala Meeting the international coffee market reacted to the initiative of coffee growers, as coffee prices immediately rose by 17 per cent and by an even greater percentage subsequently. The secretariat urged member States to examine the Coffee Retention Plan with a view to determining the modalities for its replication in other commodities such as cocoa, rubber, palm oil and other primary products of export interest to Africa.

69. The secretariat then introduced a document on "Africa's Export Prospects: The Uruguay Round and Beyond". The secretariat observed that both endogenous and exogenous factors had contributed to the decline in Africa's share in world trade. Among the most serious and pervasive endogenous factors which had contributed to the decline in Africa's share in world trade were:

- the lack of adequate physical infrastructure;
- problems among African countries at the political and administrative levels regarding border transit of goods and protective trade regimes;
- African consumers' imitative consumption patterns;
- insufficient sources and cumbersome procedures for trade financing;
- low level of consumer and industrial product diversification.

70. The Secretariat drew to the attention of the meeting the implications for Africa of the formation of economic trading blocs.

In this regard, it highlighted the challenges posed by the completion of the Single European Market, the process of establishing the North American Free Trade Area (NAFTA) linking the United States, Canada and Mexico, the MERCUSOR as well as the proposed creation of an Asian Pacific Regional Economic Organization.

71. The potential impact on Africa's external trade of the conclusion of the Uruguay Round of GATT negotiations was highlighted and concerns as to lack of effective participation of African countries in the negotiations. It was observed that many of the benefits African countries were gaining from preferential treatment protocols could be eroded. The Secretariat also raised issues relating to the negotiations on agricultural reforms, trade in textiles and clothing, negotiations on trade related investment measures and trade in services and the use of grey-area measures and unfair trade provisions.

72. The second document, presented by the Secretariat, attempted to highlight various measures and specific policies that can help African countries to stabilize their earnings from commodity exports. The Secretariat stated that some of the problems of African countries that resulted in instability in export earnings emanated from heavy dependence on export earnings from a handful of mainly agricultural commodities.

73. Major existing stabilization mechanisms were presented, which can be divided into compensatory financing through STABEX and SYSMIN and price stabilization mechanisms. Specific policy recommendations to improve the stabilization of African export earnings were proposed at national level. African countries were encouraged to improve the competitiveness of their commodities by reducing production costs and improving quality. On sub-regional and regional levels, a joint programme should be initiated to promote commodity exports, more specifically through the

establishment of export marketing groups. On the international level, the negotiating power of African countries should be strengthened through collective efforts.

74. As far as the third paper, was concerned, the secretariat indicated that it had reviewed import management policies in African countries in the context of balance-of-payments management. In this regard, and given the actual trading environment, most African countries were implementing trade and exchange policies aimed at reducing the quantity of goods imported. Simultaneously, and in the framework of implementing structural adjustment programmes (SAPs) supported by the International Monetary Fund (IMF) and the World Bank, other African countries have promoted trade liberalization. The paper then provided the experience of African countries in dealing with import management.

75. The coordinator of the African MTN Project in UNCTAD, participating as an observer, was invited to brief the meeting on the state of play in the Uruguay Round of Multilateral Trade Negotiations and the issues of concern to African participants. He pointed out that the Uruguay Round of trade negotiations is the single most important issue on the current international agenda which, once concluded, no single country will escape from its impact on its economic life. He traced the progress made in the negotiations since the Brussels ministerial meeting ended inconclusively due to the problems mainly in the negotiations in agriculture which after three years continue to be a stumbling block in concluding the Round. He said that while the Tokyo Summit outcome on a market access package agreed among the four major industrialized countries (Japan, Canada, USA and EC) reactivated the negotiations in Geneva, the difficulties in the "Blair House" agreement reached between the USA and the EC in November 1992, continue to slow progress in the market access negotiations which participants continue to believe to be crucial to a balanced final outcome and hence for the conclusion of the Round.

76. He referred to reaction of developing countries to the Tokyo Summit market offer which was considered inadequate as it did not include the products of export interest to them, especially, African countries which have been seeking fullest liberalization for tropical, agricultural and manufactured products as well as natural resource-based products.

77. He, however, said that an acceptable basis to all participants for concluding the negotiations existed in the form of the Draft final Act (DFA). Other problems remained in the DFA for certain participants, but there had been a general appeal to exercise restraint by all participants to avoid unravelling it.

78. He then went on to touch on the issues of concern expressed by African countries which had become apparent in the course of negotiations and which remained unresolved. He pointed to the possible loss of their preferential margins which currently gave them more favourable market access conditions and the likely adverse impact of the agricultural reform programme on net food importing countries and least developed countries in the form of higher world prices particularly of cereals and grain, as the two major concerns. He said that without offsetting measures for minimizing such losses while assisting the least developed countries in improving their competitiveness, these countries would face further marginalization in the post-Uruguay period. He referred to additional obligations in the new areas particularly in the draft agreement on trade related aspects of intellectual property rights (TRIPs), which the African countries have singled out as imposing the most onerous obligations with the greatest impact on their development prospect because of its impact on transfer of technology through higher royalty payments and more stringent conditions for the working of patents. The new obligations in the new issues and rule making will imply change of legislation or administrative practices or new legislation and adaptation of trade policy in order to comply with the commitments.

79. He said against the background of these concerns, the evaluation of the results envisaged in the Punta del Este Declaration before the formal conclusion of the Round assumed even greater importance.

80. He cited a variety of ways by which the international community could ensure that the least developed countries were not further disadvantaged than at present, after the conclusion of the Round. These could inter-alia include:

- a. Complete elimination of market access barriers that remained in developed countries after the Uruguay Round, including all tariffs and non-tariff measures as well as flexible use of the rules of origin as one of the means to offset loss of preferential margins.
- b. Concrete commitments to provide adequate food aid to cushion the net food-importing countries and the least developed countries from higher prices as a result of the agricultural reform programme. This should be accompanied by sufficient and additional technical assistance to them in order to improve agricultural productivity and infrastructure which would make them less dependent on food imports in the long-term.
- c. Greater flexibility and sufficiently longer time frames for implementing the Uruguay Round agreements, particularly in TRIPs and TRIMs to enable them to use the necessary policy instruments for improving export supply capabilities including diversification and trade competitiveness. Developed countries could assist through specific measures geared towards promoting technology transfer and foreign direct investment.

- d. Ensuring that no obligation or concession from the Round would be inconsistent with their development, financial and trade needs.

81. He suggested that these could be used as some of the criteria in carrying out common evaluation of the results as input to the evaluation process on trade in goods which should begin soon after the market access schedules were completed in mid-November, with a view to ensuring a balanced outcome.

82. During the debate that followed on the issues and implications of the multilateral trade negotiations within the framework of GATT, the Meeting expressed concerns about Africa's situation in the aftermath of the Uruguay Round. It also took note of the Draft Final Act which was being prepared and which would include market access and agricultural reforms. The outstanding issues were mainly on reduction of agricultural subsidies and increased market access. In this regard, the Tokyo Conference served as a basis for agreements on issues of market access for industrial products. It had also been agreed to reduce tariffs further. However, the Conference reiterated Africa's specific concerns about the negotiations, taking into account that African countries were less equipped to take advantage of expanding market opportunities after the conclusion of the Uruguay Round and that the net food importing countries would possibly be faced with higher food prices. Furthermore, there was an expected erosion of preferential treatment protocols for the developing countries, including Africa. In addition, there was a need to eliminate the technical trade barriers within the new GATT. Trade-related intellectual property rights, preshipment inspections, sanitary measures, trade-related investment measures and services agreements were also of concern to the meeting.

83. The Conference proceeded to an evaluation of the current Multilateral Trade Negotiations under GATT and came out with the following observations:

- Its potential impact on individual countries and sub-regions varied,
- The need for the framework to contribute to the effective application of differential treatments and complete elimination of barriers to the access of exports from the developing countries;
- The importance of support of the international community for its implementation;
- The importance for flexibility and longer periods in implementing the Uruguay Round;
- Concessions of the Uruguay Round should be consistent with the development aspirations of developing countries.

84. The Ministers called upon the UNECA, UNCTAD and GATT to assist African countries to adapt to the world economy, in the aftermath of the Uruguay Round of Trade Negotiations. In this connection, a Draft Declaration by African Ministers of Trade was proposed. The Conference also expressed the need for ECA and GATT to set up a mechanism of technical assistance to African countries for management of the implications of the Uruguay Round. It was expected that an accurate evaluation of the implications on Africa of the post-Uruguay environment was essential.

85. Furthermore, it was stated that it was necessary to take into consideration the present exchange rates and the strong impact of the cost of financing. There was also an awareness of the importance of free circulation of tropical products in

industrialized countries. The meeting also reiterated the need for African countries to adopt a new approach to multilateral trade negotiations which would permit their full involvement in the international trade negotiations. As a matter of fact, from what had transpired in previous negotiations, African countries were being marginalized. There was, therefore, need for Africa to organize itself and act as a bloc with a view to voicing African countries' concerns about multilateral trade negotiations.

86. However, there was a genuine recognition of the complexity of GATT. It was in this regard, that the UNECA secretariat had been called upon to be a focal point in familiarizing African countries with the process of trade negotiations. UNECA should also act as a focal point for providing assistance to African countries to make use of the special provisions available within GATT. A call was made for African countries consult on a permanent basis.

87. The Conference considered and adopted the "Tunis Declaration of African Ministers of Trade on Uruguay Round of Multilateral Trade Negotiations"; and four resolutions on "Strategies for Revitalization, Recovery and Growth of Africa's Trade in the 1990s and Beyond", "Promotion and Expansion of Intra-African Trade", "The Uruguay Round of Negotiations", and "Africa and the Crisis in International Commodity Prices".

F. Any other business (agenda item 7)

88. The Libyan delegation stressed its concern about the sanctions imposed on the Libyan people which were affecting many vital fields including Trade. The meeting rendered its support to the Libyan people to enable them to promote their Trade with Africa and the international community.