REPORT OF MISSION

MEETINGS OF COMESA POLICY ORGANS
Kinshasa, Congo (D.R.), 21-29 June, 1998

Staff member: R.M. Okello, OIC

Purpose: To participate in the Meetings of COMESA Policy Organs

Venue: Kinshasa, Congo Democratic Republic

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I. INTRODUCTION

1. The meetings of the Policy Organs of the Common Market for Eastern and Southern Africa (COMESA), were held in Kinshasa, Congo D.R., from 21-29 June, 1998 as follows:

   - Inter-governmental Committee: 21-23
   - Communications Ministers (Extra-Ordinary): 24
   - Council of Ministers: 25-27
   - Summit of the Authority: 29

2. The COMESA Summit of the Authority is held every year, while the IC and Council of Ministers meet two times a year; the next meeting of the Council will be held in December, 1998.

3. The participation of ECA/SRDC at these meetings is essential to identify the priority areas and indicate possible support to COMESA.

II. OUTCOME

4. A total of 17 out of the 20 member States of COMESA participated in the meetings; only Somalia, Madagascar and Djibouti did not attend. Egypt also participated in the meeting as observer, pending its admission to COMESA during the meeting. The three COMESA institutions, PTA Bank, PTA Re-insurance Company (ZEPE-RE) and COMESA Clearing House also participated in the meetings.

5. Observers at the meetings included representatives of the following organizations: ECA, OAU, ADB, SADC, IGAD, KBO, EAC, IOC, ECOWAS, ESAMI, ESABO, UNDP, FAO, ACP, ITC, CFC, ICIPE and WHO.
A. Meeting of Inter-Governmental Committee (IC):

6. The IC is composed of experts from various sectors of national economies relevant to regional cooperation and integration. The following reports of sectoral committees were considered by the IC meeting and relevant recommendations submitted to Council:

(a) Trade and Customs;
(b) Agriculture;
(c) Industry, Energy and Environment;
(d) Transport and Communications;
(e) Monetary and Fiscal Cooperation;
(f) Technical Cooperation;
(g) Women in Business.

7. In addition, the following reports were also considered by the meeting:

(h) Report of the meeting of Ministers of Justice and Attorneys General;
(i) Reports on WTO, ACP and the US Initiative on the new trade and investment policy on Sub-Saharan Africa;
(j) Report on the implementation of COMESA decisions by member States;
(k) Reports by COMESA institutions (PTA Bank, ZEP-RE, COMESA Clearing House).
8. The administrative and budgetary matters were considered in a closed session of heads of delegations.

B. Extra-Ordinary Meeting of Ministers of Communications

9. The Extra-Ordinary Meeting of Ministers in charge of telecommunications was convened to consider the report of the Steering Committee on Telecommunications Network Inter-connectivity and Tariff Harmonization Project. The Project aims to establish a regional telecommunications system for improved inter-connectivity of the countries in Eastern and Southern Africa. A regional company, COMTEL, would be established to operate the regional system as a private enterprise.

10. The meeting considered and endorsed the investment proposal and submitted its recommendations to the Summit of the Authority.

C. Meeting of the Council of Ministers

11. The Council of Ministers considered the reports of the Secretary General, the Third Meeting of Ministers of Justice/Attorneys General, the First Extra-ordinary Meeting of Ministers of Telecommunications, the Chairman of African Ministerial Group on WTO, the Fifth Meeting of the IC and COMESA institutions. The Council took decisions on some issues and recommended others for decision by the Summit, some of which are highlighted below and details are contained in the Report of the Council of Ministers (document COMESA/CM/V/2 of June, 1998):

   (i) Report of the Secretary General:

      - Decided that the Sixth meeting of Council of Ministers will be held in Lusaka, from 7 to 9 December, 1998;
- Recommended that Committees of COMESA Ambassadors in Lusaka and other parts of the World be made part of the COMESA institutions.

(ii) Report of the Third Meeting of Ministers of Justice and Attorneys General:

- Decided that Member States implement the Visa Protocol before 31 August, 1998;

- Decided on a schedule for implementation of the Protocol on Free Movements of Persons;

- Recommended measures for sanctions against member States;

- Recommended the Judges and President of the COMESA Court of Justice.

(iii) Report of the First Extra-Ordinary Meeting of COMESA Ministers of Telecommunications:

- Recommended the establishment of a regional telecommunications company, COMTEL, to be operated as a commercial enterprise.

(iv) Report of the Chairman of the OAU African Group on World Trade Organization:

- Decided that COMESA Secretariat undertake studies on electronic commerce in the context of WTO;

- Recommended that member States increase their capacity for negotiations in the framework of WTO.

(v) Report of the Fifth Meeting of IC:
(a) **Trade and Customs:**

- Recommended that ECA be requested to provide technical assistance to facilitate identification of non-tariff barriers to trade in member States;

- Decided that all member States implement tariff reductions by 90% by October 1998;

- Recommended that the Authority adopt a Resolution on Free Trade Area by year 2000;

- Decided that the Rules of Origin set at 35% minimum value-added be adopted (brings it in line with that of SADC).

(b) **Agriculture:**

- Decided that all tariff and non-tariff barriers be removed by 1999 on all agricultural products and inputs;

- Decided that member States establish National Irrigation Coordinating Units.

(c) **Industry, Energy and Environment:**

- Decided that an energy expert be recruited to enable COMESA fulfill the role assigned to it by the African Energy Commission of the OAU;

- Decided that a forum be established for national Investment Promotion Agencies in the region.
(d) **Transport and Communications:**

- Decided that COMESA coordinate with ECA the review of current Air Transport Facilitation Programme and develop a programme compatible with the FTA.

(e) **Monetary and Fiscal Programme:**

- Decided that a working group of selected professionals from Central Banks and Ministries of Finance from member States be established to make recommendations to the Committee of Central Bank Governors on Monetary Harmonization Programme.

(f) **Technical Cooperation:**

- Decided to request UNDP to provide support to COMESA Trade Promotion and Development Programme under the Capacity Building for Trade and Development for Africa programme;

- Decided to request ADB and PTA Bank to mobilize resources for completion of missing links in the infrastructure of the sub-region to facilitate efficient functioning of the FTA;

- Recommended that critical sectors for Africa's development (infrastructure and industry) be included in the agenda for TICAD II;

- Recommended that sub-regional organizations should participate in the preparatory work and take part in the negotiations.
(g) **Women In Business (WIB):**

- Recommended that WIB, with support from UNIFEM, ECA, UNDP and other partners, organize a series of workshops aimed at facilitating exchange of information on best practices and regional cooperation and on negotiation skills.

(h) **Future EU-ACP Relationship:**

- Decided that COMESA Secretariat collaborates with ACP Secretariat to ensure adequate preparation for start of negotiations with EU in September, 1998;

- Recommended that COMESA secretariat coordinate with other regional organizations (SADC, EAC, IGAD, IOC, CEPGL) for a common negotiating position on Post-Lome EU-ACP relations.

(i) **US Initiative on Trade and Investment in Africa:**

- Recommended that each member State study the US Initiative to enable formulation of a common African position;

- Recommended that a joint study be carried out by COMESA and OAU on the impact of the US Initiative on regional integration groups in Africa.

(j) **COMESA Clearing House:**

- Recommended that the Clearing House be restructured to provide services to commercial banks and financial institutions.
(k) **PTA Bank:**

- Endorsed the plans to expand the capital base of the Bank from the current US$500 millions to US$5 billions and extend membership beyond COMESA.

D. **Summit of the Authority**

12. The Summit meeting was attended by seven (7) Heads of State and Government: Presidents of Burundi, Congo (DR), Kenya, Malawi, Namibia, Zambia and Zimbabwe; the other countries were represented by Prime Ministers, Ministers of Foreign Affairs or Ministers of Trade.

13. The key decisions taken by the Summit include:

   (a) Appointments of the Secretary General (Mr. Mwencha); Deputy Secretary General - Programmes (Mr. Ngwenya); 4 Directors (Administration and Finance; Legal and Corporate Affairs; Customs, Trade and Monetary Harmonization; and Infrastructure Development); Registrar of COMESA Court of Justice; Chief Internal Auditor; Chief Strategic Planning and Research; and ADP Expert for Eurotrace. These appointments are the first in the new organizational structure of COMESA.

   (b) Admission of Egypt as a member of COMESA.

   (c) Appointment of seven Judges to the COMESA Court of Justice (A.M. Akiwumi, James B. Kalaile, K.R.A. Korsah, Adrien Nyakiye, James M. Ogoola, Ernest Sakala and Josephat L. Kanyanyi - President of the Court).

   (d) Approval of the work programme recommended by the Council.
(e) Approval of the Telecommunications Inter-connectivity Project leading to the establishment of COMTEL, a regional operating company to be run as a private enterprise (Resolution annexed).

(f) Approved the proposal for the expansion of PTA Bank (Resolution annexed).

(g) Adoption of Resolution on the establishment of a COMESA Free Trade Area (FTA) by the year 2000 (Resolution annexed).

II. SALIENT POINTS OF RELEVANCE TO ECA

14. The capacity of the COMESA secretariat has been significantly increased by the appointments of the senior officers. This marks the end of the transition period since the resignation of the previous Secretary General in January, 1997. The appointment of substantive officers should greatly improve its working relationship with ECA as a whole.

15. Closely linked to the above, expectations for more impact of the work programme of the secretariat was evident. Despite its increased capacity, however, the Secretariat is still not capable of meeting these expectations. There is, therefore, opportunity for ECA to provide the necessary technical support to facilitate the implementation of regional cooperation and integration activities in the sub-region.

16. The new structure of the COMESA secretariat is programme based as opposed to the previous sectoral structure. The new Secretary General has indicated the need for programmes of reorientation for the staff of the secretariat. ECA could provide such support, given its own recent experience in institutional restructuring and reform.
17. Another significant outcome of the meetings is the confirmation of the goal to achieve a free trade area by the year 2000. This requires implementation of agreed programmes for total elimination of all constraints to the establishment of a free trade area, including zero tariff and elimination of all non-tariff barriers to free trade and movement of all factors of production. ECA has been requested to provide technical support to member States who may be behind in implementing some components of the agreed programme, especially in identification of non-tariff barriers.

18. The admission of Egypt into COMESA significantly expands not only market size but also its geographical coverage. COMESA now spans countries covered by three SRDCs of ECA: Southern, Eastern and Northern. Close coordination will therefore be required between these SRDCs in order to effectively work with COMESA.

19. The member States have begun to address the problems arising from dual membership of some countries in both COMESA and SADC. This was the case with the rules of origin which led to the reduction of the minimum local value-added of COMESA products to 35%, in line with that pertaining in SADC. It was also the case when Tanzania, which had suspended implementation of COMESA tariff reduction programme in favour of that of SADC, has resumed the COMESA programme. Moreover, the Executive Secretary of SADC attends COMESA policy meetings; similarly, the COMESA Secretary General attends SADC policy meetings.

20. The decision to establish a regional commercial telecommunications operator is another significant indication of the progress achieved in liberalization of the telecommunications industry in the sub-region. It demonstrates that the role of private sector in development activities is recognized. The meetings appreciated the contacts facilitated by ECA during the recent Global Connectivity Conference on Africa at which the COMTEL Project was presented to interested partners.
21. Many of the key organizations involved in regional integration were invited to and participated in the meetings: Joint AEC Secretariat (OAU, ECA, ADB); RECS (SADC, IGAD and ECOWAS); IGOs in the sub-region (EAC, KBO, CEPGL and IOC). This is a demonstration of openness which has not yet been achieved by SADC. Consultations are under way between ECA/SRDC-SA and COMESA to invite ECA’s and UMA to its next meeting.

22. The Authority meets once a year, while the Council meets two times a year. The bi-annual meeting of the Council is designed to closely monitor the implementation of the integration programme by the member States. The next Summit of the Authority will be held in the first half of 1999, while the experts and Council is due to meet again in December, 1998.

IV. CONCLUSION

23. The above is a summary of the major issues arising from the meetings. It should provide sufficient information for each programme area in ECA to identify possible points of entry in supporting COMESA and its member States. The SRDC-SA will consult with the individual Programme Managers to elaborate programme of assistance to COMESA over the next year. ECA is already implicated in the areas of non-tariff barriers, air transport and WTO, specifically:

(a) Non-tariff Barriers: Support to member States in assessment of non-tariff barriers experienced by national businesses in dealings with other member States (SRDCs and RCID).

(b) Air Transport: Support to COMESA Secretariat in reviewing the liberalization of air transport in Eastern and Southern Africa in the framework of the Yamoussoukro Declaration on a New African Air Transport Policy (RCID).
(c) WTO: Support to COMESA Secretariat in assisting member States in negotiations under WTO (ESPD).

24. The list of all documents is annexed to this report and copies of the reports are available at the SRDC office in Lusaka.
ANNEX A

Resolutions of the Authority

1. Kinshasa Resolution on the Establishment of a COMESA Free Trade Area by the Year 2000 (Final Communiqué Annex I).

2. Kinshasa Resolution on the Establishment of COMTEL, a Private Limited Liability Company to Provide a Framework for Regional Telecommunications Interconnectivity (Final Communiqué Annex II).

KINSHASA RESOLUTION ON THE ESTABLISHMENT OF
A COMESA FREE TRADE AREA BY THE YEAR 2000

The Third Summit of the Authority of Heads of State or Government of the Common Market for Eastern and Southern Africa, held in Kinshasa, Democratic Republic of Congo on 29th June, 1998:

RECALLING the importance of achieving the aims and objectives of the COMESA Treaty and specifically with regard to Co-operation in Trade Liberalization and Development, Customs Co-operation, and the Simplification and Harmonisation of Trade Documents and Procedures of the COMESA Treaty;

RECOGNISING that the promotion and development of a large Free Market of the Common Market of Eastern and Southern Africa is a prerequisite for the stimulation of Domestic, Regional (crossborder) and Foreign Direct Investment and the expansion, growth and the development of the economies of each Member State and the region as a whole;

TAKING into account that liberalisation of intra COMESA Trade and Investment is part of the global trend under the disciplines of the World Trade Organization which most Member States are members, and the establishment and expansion of Free Trade Areas in other regions of the world;

INSPIRED by the achievements of the PTA, now COMESA, in the gradual reduction and eventual elimination of tariffs and non tariff barriers in the region since 1983, the steady progress towards the establishment of Common External Tariffs and a Custom Union by the Year 2004; the progress made in the implementation of Trade facilitation measures in Transport and Communications, harmonization of Monetary and Fiscal Policies, Co-operation in Industrial and Agricultural development; and the growth of COMESA’s international image and stature;

INSPIRED by the decisions and commitments of the Authority of Heads of State or Government made in January 1993, and re-affirmed in April 1997 in Lusaka, Zambia to attain a COMESA Free Trade Area by the Year 2000;

RECOGNIZING that a Free Trade Area is a pre-requisite for the establishment of a large single Common Market for the Member States that will stimulate and attract domestic, regional and foreign direct investment in all sectors in the Member States;

AGREEING that a Free Trade Area has a dynamic effect on economic growth and diversification, leading to the generation and the creation of increased employment and economic base, which eventually generates increased government revenue, improves consumer social welfare, and raises the standard of living of the peoples of the region:
RESOLVES as follows:

1. To ensure that a Free Trade Area is achieved in COMESA by the year 2000.

2. That Member States should reduce and publish tariffs in accordance with the timetable agreed in January 1993 and reaffirmed in April 1997 to achieve complete removal of tariffs by the year 2000 on products originating and traded amongst the COMESA Member States.

3. That all Member States should eliminate all remaining non tariff barriers in accordance with the decisions and directives of the Council and Authority.

4. That in order to ensure the attainment of a fully functioning and dynamic Free Trade Area, all Member States should implement the common programmes listed in the 1998 Action Plan adopted by the Council of Ministers contained in Document No. COM/IC/N/12, in particular:

   (a) The Transport and Communications facilitation measures and instruments;

   (b) The liberalization and harmonization of investment laws, regulations and procedures;

   (c) The implementation of the Protocol on Free Movement of Persons, Labour, Services and the Right of Establishment and Residence in accordance with the phased timetable set out under the Protocol;

   (d) The development, liberalization and harmonization of monetary and fiscal policies, payments systems and capital movement; and the harmonization and improvements in trade and investment laws, regulation and incentives;

   (e) The adoption of common industrial and agricultural development strategies and policies in the development and strengthening of the private sector, energy and minerals development as well as environment;

   (f) The modernization of Customs and Statistics administrations through the adoption of the Automated System of Customs Data and Management System, and the External Trade computerization and management system and the simplification, streamlining and harmonisation of laws and procedures in customs clearance, data capture and the collection and compilation of accurate, timely and reliable customs data and external trade statistics;
(g) The adoption of standards, quality assurance, metrology and testing of COMESA products to achieve international competitiveness; and

(h) The utilisation of the COMESA Court of Justice for the resolution of any disputes arising from the interpretation of the COMESA Treaty.

Adopted at Kinshasa in the Democratic Republic of Congo on this 29th day of June 1998.
KINSHASA RESOLUTION ON THE ESTABLISHMENT OF COMTEL, A PRIVATE LIMITED LIABILITY COMPANY TO PROVIDE A FRAMEWORK FOR REGIONAL TELECOMMUNICATIONS INTERCONNECTIVITY

The Third Summit of the Authority of Heads of State or Government of the Common Market for Eastern and Southern Africa, held in Kinshasa, Democratic Republic of Congo on 29 June 1998:

RECALLING the provisions of Article 84 of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA) under which the Member States undertook to evolve coordinated and complementary communications policies, to improve and expand the existing links and establish new ones as a means of furthering the physical cohesion of the Member States;

RECALLING FURTHER that the Member States agreed under Article 96 (f) of the Treaty to establish adequate direct telecommunications links among themselves;

CONCERNED that telecommunications infrastructure and quality of service in the region is far below customers expectations, hampering business trade, economic and social integration;

RECOGNISING the role of COMESA in accelerating and facilitating the achievement of economic integration, growth and development in the COMESA Member States and the key role that telecommunications plays nationally, regionally and internationally in facilitating trade;

NOTING the need to upgrade and modernise the regional networks and be part of the global technology advancement of the information super-highway, lower tariffs for increased intra-regional telecommunications traffic and trade and reduce the outflow of hard currency outflows outside the region and Africa by routing the intra-COMESA telecommunication traffic within the region;

NOTING the need to mobilise approximately USD300 million as project investment costs to build the COMESA Telecommunications Interconnectivity Network, and that the co-operation between the project countries (SADC and COMESA) would result in lower investment costs;

NOTING FURTHER, with appreciation, the financial and technical assistance offered by the African Development Bank (ADB) for the feasibility study of the Telecommunications Interconnectivity and tariff harmonisation Study and the Regional Unit;

CONSCIOUS of the need to invite the participation of private sector financiers within and outside the project countries in order to mobilise the required investment funds through either equity or debt financing;
TAKING INTO ACCOUNT the recommendations of the First Extraordinary Meeting of the COMESA Ministers responsible for Telecommunications held on the 24th June 1998, Kinshasa, Democratic Republic of Congo;

RESOLVES as follows:

1. THAT a private Limited Liability Company to be known as COMTEL be established with the National Telecommunications Operators (NTO's) as shareholders and with the participation of the private sector including institutional investors on a build, operate and transfer basis.

2. THAT appropriate technology be implemented in the regional network that allows for transmission of multimedia services (data, Internet, fax, voice and video). In this regard, the Asynchronous Transmission Mode (ATM) technology is recommended, however, the operating company may adopt any future technology, which may be more appropriate.

3. THAT the name of the regional operating Company shall be COMTEL.

4. THAT COMESA should co-ordinate with SADC and other sub-regional organisations on the establishment of the regional Company in order to facilitate regional interconnectivity.

5. THAT National Telecommunications Operators should establish cost based tariffs and analytical cost accounting systems.

6. THAT the Secretariat should request the African Development Fund and other potential financiers to provide additional funding for the Regional Planning Unit to facilitate the establishment of COMTEL.

7. THAT the activities of the COMESA Regional Planning Unit should continue to facilitate the establishment of COMTEL.

Adopted at Kinshasa in the Democratic Republic of Congo on this 29th day of June 1998.
RESOLUTION CONCERNING THE EXPANDED MEMBERSHIP OF THE EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK

The Third Summit of the Authority of Heads of State or Government of the Common Market for Eastern and Southern Africa, held in Kinshasa, Democratic Republic of Congo on 29th June, 1998:

RECALLING the provisions of Article 32 of the Treaty for the Establishment of the Preferential Trade Area for Eastern and Southern African States (repealed) by which the member States, parties to the Treaty, had undertaken to establish at such appropriate time, "The Eastern and Southern Trade and Development Bank";

RECALLING FURTHER that the said Bank was established on 6th November 1985 when its Charter entered into force, and that it became operational in January, 1986;

CONCERNED that not all Member States of the Common Market for Eastern and Southern Africa are members of the Bank;

CONCERNED FURTHER that the States that had not acquired the membership of the Bank were denied the resources of the Bank as the Bank by its Charter confined its operations only to those States that had acquired its membership;

NOTING that the Bank had embarked on a massive increment of its capital stock in order to meet the challenges posed by the sub-regions: resource needs and gaps, and

NOTING FURTHER the Bank’s membership expansion scheme;

RESOLVES:

1. That all Member States of the Common Market for Eastern and Southern Africa be and are hereby encouraged to acquire the membership of the Eastern and Southern African Trade and Development Bank. To this effect, all the Member States of the Common Market for Eastern and Southern Africa that have not joined the Bank are urged to join the Bank expeditiously.

2. That the Eastern and Southern African Trade and Development Bank be and is hereby supported in its endeavours to increase its capital stock in order to strengthen its ability to significantly intervene in the economies of the States in the sub-region and thereby further the aims of the economic integration efforts of the sub-region.

3. That admission of non-COMESA Member States be carefully considered to safeguard the interest of the Bank and the sub-region.

Adopted at Kinshasa in the Democratic Republic of Congo on this 29th day of June, 1998.
ANNEX B

List of Documents

1. Final Communiqué of the Third Summit of the Authority of Heads of State or Government.


