UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA

Summary Record of Proceedings
(Monday, 14 September 1964)

Morning Session

1. Preliminary remarks

The Chairman opened the meeting to make certain announcements for the Delegations among which the coming into force of the African Development Bank Agreement with the payment by Algeria of its subscription to the Bank's capital. As a result, a meeting of the Board of Governors of the Bank would be convened in Lagos, Nigeria, some time in the second half of October.

2. Report of the Secretariat

The floor was then given to the representative of ECA's Secretariat who submitted the Secretariat's Report as requested by the participating delegations at the opening meeting on Saturday. This Report, which was presented orally for lack of time, would be reproduced at the earliest possible opportunity and submitted as Annex I to this Summary Record.

After the Report of the Secretariat was completed, the meeting was adjourned for 15 minutes.

3. Subsequent Discussion

On resumption of the meeting, the Delegate of NIGERIA, after thanking the Secretariat for the work it had done, stated that all efforts of African monetary and financial cooperation, including a Payments Union, were but a part of an effort to promote African development and trade. No delegation present at the meeting would certainly refuse to support efforts aimed at the development of intra-African trade. The information submitted to the meeting was somewhat incomplete but whatever technical problems existed were susceptible of technical solutions. As certain delegations claimed that adequate time had not been available to examine the documentation submitted by the Secretariat, the Nigerian delegate proposed that a Committee formed by representatives of Central Banks and financial authorities of member countries should examine the whole matter of African monetary and financial cooperation. This Committee would then submit its report to ECA and come forward with specific proposals on which member countries could express their view.

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The delegate for KENYA observed that all matters of exchange restrictions, transport, communication and trade are a vital background to an African Payments Union and that ECA should go into these matters at the earliest possible opportunity, in collaboration with the International Monetary Fund. He added that it was in the interest of all African countries to have an organization designed to foster trade among African countries since successful industrialization efforts in Africa depended largely on the existence of adequate markets.

The delegate for the IVORY COAST, after expressing his deepest appreciation for the work done by the Secretariat, stated, on behalf of the seven countries of the West African Monetary Union, that a misunderstanding seemed to have arisen. It had been decided, at the request of the Ethiopian delegation, that ECA should submit a report based on the terms of reference laid out in Resolution 95 (VI). The Report submitted by the Secretariat had however departed from these terms of reference which the delegate for the Ivory Coast recalled by reading out Resolution 95 (VI). The instructions given to the Secretariat were to gather information in order to submit it to the first conference of African monetary authorities. Some of the documentation, namely a survey of monetary institutions in Africa, only been distributed at the first session on Saturday. The document was fairly extensive and could therefore not be studied in the short intervening time. It contained furthermore no mention of exchange problems and payments difficulties of member countries. The delegates were now requested to take a position on matters for which no adequate exchange of ideas had been possible and which, at any event, could only be decided by Governments in their sovereign power. As the speaker for the Secretariat had rightly pointed out, the question of an African Payments Union was a vital matter which had to be tackled progressively both within and outside Africa. The delegate for IVORY COAST went on to support the proposal put forward by the delegate for NIGERIA.

The delegate for TUNISIA associated himself in thanking the Secretariat for the work it had done which, he felt, was in accordance with the resolution of the ECA and in the spirit of the OAU. He felt that it was difficult at this stage to go into a detailed discussion of the substantive point of an African Payments Union but felt that the work on it should go on and associated himself to the Nigerian proposal. He also insisted on the need to maintain close contacts with international organizations and in particular with the International Monetary Fund.

The delegate for CAMEROON insisted on the need to devote attention to such things as programs for economic development, improvement of communications between African countries and exchange problems before any attempt was made to create a Payments Union. He stressed that Cameroon was neither for nor against a Payments Union but would support anything that worked towards African unity.
The delegate for MALI added his congratulations to the Secretariat and said that the purpose of his delegation in coming to the meeting was to hear the pros and cons of the suggested Payments Union as it would be impossible to take a position in view of the short time available to examine the documentation. He stressed that the matter of African monetary cooperation had two competent authorities, the ECA Secretariat and the Organization for African Unity and felt that the possibilities for joint efforts between these two organizations had not been fully exploited. He also adhered to the suggestion put forward by the Nigerian delegate.

The delegate for SUDAN thought that the document submitted by the Secretariat went beyond the voluntary compensation mechanism suggested in the Triffin report and endorsed by the Tangier expert group. Quite apart from any consideration on the timing of the proposal put forward by the Secretariat, he felt that there were some questionable features in the outline of the Payments Union as put forward by the Secretariat. Among these, the fact that provision was made for unlimited interim credit which could conceivably exceed the relatively small credit facilities envisaged within the quotas especially in view of the fact that accounting periods as suggested by the Secretariat, extended over three months. Furthermore, the situation might easily arise where a large number of debtor countries, the latter finding it difficult to settle their balances. A situation of this kind would hinder rather than promote intra-African trade. The delegate for SUDAN went on to support the proposal of the Nigerian delegate and added that, in his view, economic integration in Africa should be sought especially in the field of industry, common services (such as railroads, airlines, etc.) and trade. A machinery would also have to be found for regular consultations between African monetary authorities.

The delegate for CONGO (BRAZZAVILLE) felt that the promotion of intra-African trade was largely dependent on African industrialization. Monetary and customs union such as existed in Africa at present provided a stimulus to industrialization and it was only to be regretted that certain countries should be excluded from them for historical and other reasons. Efforts should therefore be directed at including these countries into existing Monetary Unions, overcoming such difficulties as may exist. This could be done as demonstrated by the negotiations presently carried out for the creation of a Free Trade Area including Ivory Coast, Liberia, Sierra Leone and Guinea. He added that important as an African Payments Union might be, the matter was not urgent and further studies should be conducted in collaboration with the International Monetary Fund. A voluntary compensation scheme would be adequate for the time being while the establishment of a center for African studies appeared to be more and more necessary and should be given first priority.

The delegate for ALGERIA summarized the essence of the discussion as leading to the following suggestions:
a) preparation of an African Conference to deal with such problems as tariffs, trade, exchange problems, reserves, transport and communication systems and harmonization of development plans;

b) periodical meetings (at intervals to be determined) of financial authorities of member countries;

c) completion of whatever studies were necessary in view of the possible establishment of an African Payments Union.

As, however, the establishment of an African Payments Union was tightly bound to the problem of international liquidity discussed at the Fund's meeting, the delegate for ALGERIA felt that any discussion of an African Payments Union would be premature until the Fund's position on these questions would be known.

The SIERRA LEONE delegate congratulated the Algerian and the Ethiopian delegates on their elections as Chairman and Vice-Chairman respectively, and associated his delegation with previous speakers in thanking the Secretariat of the E.C.A. for their painstaking effort in producing the excellent Reports on the proposal African Payments Union and allied subjects. The SIERRA LEONE delegation, he added, were very grateful to the meeting for electing one of his delegates to be Rapporteur and for their kind sentiments for the work he had done. He felt that from the discussions, the points made so far on the African Payments Union could be summarized as follows:

a) that there was inadequate time to study the Report and to be able to discuss it intelligently,

b) that the Report itself appeared to be incomplete,

c) that in view of the fact that some members belonged to various monetary unions they were unable to commit themselves at this stage without consulting other members of their union, and

d) that in view of the foregoing, the matter should be referred to the Governments for consideration. The additional studies suggested by various speakers should be pursued vigorously and without delay.

The delegate for NIGER wished to stress that an important element in African development was the fact that adequate markets did not exist to support industrialization. He felt that the basis of all future work should center on the harmonization of industrial development and coordination of development plans.
The delegate for CONGO (Leopoldville) supported members who had criticized the studies for being inadequate and felt that further studies should be undertaken.

The delegate for the IVORY COAST supported the Nigerian proposal and suggested that a group of five or six representatives should be formed to prepare the text of the resolution to be discussed in the afternoon session.

At this point, the Deputy Executive Secretary of ECA took the floor and made a statement on behalf of the Secretariat which is presented as Annex II to the present Summary Record.

Before the meeting was adjourned by the Chairman, the delegate for ETHIOPIA asked that the suggestion put forward by the delegate for the IVORY COAST on the formation of a committee to draft the proposed resolution be acted upon.

The delegate for NIGERIA suggested that the drafting committee should include, in addition to IVORY COAST and NIGERIA, also ALGERIA, SENEGAL and ETHIOPIA. This request was accepted by the Chairman and it was therefore agreed that the meeting should be resumed at 4 o'clock in the afternoon to give the drafting Committee time to prepare the resolution for distribution to the participants.

Afternoon Session

Upon resumption of the Meeting in the afternoon, the floor was given to the delegate for the UNITED ARAB REPUBLIC who resumed what he felt was the general consensus of the participants as follows:

a) adequate time had not been allowed for the study of ECA documents;
b) these had not covered all the aspects called for by resolution 95(VI);
c) some delegations could not take position on the proposed APU without prior consultation with their associates in existing monetary unions.

It appeared therefore that the best solution would be to refer the matter of APU for further study to a group of experts. While personally not agreeing with the criticism levelled at ECA under b) above, he had, however, refrained from entering the debate as it was the policy of the U.A.R. to abide by the majority consensus of opinion. He then went on to recall the major steps suggested by the Tangier expert group, endorsing the recommendations made by it and indicating that the convening of a second expert group seemed now in order provided, however, that the experts were appointed by member governments and had the mandate to carry forward the work done by ECA up to this point. He went on to emphasize the need for African cooperation in all fields, monetary as well as economic. As was clearly brought out by the Geneva conference on trade, African countries had to rely on their own joint efforts rather than on outside assistance to achieve satisfactory rates of development.
The delegate for the INTERNATIONAL MONETARY FUND extended his thanks to the Secretariat and stated that the Fund stood by to lend full support to any cooperative effort in Africa. In the course of its activity, the Fund had gathered a large reservoir of experience which it was only too willing to place at the disposal of its members, as stated by Mr. Schweitzer in the course of his meeting with African delegations. The Fund took note of the fact that the need for further studies on the question of an African Payments Union had been suggested by a number of participants to the Conference and felt therefore there was no need to embark on a detailed and technical analysis of the suggestions put forward by the Secretariat. This technical assistance could however be made available to the Secretariat if and when requested.

At this point, the meeting was suspended in order that the draft resolution be reproduced for distribution to the participants.

Upon resumption, the delegate for NIGERIA read out the resolution, the text of which is attached as Annex III.

The delegate for TUNISIA suggested three amendments:

a) the subjects discussed at the conference of African Monetary Authorities should be mentioned in the text of the resolution;

b) the cooperation referred to in paragraph 2 should not be established between ECA and the Organization for African Unity but rather between ECA and the specialized commissions of the Organization of African Unity. The Secretariat should of course also seek the assistance of the International Monetary Fund and other specialized organizations;

c) point 3 in the draft resolution should only consist of the first sentence, the second sentence being deleted.

The delegate for SENEGAL stated that although the draft resolution had been approved in principle by the delegate for the IVORY COAST as spokesman for the West African Monetary Union, he had some reservations on the text of the preamble and of paragraph 2. In both cases reference should only be made to Resolution 95(VI) of the Economic Commission for Africa and not to the resolution of the African Heads of State in Addis Ababa in May 1963 as this widened the scope of ECA's activity. The first resolution only defined a short-term objective while the second aimed at a long-term objective. He felt that the dynamism of ECA did not need to be stimulated.
The delegate for the UNITED ARAB REPUBLIC declared, on the contrary, that it was vital and important to refer to the OAU resolution. He added that paragraph 2 of the draft resolution should state that the Secretariat was to pursue the studies called for by the two resolutions with the International Monetary Fund and other specialized agencies in the field of trade lending their assistance if so deemed necessary. He furthermore agreed with the Tunisian's suggestions concerning the modification of paragraph 3 of the draft resolution.

In order to enable delegates to attend the reception offered by the Japanese Minister of Finance, the Chairman resolved to suspend the session which would be resumed the following day at 10 a.m. The Rapporteur was requested to prepare a new text of resolution incorporating the amendments that the delegations might wish to suggest.
(DRAFT RESOLUTION)

The Conference of African Monetary Authorities meeting in Tokyo between 12- September,

Taking into account the Resolution of the African Heads of State meeting in Addis Ababa in May 1963 and of the 6th Session of the United Nations Economic Commission for Africa (Resolution 95(VI))

1. Thanks the Executive Secretary of the United Nations Economic Commission for Africa for convening the Conference of African Monetary Authorities and for the general report presented to it;

2. Encourages the Secretariat of the Economic Commission for Africa, in conjunction with the Organization of African Unity, the International Monetary Fund and other international financial authorities, to pursue further the studies called for by resolutions;

3. Recommends the convening of a meeting of experts nominated by Member Governments to consider the results of these studies, and to make recommendations thereon to the conference of African Monetary Authorities meeting, if possible, in Washington on the occasion of the next joint annual meeting of IMF and IBRD. This Meeting should be convened by the Executive Secretary of the Economic Commission for Africa after consultation with the Government of Mali in its capacity as Chairman of the African group of the International Monetary Fund for the year 1964.