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**THE URUGUAY ROUND AGREEMENT AND ITS POSSIBLE
IMPACT ON REGIONAL ECONOMIC INTEGRATION IN
AFRICA IN THE LIGHT OF THE ABUJA TREATY**

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ON REGIONAL ECONOMIC INTEGRATION IN AFRICA IN THE LIGHT OF THE
ABUJA TREATY"

INTRODUCTION

On 3 June 1991 the Heads of State and Government of the Organization of African Unity (OAU) signed in Abuja-Nigeria, the Treaty establishing the African Economic Community. On 15 April 1994 the Final Act Embodying the Results of the Uruguay Round of the Multilateral Trade Negotiation of the General Agreement on Tariffs and Trade (GATT) was signed in Marrakesh-Morocco at the Ministerial Meeting of the Trade Negotiations Committee, after it was launched in September 1986 in Punta del Este-Uruguay. Subsequently on 12 May 1994 the Abuja Treaty establishing the African Economic Community entered into force after 35¹ OAU Member States, signatories to the Treaty, had deposited their respective instruments of ratification with the General Secretariat of the OAU.

2. During the Sixtieth Ordinary Session of the OAU Council of Ministers held on 6 - 11 June 1994 in Tunis, Tunisia, Council reviewed the contents of document CM/1839(LX) entitled "Report of the Secretary General on the Preliminary Evaluation of the Results of the Uruguay Round of Multilateral Trade Negotiations of the General Agreement on Tariffs and Trade (GATT)". While welcoming the conclusion of the Uruguay Round Negotiations with the signing of the Final Act by 120 countries out of which 35 were Member States of the African Economic Community, the Ministers expressed serious concern about the "unfair and unequitable nature of the provisions in the package of the Agreements ... and the consequential heavy preferential tariff and financial losses to be sustained by African countries".

1) The 35 Member States of the African Economic Community that signed and ratified the GATT Uruguay Round Agreement and expect to be Members of the new World Trading Organization (WTO) are listed in Annex I of this paper.

3. In the light of the above Council, inter-alia, directed the OAU Secretary General to work in collaboration with the technical and relevant institutions, including the UNECA, UNCTAD, ITC and GATT to further carry-on the evaluation of the Uruguay Round's results, in a more coordinated manner with a view to adequately prepare for the Extra-ordinary Session of the OAU Council of Ministers on Africa's Socio-Economic Problems.

4. It is, therefore, to prepare for that Extra-Ordinary Session that the OAU is contributing this paper as an input into this International Conference that was earlier scheduled by the 12th Session of the Conference of African Ministers of Trade. It is to focus on technical assistance to African countries, under the auspices of the UNECA, in collaboration with OAU, UNCTAD, and GATT, with the aim of enabling the adaption of African economies to the international trade environment, and more particularly, to the outcome of the Uruguay Round of Multilateral Trade Negotiations.

5. This paper, therefore, is divided into four main parts:

Part I deals on the one hand with the State of the Regional Economic Integration Process in Africa with special focus on trade liberalisation commitments undertaken by Member States of the African Economic Community (AEC) in the light of the provisions of the Abuja Treaty; on the other hand it examines similar commitments that they have undertaken in the African Regional Economic Communities (RECS) which are building blocks of the AEC.

Part II reviews the nature of Africa's external trade and against that back-ground examines the commitments undertaken by only a few out of the 35 Member States of the AEC in the Uruguay Round in respect of Trade in Agriculture, Trade in Industrial Goods and Trade in Services. This should be the subject of a further expanded study, treating the commitments per each

Part III deals with the possible impact of the Uruguay Round through the identification of Areas of complementarity and conflict between the Uruguay Round Agreement and the Future Agenda of WTO and the commitments that Member States of the AEC, Contracting Parties to the GATT, have concurrently undertaken in the Abuja Treaty. This Part is, therefore, developed in the light of Article XXIV of the GATT on Free Trade Areas and Customs Unions, against the background of Africa's external trade commitments.

Part IV: Conclusion and Recommendations.

Part I : REGIONAL ECONOMIC INTEGRATION IN AFRICA:

I. The Abuja Time-frame for the establishment of the AEC

6. It is to be noted that the envisaged time-frame is not to exceed forty (40) years cumulatively counting from 12 May 1994, the date of entry into force of the Abuja Treaty. Article 6 of the Abuja Treaty provides for the modalities for the establishment of the African Economic Community. It is stipulated that the Community would be established gradually in six (6) stages of variable duration over a transitional period not exceeding thirty-four (34) years. In principle, therefore, now that the Treaty has come into force effective 12 May 1994 the OAU can sketch out the time-frame and various activities assigned for concurrent implementation in the following stages:

(i) First Stage: 1994 - 1999 (STRENGTHEN RECS)

7. During this stage, which is expected to last for five years, Member States of the African Economic Community have undertaken to strengthen existing regional economic communities (RECS). They are to establish in any of the regions in Africa new communities where they do not already exist.

(ii) Second Stage: 199 - 2007 (SECTORAL INTEGRATION)

8. Upon the entry into the second stage of the economic integration process of Africa, each of the regional economic communities will be expected within eight years to stabilise tariff barriers and non-tariff barriers, customs duties and internal taxes existing as of 12 May 1994 when the Treaty entered into force. During this stage, studies are to be carried out with a view to determining a schedule for the gradual elimination of those tariffs and non-tariff barriers to regional and intra-African Economic Community trade. Steps are also to be taken to gradually harmonise customs duties of Member States in the RECS in relation to non-Members of given RECS i.e. of non-Members of PTA or non-Members of ECOWAS, as the case might be.

9. Simultaneously, Member States of the African regional economic communities are to intensify activities aimed at strengthening sectoral integration at both regional and continental African levels. Sectoral activities are to be undertaken in the fields of trade, agriculture, industry, money and finance, transport and communications and energy.

10. The third level of activity during the second stage is to coordinate and harmonise activities among existing and future African regional economic communities.

(iii) Third stage: 2007 - 2017 (FREE TRADE AREA & CUSTOMS UNION)

11. Once the conditions have been fulfilled for the entry into force of the third stage, which is expected to last for ten years, Member States of the African Economic Community are expected, at the levels of their respective regional economic communities to establish Free Trade Areas through the observance of a time-table for the gradual removal of tariffs and non-tariff barriers which discourage intra-community trade. They have also undertaken to establish Customs Unions at their respective regional economic communities, by the adoption of a Common External Tariff enforceable against

(iv) Fourth Stage : 2017 - 2019 (INTER-REC COORDINATION FOR CONTINENTAL CUSTOMS UNION)

12. During the fourth stage, lasting for only two years, Member States are to be assisted to coordinate and harmonise tariff and non-tariff systems among the various regional economic communities so as to establish an African continent-wide Customs Union. This implies the adoption of an African Economic Community's Single Common External Tariff against goods and services of countries not participating in the African Economic Community (Third countries).

(v) Fifth Stage : 2019 - 2023 (CONTINENTAL AFRICAN COMMON MARKET)

13. Within four years after the attainment of the fifth stage, Member States of the African Economic Community, undertake to establish an African Common Market. In this connection they would harmonise their activities so as to adopt and implement a common policy in such areas as agriculture, transport and communications, industry, energy and scientific research. They would also harmonise their policies in monetary, financial and fiscal policies. They would apply the principle of the free movement of persons, their right of residence and establishment within the territories of the African Economic Community.

(vi) Sixth Stage: 2023 - 2028 (AFRICAN ECONOMIC COMMUNITY)

14. During the five years of the sixth stage, Member States of the African Economic Community would ensure the:

- (a) consolidation and strengthening of the structure of the African Common Market through, inter alia, the free movement of persons, right of residence and establishment; the free movement of goods, capital and services;

- b) integration of all the sectors of human activity such as economic, political, social and cultural;
- c) establishment of a single domestic market of Africa;
- d) establishment of a Pan-African Economic and Monetary Union;
- e) establishment of a single African Central Bank
- f) creation of a single African Currency;
- g) Setting up of the Pan-African Parliament and election of its members by a system of continental universal suffrage;
- h) setting up African multi-national enter-prises in all sectors;
- i) setting up structures of the executive organs of the African Economic Community.

2. Abuja Commitments in the Areas of Trade and Customs

15. Transport and Communications infrastructure are a sine-qua-none in the realisation of any economic integration venture. Its overriding importance in the economic integration of Africa cannot be over-emphasized. However apart from that sector and assuming that goods and services would be generated in the economic integration system being created the motor of the economic integration process would be the implementation of the commitments undertaken by Member States in the Trade and Customs Sector of the Abuja Treaty.

16. The trade and customs undertakings and commitments of Member States in the light of the Abuja Treaty are essentially covered under Chapter V. Like in all Trade Agreements the

Abuja Treaty is anchored on the Most-Favoured-Nation treatment (MFN) under its Article 37 whereby Member States of the AEC have undertaken to accord to one another in relation to intra-AEC trade, the most-favoured-nation treatment. In this regard it is stipulated that in no circumstance should tariff concessions granted to a third state (non-AEC country) in another Agreement be more favourable than the terms of the Abuja Treaty. Furthermore Article 37(3) stipulates that no agreement between a Member State and a third state (non-AEC country) under which tariff concessions are granted, should be incompatible with the obligations arising from the Abuja Treaty.

17. Against the background of the MFN clause the African Economic Community is to evolve a continental African Customs Union through a system of intra-Community trade liberalisation. To that end Article 33 provides that, at the end of the third stage in the trade liberalisation process of the AEC, no Member State of any of the African regional economic communities would impose customs duties on goods originating in one Member State and imported into another Member State. They refrain from similar acts in respect of goods originating from third states (non-AEC countries) which would be in free circulation in Member States and are imported from one Member State into another.

18. Meanwhile however during the second stage and in accordance with Article 30 of the Abuja Treaty, Member States of each regional economic community should refrain from imposing upon themselves new customs duties and to desist from increasing duties on goods and services that enter into their mutual trade. Simultaneously during the third stage, Member States of the RECs should progressively reduce and eliminate totally among them-selves, customs duties in accordance with such programme and modalities to be adopted by the policy organs of each REC.

19. Article 31 of the Abuja Treaty requires each Member State of any African regional economic community to progressively relax and ultimately remove quota restrictions, and all other non-tariff barriers and prohibitions which apply to exports to that State, of goods originating in the other Member States. Article 31(a) provides that each REC should adopt a programme for the progressive relaxation and ultimate elimination, at least by the end of the third stage, of all quota restrictions and prohibitions and all other non-tariff barriers that apply in a Member State, to imports originating in other Member States.

20. Article 29 provides for Member States of each REC to progressively establish among themselves a Customs Union through the elimination, at the level of each REC, of customs duties, quota restrictions, prohibitions, administrative trade barriers as well as all other non-tariff barriers and to adopt for implementation at the level of each individual REC a Common External Customs Tariff, towards third states (non-member of each given REC). In effect until the integration of each of the Customs Union of the various RECS into an African Continental Customs Union, the goods and services of a Member State of (ECOWAS)² could end up being treated in the P.T.A./COMESA³ market like goods and services from Europe and America.

3. Trade and Customs Commitments in the RECs of the African Economic Community

21. By the decision of the Heads of State and Government of the OAU, the Regional Economic Communities(RECs) on the African continent shall constitute the building blocks of the African Economic Community. Accordingly over the years the following Regional Economic Communities have evolved.

2/ ECOWAS: The Economic Community of West African States

3/ PTA/COMESA: Preferential Trade Area for Eastern and Southern African States which is currently evolving into the Common Market of Eastern and Southern Africa.

22. In West African, the Economic Community of West Africa States (ECOWAS) was established in 1975. After the demise of the East African Community there emerged the Preferential Trade Area of Eastern and Southern African States (PTA) in 1981; subsequently, the Economic Community of Central African States (ECCAS) was established in 1983, and the Arab Maghreb Union in North Africa in 1989 and the Southern African Development Community in 1992.

A. ECOWAS

23. The Trade and Customs commitments derive from Article 12 of the ECOWAS Treaty which stipulates that within the transitional period of fifteen years from the definitive entry into force of the Treaty, effective 28 May 1979, Member States should have progressively established a Customs Union. The first two years of that process was to be declared a standstill (consolidation) period during which Member States were not obliged to reduce or eliminate import duties.

24. In order to achieve the ECOWAS Customs Union, Article 13(c) calls on all Member States to progressively reduce and ultimately eliminate import duties in accordance with a schedule to be established. Article 14 envisages the gradual establishment of a common customs external tariff in respect of goods from non-ECOWAS countries.

25. Subsequently in order to operationalise the above, the Decision A/DEC.1/5/83 of the ECOWAS Summit relating to the and implementation of a SINGLE TRADE LIBERALISATION SCHEME FOR INDUSTRIAL PRODUCTS originating from Member States of the Community was adopted. The other commitments of the ECOWAS Member States in terms of their internal inter-State trade liberalisation are contained in the following decisions;

- (i) Decision adopted in June 1978 of the ECOWAS Authority to grant an across-the-board, zero-tariff elimination on the flow of trade in agricultural products and handicrafts;

- (ii) Decison C/Dec.6/12/88 relating to the list of Industrial Enterprises and Products Eligible to benefit from the Trade Liberalisation Scheme of ECOWAS Member States; and
- (iii) Decision A/Dec. 6/6/89 which amended Decison A/Dec. 1/5/83 as the effective implementation date of the trade liberalisation scheme for industrial products originating from Member States of ECOWAS.

26. The ECOWAS Trade Liberalisation Scheme for industrial products which was launched effective 1st January 1990 established 10% annual reduction of tariffs for Group I countries (low income) over a period of 10 years. The rate of 12.5% annual reduction was adopted for Group II countries (middle-income) and 16-20% annual reduction for over a period of 6 years for the Group III countries (high income).

27. On the other hand un-processed products such as live animals and beaf, fish, vegetables and roots (yam/cassava), etc, were totally exempt from customs duties. The same total exemption from customs duties is enjoyed by handicrafts etc.

B. PTA/COMESA

28. The commitments undertaken by Member States of the PTA/COMESA in the Trade and Customs sector which ensure market access to themselves within their region are stipulated, inter-alia, in Articles 13(3) and 16(2) of the PTA Treaty. Subsequent programme of trade liberalisation adopted by the PTA Council of Ministers provide for the progressive reduction and eventual elimination of customs duties and non-tariff barriers to intra-PTA trade within ten years from the entry into force of the Treaty (September 1982). It was, therefore expected that by September 1992, tariff and non-tariff barriers to intra-PTA trade should have been fully eliminated.

29. In December 1984 the PTA Council approved a formula by which customs duties and other charges of equivalent effect would be reduced to zero by 1992. In July 1985 the Council adopted a programme for the relaxation and elimination of non-tariff barriers effective January 1986.

30. Consequently PTA Member States committed themselves, to progressively reduce tariffs and other charges of equivalent effect, after the initial tariff cuts, by applying 10% every two years starting from October 1988 until 1996. Thereafter, it was agreed, 20% would be reduced in 1998 and 30% in the year 2000. This implies that by the year 2000, instead of September 1992, the PTA Member States would have attained zero percent tariff level and there should be no tariffs and other charges of equivalent effect on goods produced within the PTA. As at December 1992 the PTA had recorded an average reduction of about 60% in tariffs within the region for goods on the Common List. In respect of non-tariff barriers, the PTA Member States did abolish advance import deposits, tax on foreign exchange, quotas and prohibitions for intra-PTA trade.

31. It is important to mention here that on 5 November 1993, the Treaty establishing the Common Market of Eastern and Southern African States (COMESA) was signed. The required number of ratifications is almost fulfilled and hence the Treaty would soon enter into force. The COMESA would provide a market protected within a common regional external tariff, while COMESA will provide opportunities and incentives for foreign, domestic and cross-border investments. Trade will be conducted under a customs union and accordingly all barriers to trade would be eliminated and a common external tariff would be established and enforced against products of non-COMESA origin.

C. SADC/SACU

32. In September 1992 the countries of the (former) Southern African Development Coordination Conference (SADCC) signed a Treaty to transform SADCC into what is now Southern African

its Protocols, and for the purpose of this study, one would need to concentrate on the fact that since the membership of the PTA overlaps with that of SADC,^{/4} the PTA/COMESA trade liberalisation scheme will legally remain in force. There are 5 Member States of SADC which belong to SACU - namely Botswana, Lesotho, Swaziland, South Africa and Namibia. Eight of the SADC Member States are concurrently members of PTA - namely Tanzania, Malawi, Zambia, Zimbabwe, Mozambique, Angola, Lesotho and Swaziland.

33. On the other hand, it must be fully borne in mind that, even though South Africa, this year in September 1994 signed the Treaty establishing the SADC, it is already linked up since 1910 to Botswana, Swaziland, Lesotho and Namibia in the SOUTH AFRICAN CUSTOMS UNION (SACU) Agreement. The terms of the SACU were even renegotiated in 1969 and are still in force. Under this Agreement the countries under reference have long ago instituted a Common External Tariff against non-SACU countries and established their own uniform excise and consumption taxes.

34. The SACU being a Customs Union, all tariff and non-tariff barriers have been eliminated in terms of intra-SACU trade. It must be noted that there exist a wide diversity in the tariff regimes in force.

35. Apart from the trade liberalisation schemes of PTA and SACU, there exist in the region numerous bilateral trade Agreements involving tariff/non-tariff reduction or elimination which have also been entered into and which remain in force. For example Botswana and Zimbabwe, Botswana and Malawi, Botswana and Zambia have detailed bilateral trade agreements which are not multilateralised.

^{/4}. The only exceptions are Botswana, Namibia and South Africa which belong to only SADC and not to PTA.

36. In order to create an integrated regional market, in the light of the Abuja Treaty, it is recognised that some harmonization and rationalisation of tariff regimes and progressive elimination of tariff duties have to be addressed.

D. Arab Mahgreb Union (UMA)

37. The Declaration establishing the Arab Mahgreb Union (UMA) was signed on 17 February 1989 in Marrakash-Morocco. Member States are Tunisia, Algeria, Libya, Mauritania and Morocco ^{/5}. It is to be noted that Egypt and Sudan are not in UMA).

38. The objective of the UMA, inter-alia, is to create a Common Market for the north African region. To that end the Union Treaty provides for a process of progressive economic integration which would ensure the free movement of goods and services, persons and capital.

39. The draft agreements lay the ground-work for a Customs Union whose target is 1995 and the elimination of double taxation and guarantees for inter-Mahgreb investment.

40. The Union Treaty allows that any Member State could conclude bilateral Agreements among themselves or with other countries or grouping provided that those Agreements do not contravene the terms of the Mahgreb Union Treaty. The Union is open to all Arab and African countries that may wish to adhere to it.

41. Within the broad spectrum of the Mahgreb Union Agreement the following bilateral Agreements are in force in the region:

^{/5} Morocco is not signatory to Abuja Treaty; while Egypt being in North Africa is signatory to Abuja Treaty and yet it is not member of UMA.

- (i) Tunisia had signed in January 1981 a Trade and Customs Agreement with Algeria. This was amended by an additional Protocol signed on 17 May 1984; a similar Trade Agreement was signed between Tunisia and Mauritania on 12 July 1988. Another Trade and Customs Agreement was concluded between Tunisia and Libya on 30 December 1984. Tunisia maintains with Egypt a Trade Agreement which they signed on 8 December 1989.
- (ii) Algeria has signed Trade and Customs Agreements with Mauritania, Libya and Egypt. These were signed on 12 November 1973, 1st January 1987 and 15 December 1991 respectively.

42. The Mahgreb Union envisaged the following stages of economic integration. Free Trade Area to be established before 1992. To this end the Trade and Customs Agreement signed in Ras Lanouf (Libya) on 10 March 1991 is aimed at implementing the first stage. In principle, the Customs Union of the Mahgreb should be established before the end of 1995 and the creation of the Mahgreb Common Market is envisaged before the end of the year 2000.

43. It is to be noted that beyond the Mahgreb region Tunisia maintains bilateral trade and tariff preferential Agreements with Guinea, Côte d'Ivoire, Benin, Cameroon, Senegal, Togo, Zaire, Nigeria, Niger, Mali, Liberia, Gabon and Ethiopia. Algeria has also concluded bilateral trade and preferential tariff Agreements with Niger, Mali and Senegal. On the other hand it has signed similar Agreements, with Angola, Benin, Cameroon, Congo, Côte d'Ivoire, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Burkina Faso, Liberia, Madagascar, Mozambique, Nigeria, Uganda, Tanzania, Togo, Zaire, Zambia, Sao-Tome and Principe and Burundi.

E. ECCAS

44. The Economic Community of Central African States (ECCAS) was established in 1983. The objectives of the ECCAS in the Trade and Customs Sector is to establish a Customs Union through the elimination between their Member States of duties, quota restrictions, other restrictions and prohibitions as well as administrative trade barriers; and the adoption of a common external customs tariff.

45. The Customs Union objective is to be pursued in three stages, as follow:

Stage 1 : stabilization of fiscal and customs regimes existing at the date of entry into force of the Treaty and the adoption of a time-table for the progressive elimination of tariff and non-tariff barriers to intra-Community trade; setting a time-table for the raising or lowering of customs tariffs in Member States on specific goods with a view to establishing a common external tariff.

Stage 2 : creation of a free trade area (application of a time-table for the progressive elimination of tariff and non-tariff barriers to intra-Community trade);

Stage 3 : establishment of a Customs Union (adoption of a common external tariff);

46. The activities relating to the above were to be undertaken in a flexible and concurrent manner to last for not more than twenty years, from the entry into force of the Treaty.

47. As regards treatment of intra-Community trade, Article 30 stipulates that at the end of the second stage no Member State should levy customs duties on goods originating in one Member State and transferred to another Member State. The same treatment is to be enjoyed by goods from non-Member States which enter a given Member State and are in free circulation. The products originating from Member States are to be determined on the basis of the criteria established

48. As regards non-tariff barriers to intra-Community trade, each Member State is expected to progressively relax and ultimately remove, at least by the end of the second stage and in accordance with the relevant programme to be established, quota restrictions, other restrictions and prohibitions which apply to the transfer to a given State of goods originating in other Member States. The details of the operational provisions are covered in the Protocol on non-tariff barriers.

PART II : THE URUGUAY ROUND NEGOTIATIONS : THE POSITION OF MEMBER STATES OF THE AFRICAN ECONOMIC COMMUNITY

I. The Nature of Africa's External Trade

49. For the purpose of this paper it is important to underscore the fact that when one examines Africa's trade within the Uruguay Round and its impact on Africa's prospects for markets beyond the shores of the Member States of the African Economic Community one wants to assess the impact of the Final Act of Marrakesh on the latter's market access prospects to the European Union (EU) Market and Africa's Market access conditions vis-à-vis the countries that have granted preferences to the AEC Member States under the terms of the Generalised System of Trade Preferences (GSP). Consequently the tariff cut offers that these two major groups of countries did conclude in the Uruguay Round should be one level of concern.^{/6}

50. Conversely the in terms of the future evolution of the Customs Union of the African Economic Community, it is necessary to examine in detail the tariff cuts and tariff bindings that have been undertaken in the Uruguay Round by Member States of the AEC that are concurrently Contracting Parties to the General Agreement on Tariffs and Trade (GATT). This is imperative in view of the fact that after a given period the Common External Tariff of each of the RECs of the AEC would have to be integrated into a continental Common External Tariff.

51. In order to illustrate the preponderance of Africa's trade with the European Union it is to be noted that most of the African countries depend on the European Union (EU) market for over 50 per cent of their foreign exchange earnings; a few depend on that market for more than 90 percent of their export earnings.

52. In 1993 ACP derived 20 billion ECUs of their export earning from the EU market. In contrast, 60 per cent of ACP's annual earnings come from their commodity exports to the EU market. This was the tendency despite the dramatic collapse in commodity prices which had declined by nearly 60 per cent between 1989 and 1992.

53. At the moment almost all ACP commodity exports enter the EU market free of customs duty and other charges having equivalent effect. While excepting products under the Common Agricultural Policy (CAP) of the EU the agricultural products of ACP African countries are entitled to more favourable treatment compared to third countries benefiting from the MFN Treatment.

54. It is regretable to note that in spite of the access provisions, African countries in the ACP Group have since 1975 sustained persistent decline in share of their exports to the market of the European Union. In 1975, for example, when Lome 1 came into force, the ACP share of extra-EU imports stood at 7 per cent. Nearly 20 years later in 1993 the ACP share of extra-EU imports had declined to 3.8 per cent and current projections estimate that their share should be less than 2 per cent.

55. Simultaneously one may wish to note the degree of erosion of preferences between African ACP countries and the European Union. Between 1975 and 1977, the preference margins covered nearly 99.5% of ACP total exports to the EU market. In 1989 prior to the implementation of the EU offer under the Uruguay Round after the Montreal Mid-term Review, the coverage ratio had fallen to 70% of ACP total exports. This percentage had continued to fall till the end of the Uruguay Round

56. The implications of the Uruguay Round Agreement for the African Economic Community are two fold:

- (i) What is the impact of the tariff cuts offered by Member States of the European Union individually and or as a Group in the Uruguay Round, as a result of which the preferences currently enjoyed by the African ACP Group members are now to be extended to other countries whose products would now enjoy enhanced market access in the European Union; ^{/1}
- (ii) on the other hand until the establishment of the continental Customs Union of the African Economic Community and the attendant continent-wide Common External Tariff (CET) and taking into account the on-going Structural Adjustment Programmes and the massive liberalisation of their trade regimes, it is important to examine the extent to which African countries, Contracting Parties to the GATT, have offered to cut their tariff rates or to bind them in respect of goods and services that would flow into the economic space of the African member States of the African Economic Community. In examining the time-frame one must bear in mind the fact that new GATT Agreement would enter into force in 1995. On the other hand by the year 2027 theoretically the continent-wide Common External Tariff of the AEC would be in place.

57. Since a lot has been written on (i) above by UNCTAD, GATT, FAO and ACP Secretariats, this paper only focuses its assessment on (ii) above.

^{/1} This in effect is the erosion of preferences and has the result of sharpening the competition to be faced in the EU market by the lowering of MFN tariffs and the extension of the Union's Generalised System of Trade Preferences to products from Asia and Latin America as well as the granting of privileged access to EU markets to the countries in transition from Central and Eastern

2. Commitments Undertaken By Africa in the Uruguay Round

58. As earlier pointed out in para 67 of the OAU Council document CM/1839(LX) the following seven product groups constituted the basis for negotiations in the Uruguay Round for the exports of African Countries: a) tropical beverage; (b) spices, flowers and plants (spices and essential oils, cut flowers, plants, vegetable materials, etc; (c) certain oilseeds, vegetable oils and oil cakes; (d) tobacco rice and tropical roots (tobacco and tobacco products, rice, manioc and other tropical roots, and products thereof; (e) tropical fruits and nuts (bananas and banana products, tropical fruits and nuts and products including fruit juices); tropical wood and rubber (tropical wood and wood products, natural rubber and rubber products; and (g) jute and hard fibres.

59. On the other side Member States of the AEC show high propensity to import from the industrialised countries temperate agricultural food items such as cereals, dairy products, meat and edible oils.

60. In order to give an idea of the extent of specific contractual commitments undertaken by the Member States of the AEC, which are Contracting Parties to the GATT a review is made here of the tariff offers that were tabled and concluded in the name of three countries. These offers like those of other Contracting Parties that participated in the Round, as concluded are annexed to the Final Act of Uruguay Round. At this point, it is important to underscore the fact that to have participated in the Round, it was conditional and imperative for an interested country to table, at least, a minimum of tariff cut on product of import interest to it.

61. It is important to report here that as of 27 September 1994, according to the records at the GATT Secretariat at least 33 Member States of the African Economic Community have signed the Final Act of Marrakesh. (Please see Annex I which illustrates the "State of Play of African Countries in the World Trading Organisation Process" in terms of scheduled commitments on Goods and Services, the signing of the Final Act of Marrakesh and the State of Ratifications for the World Trading Organisation. To be concise, therefore only the tariff cuts offered by the following countries are reviewed as follows: Egypt, Ghana, Tanzania. (This review has been extremely limited to only three countries simply due to lack of time. The fact that it is not representative of the 33 country offers is deeply regreted)

2. Specific Country offers in The Uruguay Round

62. Egypt; the schedule LXII dated 15 April 1994 which is annexed to the Final Act of Marrakesh covers only some of the items listed below. An attempt is made to point out the percentage tariff cuts introduced and concluded in the negotiations. These items fall under the Most Favoured-Nation Tariff.

Agricultural Products

63. Live Animals the base tariff rate for the various sub-items of the tariff number that were cut to the bound-rate of-duty ranged between 5% to 20%. Meat and Edible Meat offal also ranged between 5% to 20%. It was only in the case of Meat of bovine animals, fresh or chilled was the bound-rate higher than the base-rate by 5% i.e. 25%.

64. Other products whose tariffs were cut to bound rates of-duty similar to the range stated above included Fish and Crustaceans; Dairy Products, Edible Products of animal origin, Products of Animal origin; Edible vegetables, Roots and Tubers,

Edible Fruits, Coffee, Tea, and Spices, Cereals; Malt and Starches, Oil Seeds; Industrial or Medical Plants; Animal or Vegetable Fats. Preparations of Meat, of Fish; Sugars, and Sugar Confectionary, Cocoa and Cocoa Preparations; Preparations of Cereals, Flour, Starch or Milk; Pastries; Preparations of Vegetables, Fruit; Nuts; Beverages, Spirits and Vinegar; Tobacco and Manufactured tobacco Substitutes;

65. Regarding these Agricultural items, Egypt has committed itself to implement the reductions during a 10 years' period, effective from the date of entry into force of the WTO. On the other hand Egypt had no offers on tariff quotas.

Other Products (Mainly Industrial)

66. In Section II under Other Products tariffs whose base-rates were originally un-bound were now bound upwards in some cases, up to 30%. These products are mainly industrial in nature. A few examples are: Salt, Sulphur, Earths and Stone, Plastering Material, Lime and Cement; Iron Ores; Mineral fuels, Mineral Oils, and Products of their distillation, bituminous substances etc; Inorganic Chemicals; Organic or inorganic compounds of precious Metals, rare earth metals; Radio-active elements; Organic Chemicals; Pharmaceutical Products; Fertilizers; Perfumery, Cosmetic or toilet preparations. Soap, Washing Preparations, Lubricating Preparations, Candles and Dental Preparations; Explosives Matches range from un-bound rates-of-duty to as much as 60%.

67. Others are Raw hides Skins and Leather which are bound at 20% Cinematographic goods, Chemical Products; Plastics and Articles thereof; Rubber and Articles thereof, Pulp of Wood, paper and paper board, Printed books, Newspapers, Silk, Wool and Woven Fabric; Carpets were bound at 60% while knitted or crocheted Fabrics were bound to 30%; Articles of Stones, Plaster, Cement, Asbestors bound between 40% and 60%. Ceramic Products ranged from bound duty-rates of 15% to 50% or even 60%.

68. Iron and Steel and Articles thereof from unbound or 2% duty rates upto about 50 or 60%; Copper and Articles thereof range from 2% to 50 or 60%.

69. Electrical Machinery, and Equipment and parts thereof, Reproducers and Television Image and sound recorders which were originally 2% were Bound at 2% except in the case of a few items where these were bound at 60%. Railway or tramway locomotives, rolling-stock and Parts thereof were bound at rather slight modest rates of 5% or 20%. Whereas Vehicles other than Railway or tramway rolling stock which were with hitherto were unbound were bound to rates ranging between 20% and 100% or even as much as 160% in the case of some sub-items. For example bicycles were bound at 60%.

70. Other major products whose rates of duty were bound at between 10% and 60% are Ships and boats, Musical instruments whose rates were hitherto unbound were now bound at 40%; Featherbeddings and Mattresses, Lamps, illuminated Maps and prefabricated building ranged between 30% to 60%. Toys, games and Sports accessories were bound at rates between 20% and 60%.

71. Egypt offered no Preferential Tariffs, rates but committed itself to eliminate most of the tariffs on the items tabled by 1st January 1998 or by the year 2003.

72. In respect of non-textile industrial items, tariff reductions that start on a base-rate of 10% and above, the final offered rate will be implemented over five years; in five equal stage with effect from the date in 1995 that the World Trade Organization Agreement enters into force. Until the end of the 5 years period, the base rate, (offer rate + ten percentage points) will be bound at the specified levels of reduction.

73. For textile items, tariff reductions starting on a base of 30 percentage points above the final offer's rate - will be implemented over a 10 years period, in 10 equal Stages, with effect from the date of entry into force of the WTO Agreement. Until the end of the 10 years period, the base rate (the offer rate + thirty percentage points) will be bound at the specified levels of reduction.

74. Furthermore within Egypt's rights and obligations under the GATT, Egypt has undertaken to remove its conditional prohibition on the importation of fabrics not later than, 1st January 1998; and on Apparel and Make-ups, not later than 1st January 2002.

75. Regarding Agricultural items Egypt will implement the reductions during 10 years period effective the date of entry into force WTO.

Ghana

76. Unlike Egypt, Ghana's offers were not as extensive as we earlier observed. Under the Most-Favoured-Nation Tariff (MFN) Preference scheme, the Agricultural Products, annexed to the Uruguay Round Agreement as Schedule CXI with a few exceptions, have had reduced duties from the base-rate-of-duty of 125% to a bound rate of 99%. This is to be implemented over a period of 1995-2004. The other agricultural products, listed as exceptions, have their bound-rates-of-duty varying between 40% and 45% to be implemented by 1995, (i.e. as soon as the new GATT Agreement comes into force).

77. Some of these exceptional products are: Live Fowls, and live poultry; Bird's eggs for hatching; Milk and Concentrates, Green tea, Black tea, Malt, Maize, oil-cake from extraction of Cotton seed. etc.

78. Under other Products also within the MFN, which are mainly industrial in nature or character, it is noted that the duties have been bound at rates between 30% to 40% with only a few ranging up to 50%. Some the items listed are: Animal and Vegetable fertilizers, Amonium nitrate, Amonium sulphate, superphosphates, Polassium Chloride, Mineral or Chemical Fertilisers. Others are newsprint, printed books, dictionaries and encyclopadias; jute yarn, plouphs, harrows, machinery for preparation of animal feeding stuffs.

79. Another aspect of the Agricultural Negotiations undertaken by Ghana cover Measures Exempt from the Reduction Commitments. This was concluded to guarantee Special and Differential Treatment in the areas of Agricultural Reseech and Extension Services, Verterinary Services applied to Beef and production, Fisheries and Crop services as well as plant protection. These differentiations were sought and concluded in order to ensure that Ghana, in her economic reform programme implementation should be able to apply investment subsidy to these agricultural sectoral projects to stimulate growth in the area.

80. On schedule of specific commitments, in the Area of Trade Related Investment Measures (TRIMS) Ghana has established limitations on its market access which include of Foreing-owned companies, including joint venture enterprises with Ghanaians which must satisfy minimum captial outlay and foreign equity requirments as folows: wholly foreignowned company requires a minimum equity captial outlay of US\$ 200,000; joint venture company should have a minimum foreign equity capital of at least US\$ 10,000 in cash or kind. Agency establishment must have authority to negotiate and conclude contracts on behalf of foreign parent companies.

81. In the Financial Services sector on Life, Accident and Health Insurance Services, except in the case of personal effects, every insurance effected in respect of any goods imported into Ghana shall be placed with an insurer registered in Ghana. Furthermore in respect of limitations put on foreign access to the Ghanaian market, it is required that at least 20 per cent of the capital or other proprietary interest in the said business must be owned by the Government of Ghana, and at least 40 per cent of capital or proprietary interest must be owned by a Ghanaian.

TANZANIA

82. Within Schedule CXXIV concluded by Tanzania and annexed to the Uruguay Round Agreement an attempt was made by this country to conclude tariffs at a ceiling of 120% of duty applicable in 1995 to all items that were included in Annex I of the Agreement on Agriculture, This falls under the MFN Tariff.

83. Similarly and if not more Tanzania had fixed, under the MFN Section II covering Other Products the bound rate of duty for such items at not less than 120% . In addition it had introduced as such as 120% for other charges and duties. This ultimately and in principle builds a tariff wall around the Tanzanian economy for such products as silk fabrics, containing 85% or more of silk, hydrolic water turbines of power, exceeding 10,000 KW; diesel electric locomotives.

84. It is to be noted that Tanzania's offers were very restrictive and were made with caution. The same obtains in the schedules of several African Contracting Parties that participated in the Round. This particularly refers to the Least Developed Countries that have made only token tariff cut offers.

3. Other Commitments Undertaken in the Uruguay Round
by Member States of the AEC other than Trade in Goods

85. In the interest of brevity and since the implications of the package of the various Agreements of the Round were discussed in the document (CM/1839(LX) and are further examined in the UNECA, UNCTAD and GATT papers presented at this conference, this paper only takes note of them but focusses on the new + issues that have already been slated on the Agenda of the World Trading Organization even before its ratification is through.

86. The African Economic Community, at its various stages, and within the relevant Sectors of the African economic integration process would have to deal with the complementarity, conflict or mutually supportive roles that the commitments ~~that its Member States have undertaken~~ by their signing the Uruguay Round Agreement which included the following Agreements:

1. Agreement Establishing the World Trading Organization with Annex IA which is a package of Agreements on Trade in Goods;
2. Uruguay Round Protocol on GATT 1994;
3. Agreement on Agriculture;
4. Agreement on Sanitary and Phytosanitary Measures
5. Agreement on Textiles and Clothing.
6. Ageeemnt on Technical Barriers to Trade
7. Agreement on Trade-Related investment measures.
8. Agreement on Implementation of Article VI.

9. Agreement on Implementation of Article VII
10. Agreement on Pre-Shipment Inspection
11. Agreement on Rules of Origin.
12. Agreement on Import Licensing Procedures
13. Agreement on subsidies and countervailing measures
14. Agreement on safeguards.

The Annexes to the Final Act Agreements are:

Annex 1 B : General Agreement on trade in services

: Agreement on Trade-Related Aspects of Intellectual Property rights (TRIPS) including Trade in counterfeit Good,

Annex 2 : Understanding on Rules and Procedures Governing the settlement of disputes

Annex 3: Trade Policy Review Mechanism

Annex 4: Plurilateral Trade Agreements.

- a) Agreement on Trade in Civil Aircrafts
- b) Agreement on Government Procurement
- c) International Dairy Arrangement.
- d) Agreement Regarding Bovine Meat.

4. Newest Issues on the Agenda of the WTO

87. The newest issues to be dealt with on the inception of the WTO are:

1. The link between trade and environment
2. The relationship between immigration policies and international trade;

3. The relationship between the trading system and internationally recognized labour standards;
4. The relationship between international trade and competition policy, including rules on export financing and restrictive business practices;
5. The relationship between trade and investment;
6. Regionalism and their implications for Multilateral Trade Agreements;
7. The interaction between trade policies and policies relating to financial and monetary matters, including debt, and commodity markets;
9. The establishment of a mechanism to compensate for the erosion of preferences;
10. The linkage between trade, development and political stability, and poverty alleviation
11. Unilateral and extra-territorial trade measures;

**PART III: REGIONAL ECONOMIC INTEGRATION IN AFRICA VIS-A-VIS
THE URUGUAY ROUND AGREEMENT: IDENTIFICATION OF
AREAS OF COMPLEMENTARITY AND CONFLICT.**

**i) The Most Favoured-Nation-Clause : the Foundations
of the Uruguay Round and Abuja Treaty**

88. As earlier pointed out in the introduction of this paper whereas the Final Act of Marrakesh Embodying the Results of the Uruguay Round of the Multilateral Trade Negotiations of GATT was signed on 15 April 1994, the Abuja Treaty establishing the African Economic Community came into force on 12 May 1994.

89. Both the Uruguay Round Agreement of GATT (1947 and 1994) seek to expand multilateral trade and are anchored on the Most Favoured Nation (MFN) clause as stipulated in Article 1 of GATT and Article 37 of the Abuja Treaty, respectively.

90. The MFN clause - which provides, inter-alia, that in any bilateral or multilateral Agreements if any party to the said Agreement or Treaty should enter into another trade

agreement with a third party, if the trade preferences accorded to this third party were more favourable than what was provided for in the first Agreement the other party or parties involved in the first Agreement should automatically and, ipso-facto, be entitled to the new favourable conditions now accorded in the new Agreement.

91. The concept of the MFN clause which aims at non-discrimination of countries and not necessarily non-discrimination against their products; apparently has a least seven hundred years' history in trade Agreements. However its significance as the major innovation of GATT (1947) was that it incorporated unconditional MFN into a multilateral framework Agreement.

92. But for Article XXIV of the GATT (1947), which is now reformulated in the Uruguay Round, on the one hand and the Enabling Clause which was adopted in the Tokyo Round of the MTN of GATT, the developing countries, including Member States of the African Economic Community, would have been constrained from establishing regional economic integration schemes-among themselves for mutual reduction and elimination of tariffs and non-tariff barriers among themselves.

93. The Enabling Clause of GATT, inter-alia, provides that Regional Economic Integration Schemes (i.e. Free Trade Areas and Customs Unions):

(i) shall be designed to facilitate and promote the trade of developing countries and not raise barriers to or create undue difficulties for the trade of any other contracting parties;

(ii) shall not constitute an impediment to the reduction or elimination of tariffs and other restrictions to trade on a most-favoured-nation basis;

- (iii) shall, in the case of such treatment accorded to developing contracting parties, be designed and, if necessary, modified, to respond positively to the development, financial and trade needs of developing countries.

2. The objective of GATT vis-à-vis those of the Abuja Treaty

94. In the light of the above, when one compares and contrasts the objectives of GATT and the Abuja Treaty respectively, one observes that:

- (i) The GATT's objective inter-alia as provided for in the preamble to the Agreement are "the raising of income, ensuring full employment, developing the full use of resources, and increasing the production and exchange of goods; the means to attain these objectives are the LIBERALISATION OF TRADE AND ELIMINATION OF DISCRIMINATION"

- (ii) The objectives of the African Economic Community as enunciated in Article 4 of the Abuja Treaty is, inter-alia, to promote economic, social and cultural development and the integration of African economies in order to achieve an endogenous and self-sufficient development; create a system at the African continental level, to facilitate the mobilisation and utilisation of human and material resources; promote inter-state cooperation in all fields of human activities in order to raise the standard of living of the African people. These are to be achieved through, inter-alia, the LIBERALISATION OF TRADE BY THE ELIMINATION OF IMPORT TARIFFS AND ABOLITION OF NON-TARIFF BARRIERS AMONG THE MEMBER STATES in order to create a Free Trade Area at each regional level; promote joint investment projects in the areas of production and the trade of these products; harmonise national sectoral policies in order to

95. In the light of the foregoing the Member States of the African Economic Community are fully covered by the provisions of the GATT Agreement (1947) and GATT (1994) of the Uruguay Round of MTN in particular by the provisions of the "Understanding on the Interpretation of Article XXIV on Free Trade Areas and Customs Unions.

96. In order, therefore, for the African Economic Community to enjoy the status of a Customs territory in the terms of the GATT it would have to fulfill certain basic conditions in order to be exempt from the full force of the Law to implement the MFN undertakings that its Member States contracting parties to the GATT have signed.

3. Conditions for Member States of the AEC to be Exempt from MFN of GATT

97. Bearing in mind the time-frame and the economic integration stages for the establishment of the African Economic Community, to be exempt from the full force of the MFN on the basis derogation, it would be necessary during the first stages of the AEC, for the Member States of the African Regional Economic Communities (RECS) to fulfill certain conditions first. The conditions include:

- (i) the evolution of existing RECS into Free Trade Areas; then to Customs Unions (See Abuja Treaty's Third Stage to be attained (theoretically) during the years 2007 - 2017).
- (ii) the further evolution of the Customs Unions of the RECS into the African Continental Customs Union with a single Common External Tariff against goods and services of non-AEC countries (See Abuja Treaty's Fourth Stage in the Economic integration process of Africa.

(iii) that theoretically those two conditions would be fulfilled between the years 2017 - 2019. Strictly speaking it would be at those advanced stages in the evolution of the African economic integration process that the major and likely CLASHES AND CONFLICTUAL COMMITMENTS between the African Economic Community system and the multilateral trading system formulated under the Uruguay Round would begin to emerge. For, at those two critical stages the question of which tariff liberalisation commitments undertaken at the level at the GATT or in the Abuja scheme would then come to hold pre-eminence over the other. This is the crux of the matter. Because, while the AEC is evolving into Free Trade Areas and Customs Unions at the level of the RECS and into a continental Customs Union, Member States of the AEC which are concurrently contracting Parties to the GATT have to, simultaneously, proceed with tariff reduction and elimination as committed to under the Uruguay Round. It is within this context that the time-frame for the tariff liberalization adopted within the GATT become an issue. Furthermore the Dispute Settlement Mechanism would become most useful for consultation on and resolution of potential and actual trade disputes between the AEC and the WTO.

(iv) Once the Customs Union Stage is attained the GATT has to be officially notified so that the countries could be dealt with and treated as a specific customs territory, in its own right. In this connection the need for the OAU/AEC to be admitted as Observer into the meetings of the policy organs of the future World Trading Organization cannot be over-imphasised.

4. Possible Impact of the Uruguay Round commitments on Economic Ingegration in Africa

98. The long-term impact of the Uruguay Round is that while the African Economic Community is trying to evolve a Customs Union by erecting eventually a Common External Tariff Wall to protect the future nascent African Common Market, the Uruguay Round commitments require Member States of the AEC, contracting parties to the Uruguay Round Final Act to reduce their tariff barriers in-tandem with their commitments under the Abuja Treaty.

99. A quick reference to the cases of bound tariffs and tariff cuts examined in Part II of this paper points to that fact, at least in the area of agricultural products. Under other products, which are mainly industrial inputs and industrial products, one notes that countries of the African Economic Community being aware of the need to protect their markets have made only token commitments by binding tariffs at rather high percentages - in fact these could be considered as token tariff offers, which would enable them to simply enter the new emerging trading system of the WTO.

100. In the article published under the title "How to avoid losing GATT Rights through Regional Integration Agreements (RIA)", it is stated, inter-alia, that RIAs and undermine the basic aims of the multilateral trade order only by adding preferential market access to the market access rights accorded multilaterally. ^{8/} The view of this paper is that it could be argued that the reverse is true. In this respect it is the multilateral market access commitments granted, if not very carefully weighed and their impact analysed in advance, they could result in undermining the regional market access commitments mutully granted within the African regional economic communities and eventually in respect of the African Continental Customs Union/Common Market.

8/ * Page 317 of "Regional Integration and the Global Trading system: Edited by Kym Anderson and Richard Black-Hurst: published by/GATT Secretariat:

101. On domestic support and export subsidies, it is noted that commitments have been made in the Final Act of the Uruguay Round for food aid, basic food-stuffs, to be assured access to the markets of Member States of the AEC, from industrialised countries, ostensibly to guarantee and protect the netfood importing countries from feared-spiralling import food prices. It must be stated, for good reason, that sometimes such commitments tend to be inimical to the interests of the indigenous local industry as subsidised food items cripple the remunerative economic activities of the domestic economic operators. In Mali, for example, there was recent concern resulting from the dumping of subsidised meat from the European Union which has adversely affected the indigenous livestock industry. These in effect are dangerous sign-posts on the likely impact of such commitments entered into within the context of the Uruguay Round. In this regard the AEC should endeavour to protect the indigenous production base.

102. On new issues like Trade-Related-Intellectual-Property Rights (TRIPs) one notes that this is a new commitment beyond the scope of the Abuja Treaty and certainly, it is not meant to promote the protection of indigenous African innovation but the reverse is the case. Its full operation may unduly increase the payment of royalties which would result in the increase for the consumer price of domestic products generated from imported technology - be they scientific inventions or bio-technological in nature.

103. In the light of the alarms raised by the erosion of preferences both within the contexts of the Generalised System of Preferences (GSP) and the ACP-EU Lome Convention, it is strongly believed that the time has now come, for the AEC to capture the opportunity to stimulate the DIVERSIFICATION of the economies of its Member States, through market and product diversification. With the scope to be provided in the eventual Customs Unions/Common market of the AEC it should be necessary to press for more processing of African commodities into manufactures. This will, hopefully, change Africa's over concentration on primary commodities, to manufactured

104. In this regard in order to consolidate whatever has been gained in terms macro-economic reforms of the economic structural adjustment programmes currently being undertaken by almost all Member States of the African Economic Community and to further enhance the competitiveness of goods and services to be produced in the AEC deliberate efforts have to be made to attract Foreign Direct Investment and the required technology.

105. With the above in mind one may wish to assess the impact on the AEC of the Trade-Related Investment Measures (TRIMS). Accordingly Member States of the AEC, while required by the Uruguay Round Commitments to adapt their national investment codes to conform, these adaptations must also take into account commitments undertaken in the African regional economic communities (RECS) and the AEC under their respective Protocols on the criteria for Rules of Origin that the AEC Member States must fulfill for their goods and services to enjoy the AEC preferences within the AEC Customs Union.

106. The General Agreement on Trade in Services (GATTs), as concluded in the Uruguay Round is equally anchored on the MFN principle and inter-alia calls for the progressive liberalisation in the services sector through successive rounds of negotiations and the development of national schedules.

107. This is an Area which does not depart too much from the various services sector undertakings of the Abuja Treaty. But here again the approach is different. Where-as in the AEC, the system envisaged is to develop an autonomous and self-sufficient export services sector, the Uruguay Round commitments seek to multilateralise these; be it banking and financial services, maritime/airline services or telecommunication services.

108. In these areas the AEC would do well in approaching such multilateral services sectors as a negotiating block to be able to bargain favourable terms on the global market. In this particular case the status of Member States of the AEC in the maritime transport sector vis-à-vis the Liner Conferences should be cited as a case in point.

5. Newest issues

109. The AEC should almost immediately develop a work programme, in concert with UNECA, UNCTAD, GATT, ITC and the relevant U.N. technical agencies and institutions, on the newest issues as listed in Part II of this paper that will constitute the Agenda of the World Trading Organization.

PART IV: CONCLUSION AND RECOMMENDATIONS

110. In view of the multi-facted ramifications and impact that the Uruguay Round Agreement are likely to have on the implementation of the Abuja Treaty establishing the African Economic Community, in particular bearing in mind the conflictual time-frames for tariff liberalisation, as discussed above the following recommendations are proposed:

- (i) The joint OAU/ECA Secretariat should in collaboration with UNCTAD, GATT and ITC develop a technical assistance programme on the Uruguay Round and its implications for Member States of the African Economic Community through workshops and seminars targetted mainly at the African business communities, economic operators in particular those of Small and Medium Scale Enterprises (SMEs), Civil servants and the intelligentsia as well as students;

(ii) the aim of such seminars should be:

- to ensure a better understanding of the substance and the complexity of the numerous Agreements that constitute the Uruguay Round package so that their entrepreneurial activities would help their countries to maximise benefits take advantage of opportunities if any, and minimize the negative effects.
- to identify and strengthen national capacity requirements for the implementation of the Uruguay Round Agreements
- to develop a consultation mechanism between the OAU/AEC Secretariat and African regional Economic Communities, respectively and collectively so as to monitor the impact and recommend solutions whenever there should occur conflictual trends in the implementation of the Abuja Treaty vis-à-vis the Uruguay Round Agreements. In this connection the Consultation Mechanism envisaged in the Protocol on the Relations between the AEC and its RECS should be put in place as soon as possible in order to deal with this issue at regional and sub-regional levels among others;
- to advise Member States on the adaptation of their national legislations to conform not only to the provisions of the Abuja Treaty but concurrently with the Uruguay Round Agreement;
- to undertake a comprehensive study on the implications of the Uruguay Round on land-locked semi-landlocked and island African countries with special emphasis on the erosion of their preference margins in the Round.

- to organise advisory missions and training programmes on marketing and procedures for accession to the GATT/WTO;
- to similarly assist Member States of the AEC, to acquire the know-how on the use of the Dispute Settlement Mechanism;
- to develop adequate trade information services;
- to study in depth for advisory services the new issues coming up under WTO;

(iii) the OAU/AEC Secretariat to apply to GATT/WTO for Observer status within the required fora in order to safeguard the interests of the Member States of the AEC and equally to have access to the deliberations of the Dispute Settlement Mechanism long before attaining the Customs Union stage at the level of the RECs, in order to monitor, in advance, the potential trade conflict areas.

(iv) OAU/AEC Secretariat to develop working contacts with existing, especially the newly created regional economic groupings in other parts of the World especially the North-American Free Trade Area (NAFTA) the MERCOSUR between Argentina, Brazil, Uruguay and Paraguay; ASEAN etc. so as to share experiences.

ANNEX I:
State of play of African countries in the WTO process

27.9.1994

African country	Schedule on goods	Schedule on services	Signing of Final Act	WTO ratification
Algeria	Yes	Yes	Yes	No
Angola	No	No	Yes	No
Benin	Yes	Yes	Yes	No
Botswana	No	No	Yes(subject to internal legislation)	No
Burkina faso	No	Yes	Yes (August 94)	No
Burundi	No	No	Yes (subject to internal legislation)	No
Cameroon	Yes	Yes	Yes	No
Central african Rep.	No	No	Yes	Yes
Chad	No	No	No	No
Congo	Yes	Yes	Yes	No
Côte d'ivoire	Yes	Yes	Yes	No
Egypt	Yes	Yes	Yes	No
Gabon	Yes	Yes	Yes	Yes
Gambia	No	No	No	No
Ghana	Yes	Yes	Yes	No
Guinea bissau	No	No	Yes	Yes
Kenya	Yes	Yes	Yes	No
Lesotho	No	No	No	No
Madagascar	Yes	Yes	Yes	No
Mali	Yes	Yes	Yes	Yes
Mauritania	Yes	Yes	Yes	Yes
Mauritius	Yes	Yes	Yes	Yes
Morocco	Yes	Yes	Yes	Yes
Mozambique	No	Yes	Yes	No
Namibia	Yes	Yes	Yes	Yes
Niger	Yes	Yes	Yes	No
Nigeria	Yes	Yes	Yes	No
Rwanda	No	No	No	No

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Senegal	Yes	Yes	Yes	No
Sierra Leone	No	No	No	No
South Africa	Yes	Yes	Yes	No
Swaziland	Yes	Yes	Yes	No
Tanzania	Yes	Yes	Yes	Yes
Togo	No	No	Yes (August 94)	No
Tunisia	Yes	Yes	Yes	No
Uganda	Yes	Yes	Yes	Yes
Zaire	No	No	Yes	No
Zambia	Yes	yes	Yes	Yes
Zimbabwe	yes	Yes	Yes	No

ANNEX II

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