

# OFFICIAL GAZETTE



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**COMMON MARKET FOR  
EASTERN AND SOUTHERN AFRICA**

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By Order of the Council

Mr. Erastus J.O. Mwencha MBS  
Secretary-General  
COMESA

**IT IS HEREBY NOTIFIED** that the COMESA Council of Ministers, at its Sixth Meeting held in Nairobi, Kenya on 20 - 22 May, 1999 issued the following Legal Notices:

**(a) MONETARY**

**Consolidation of COMESA Regional Integration Agenda**

3. Council recommended that:

- (a) Member States should endeavour to comply fully with the rules and provisions of the Treaty, especially with regard to policy decisions that contradict or defeat the letter and spirit of the COMESA Treaty;
- (b) The Bureau be empowered to follow up with member States that have lagged behind in the implementation of the Treaty provisions and policy organs decisions;
- (c) A special FTA Launching Committee be established comprising of the Bureau and three other member States to assist in preparatory activities that will culminate in the extra-ordinary Summit;
- (d) Member States should implement 90% tariff reduction by October 1999 and 100% by October 2000 so that COMESA can achieve a Free Trade Area by October 2000;
- (e) Member States should assist in articulating to co-operating partners the role of COMESA and appraise them of the different responsibilities assigned to each institution;
- (f) The Secretariat should facilitate the establishment of more Committees of COMESA Ambassadors and High Commissioners in strategic capitals around the world; and
- (g) The Secretariat proceed to finalise the COMESA Vision and Strategy for the 21<sup>st</sup> Century.

**Restructuring of the Clearing House**

4. Council decided that work on the restructuring of the COMESA Clearing House continue under the auspices of the COMESA Secretary General to work out the proper legal and institutional framework for implementing the AGF and to pursue work on other related services, particularly SWIFT and the Fast Payments Facility (FAP).

**Introduction of Limited Currency Convertibility**

5. Council decided that:

- (i) COMESA member States design and implement limited currency convertibility guidelines to facilitate the flow of trade and investment, and promote the use of regional currencies to reduce transaction costs;
- (ii) The limited currently convertibility arrangement be voluntary and evolve among member countries with growing cross border trade and investments and flourishing tourism entering the limited currency convertibility arrangement, and gradually extend the arrangement to other countries as regional trade and the demand for other regional currencies grow;

- (iii) The Secretariat should articulate a strategic vision and policy framework for the growth, development and diversification of high-value competitive exports and a supportive viable export infrastructure in an overall economic structural transformation process, including significant improvements in physical, energy, social and financial infrastructure, and viable free economic zones;
- (iv) Member States should ensure fiscal discipline to underpin progress towards macro-economic convergence and economic integration; and
- (v) A tripartite policy dialogue between the business sector (private and public), the government sector, and labour be significantly strengthened to address all economic issues.

### **Monetary and Fiscal Harmonisation Programme**

6. Council decided that:

- (i) A co-ordinating body made up of experts from Central Banks and Ministries of Finance be formed to oversee the implementation of policy measures towards economic convergence and to prepare measures for taking the process of monetary harmonisation to the level of Monetary Union. The co-ordinating body would be responsible for:
  - (a) drawing up a roadmap, giving action, achievements and dates needed to attain the goal of a common currency;
  - (b) formulation of opinions on the overall orientation of monetary and exchange rate policy, as well as on measures being taken in these fields by individual countries;
  - (c) providing advice to individual Governments through the Council of Ministers, on policies that could affect the internal and external monetary situation in COMESA;
  - (d) defining common surveillance indicators, proposing harmonised objectives and instruments and helping to gradually bring about a change from ex post analysis to an ex ante approach to monetary policy co-operation.
  - (e) monitoring and analysing exchange rate market developments and assisting in the search for effective intervention strategies;
  - (f) holding regular consultations on matters of common interest in the field of banking supervision policy; and
  - (g) making recommendations on measures that should be taken towards improving the process of monetary cooperation up to the level of a Monetary Union;
- (ii) Member States should continue to implement economic reform policies with a view to attaining economic convergence;
- (iii) The monetary harmonisation programme should be pursued in line with the parallel approach being undertaken within the context of implementing the Abuja Treaty establishing the African Economic Community and similar progress

already made by other African Regional Economic communities such as ECOWAS;

- (iv) The process of implementing currency convertibility should evolve, beginning with neighbouring countries that growing cross border trade and investment and flourishing tourism and are ready to proceed with limited currency convertibility between themselves. Those that are not in a position to introduce currency convertibility with their neighbours can join in later when they feel ready to do so;

#### **Introduction of a Regional Smart Card**

- 7. Council decided that:
  - (i) the PTA Travellers Cheques fund should be utilised to introduce a stored value smart card; and
  - (ii) the PTA should finalise the business plan for submission to the Committee of Central Bank governors for approval.

#### **Harmonisation of Bank Regulation and Supervision System**

- 8. Council decided that:
  - (i) the Secretariat conduct a study on the harmonisation of banking supervision and regulation, taking into account practices adopted under other regional initiatives and the commitment of member States under the General Agreement on Trade in services as well as the experience of the East Asian Financial Crisis.
  - (ii) heads of banking supervision units should meet at least once a year.

#### **Implementation of COMESA decisions through involvement of Ministries of Finance**

- 9. Council agreed that:
  - (i) decisions taken by the Council of Ministries for implementation should be brought to the attention of the Ministries of Finance;
  - (ii) Permanent Secretaries and Financial Secretaries of the Ministries of Finance should be more actively involved in the COMESA Committee of monetary and Financial Affairs; and
  - (iii) Particular planning should be in place by the member States and the Ministries of Finance should be involved to ensure that all national budgets between now and October 2000 when the COMESA Free Trade Area comes into force, provide for compliance with the COMESA Tariff Reduction Programme.

#### **Year 2000 Compliance**

- 10. Council agreed that:
  - (i) monetary authorities and capital markets regulators should ensure that all financial sector players in COMESA are Y2K compliant;

- (ii) governments should set-up efforts to ensure that critical systems in utilities, telecommunications and the health sectors are especially attended to, ensure compliance by no later than June 30, 1999; and
- (iii) Chambers of Industry and Commerce should continue to sensitise their members about the need for year 2000 compliance and for contingency plans in the run up to December 31, 1999.

**(b) TRADE AND CUSTOMS**

**Cross Border Initiative (CBI) – Ministerial Meeting**

11. Council decided that:
- (a) Each Member State publish the 90% reduction rate in 1999, except those with a derogation, and intensify efforts to eliminate non-tariff barriers and other obstacles to trade;
  - (b) All the Member States observe the provisions of the COMESA Treaty to reduce tariffs in accordance with the agreed schedule; observe the standstill provisions not to vary import duties which have been reduced since the era of the common List – Article 46(3); and
  - (c) Member States refrain from unilateral action aimed at protecting infant industries, revenue or balance of payments, by observing the obligations provided for in Article 49(2) and 61 of the COMESA Treaty.

**Elimination of Non-Tariff Barriers (NTB's) and other Trade Obstacles**

12. Council decided that:
- (i) Member States apply the GATT Valuation Code of the WTO and levy custom duties on the basis of the goods.
  - (ii) Pre-shipment inspection should not be used as non-tariff barrier; and
  - (iii) Member States should encourage Customs Administrations to find innovative ways of speeding up clearance of goods and introduce green lanes for faster clearance of COMESA goods subject to preferential tariffs.

**Count Down to the Free Trade Area**

13. Council agreed that as Count down to the Free Trade Area, Member States:
- (i) ensure that the implementation of the Free Trade Area was attained through the publication of zero tariffs on COMESA originating products by July 2000 and the submission to the Secretariat by September 2000 of the official legal gazette effecting the zero tariffs; and
  - (ii) carry out the activities stipulated in Annex 1 necessary for the publicization of the launching of the COMESA Free Trade Area by 31 October, 2000.

### **Progress Report on the Study of the COMESA Rules of Origin**

14. Council decided that:
- (i) All the member States that had not yet undertaken the individual country studies on their industrial structures for the Rules of Origin should carry them out and finalise them as soon as possible;
  - (ii) The Secretariat prepare a comparative analysis of preferential and non-preferential Rules of Origin;
  - (iii) The study prepared by the Consultant should include, in addition to the general rules, detailed rules in line with the Rules of Origin of WTO; and
  - (iv) The Trade and Customs Committee be convened in August/September 1999 for discussion of the study recommendations in detail and agree on appropriate origin.

### **Categorisation of Imports in the Common External Tariff (CET) and Common Tariff Nomenclature (CNT)**

15. Council decided that:
- (a) all member States adopt the HS 1996 version;
  - (b) a common Tariff Nomenclature Committee (CTNC) be informed whose terms of reference are included in the Council Regulation shown in Annex II; and
  - (c) that a workshop be conducted on the CTN and CET to consider all technical details.

### **Customs Board Committee Scheme**

16. Council recommended that:
- (a) Member States be requested to expedite ratification of the Agreement;
  - (b) the Council of Bureau on the Yellow Card be requested to work out the modalities of how the regional customs bond guarantee systems can operate, taking into account that insurance companies participating in the Yellow Card scheme could constitute the guarantee chain off sureties;
  - (c) a Working Group comprising all stakeholders be established to discuss and agree on how best to administer the scheme in liaison with other member States; and
  - (d) the Secretariat should follow up with member States that have not ratified the customs Bond Guarantee Scheme to find out the problems that are standing in their way.

### **The COMESA Customs Declaration Document**

17. Council recommended that:
- (a) member States should implement the COMESA CD as adopted;

- (b) member States should submit operational problems faced in the implementation of the adopted CD along with their comments, proposals and recommendations regarding modifications, if any, to the document in order to facilitate its implementation;
- (c) any modification to the document should take account of the recommendations on the Common Statistical Rules;
- (d) the COMESA-CD be discussed at a workshop to be organised by the Secretariat in due course; and
- (e) Member States invest in appropriate telecommunications technology which would facilitate the exchange of COMESA CD files between Customs Administrations

#### **ASYCUDA and The Ex-Trade EUROTRACE Systems**

18. Council recommended that:

- (a) Member States take the lead in the implementation, management and evaluation of the new project;
- (b) Member States ensure that they make adequate budgetary provisions to complement donor funding;
- (c) the Secretariat convey the appreciation of member States to the EU for the continued support of the project; and
- (d) the COMESA and KRA task force assessing ASYCUDA and Boffin should undertake a comparative review of the functionalities and compatibilities of the ASYCUDA and Boffin Systems and report through the appropriate Committees to the Policy Organs Meetings to be held before the end of 1999.

#### **Study on the Establishment of a COMESA Competition Policy**

19. Council noted the proposed study and recommended as follows:

- (a) that the study should proceed;
- (b) that the Secretariat contact UNCTAD for assistance with the study;
- (c) that member States provide the necessary information to the Consultants when the study commences; and
- (d) that the Terms of Reference attached to this report as Annex III be adopted.

#### **Requirements for the implementation of the Common Statistical Rules (CSR)**

20. Council decided that:

- (a) each member States should inform the Secretariat on progress made in the implementation of CSR;
- (b) the CSR should be implemented simultaneously with the COMESA-CD;

- (c) any revision of the COMESA-CD should be in accordance with the CSR and vice-versa; and
- (d) all available data at national level should be submitted promptly to the Secretariat in order to facilitate the dissemination of foreign trade statistics.

**(c) INFRASTRUCTURE DEVELOPMENT**

**Liberalisation of Air Transport Services**

21. Council recommended that:

- (a) the Secretariat should undertake a study on air transport charges for landing and ground services in all the COMESA member States;
- (b) the following activities be implemented:
  - (i) June 1999 – distributing of approved regulations to all the member States and stakeholders;
  - (ii) July 1999 – Meeting of Experts on Civil Aviation and all stakeholders;
  - (iii) August 1999 – Regional workshops to promote the programme;
  - (iv) September 1999 – Approval of timetables by the member States to facilitate the said timetable to be filed with IATA;
  - (v) October 1999 – Phase I of the Liberalisation Programme becomes operational; and

22. Council Agreed Member States should actively participate in the Regional Conference of African Ministers in charge of Civil Aviation which would be organized by the Economic Commission for Africa in the framework of the implementation of the Yamoussoukro Declaration on a New African Air Transport Policy. The Conference would be held in Cote d'Ivoire, from 9 – 14 November, 1999 and was expected to adopt the first set of articles on the gradual liberalization of air traffic rights in Africa for African airlines.

**Communications Navigation Surveillance/Air Traffic Management System (CNS/ATM)**

23. Council recommended that the feasibility study Report be considered by a meeting of Civil Aviation Directors before being submitted to the Ministers of Transport and Communications.

**Cooperation in Meteorological Services**

24. Council recommended that:

- (a) the Secretariat convene a meeting of Directors of Meteorological Services in July/August 1999 to consider the recommendations of the Working Group;
- (b) the report of the Directors be submitted to the Transport and Communications Committee scheduled for the second half of 1999; and
- (c) the Memorandum of Understanding (MOU) between COMESA and WMO under consideration be used as an instrument for collaboration in meteorology.



**COMTEL Project**

25. Council decided that:

- (i) a meeting of Chief Executives of National Telecommunications Operators (NTO's) be convened to consider and adopt a network plan, intergovernmental agreement and Business Plan for submission to the Ministers of Transport; and
- (ii) the Secretariat should prepare a plan, including cost estimates, for the expenses of the planned submarine cable from Mombasa to Djibouti.

**(d) LEGAL AND INSTITUTIONAL MATTERS****Country Reports**

26. Council decided that:

- (a) all the member States fulfil their statutory obligation under Article 5 paragraph 3 of the Treaty; and
- (b) all those member States that had not submitted their country reports to the Secretariat should do so before July 1999.

**(e) EU-ACP NEGOTIATIONS****Progress Report of the COMESA Court of Justice**

27. Council decided that all Member States should honour their obligations of contributing to the budget of the Court.

**(f) INVESTMENT PROMOTION AND PRIVATE SECTOR DEVELOPMENT****Launching of COMESA Metallurgical Industries Association (COMESAMIA)**

28. Council:

- (a) expressed appreciation to Austria, Uganda and Egypt as well as UNIDO for their support of COMESAMIA's activities in this strategic sector; and
- (b) agreed that member States facilitate the registration of COMESAMIA in their territories.

**Direct Reduced Iron (DRI) Research work at the University of Zimbabwe**

29. Council noted that only Uganda, Tanzania and Zimbabwe had sent samples to Zimbabwe and recommended that member States that had not submitted representative samples of their ores do so as soon as possible.

**Building Materials Industry**

30. Council recommended that UNIDO be thanked for its support in developing this programme and that the mobilisation of resources required to implement this programme be a joint effort of COMESA and UNIDO

### **Plastics and Rubber Industry**

31. Council recommended that all stakeholders in the individual countries should fill in the questionnaires sent to them and return them to the COMESA Secretariat as quickly as possible, and that the report of the Consultant be considered by the next technical committee on industry.

### **Regional Investors Forum**

32. In noting the results of the forum, Council expressed its gratitude to UNIDO for its support to COMESA member States in this area and requested further support to organise similar fora in the region in the next five years.

### **(g) AGRICULTURE**

#### **Upgrading Quality and Safety of Fishery Products**

33. Council recommended that member States:

- (a) should identify and select at least two of their nationals who are engaged at a senior level in fish inspection and quality assurance as course participants to be trained as trainers; and
- (b) countries with serious problems with exports of fish and fishery products should identify at least two fish processing plants per country which would receive assistance for the application of the HACCP System.

### **(h) INFORMATION AND NETWORKING**

34. Council recommended that:

- (a) All COMESA contact points (liaison Ministries) should link the Internet and communicate with the Secretariat via the internet, and that those countries which had difficulty in carrying out this recommendation should take advantage of the assistance offered by the Secretariat; and
- (b) All member States review the measures they had put in place to address the Year 2000 (Y2K) problem and, if not already done so, establish a national focal point, or an institutional framework, for dealing with the issue, which should also receive attention at the highest levels of Government, with a Y2K cabinet commit recommended.

### **(i) COMESA INSTITUTIONS**

#### **PTA BANK**

35. Council appealed to the COMESA States which were not yet members of the Bank to take up their membership of the bank as soon as possible.

#### **REINSURANCE COMPANY (ZEP-RE)**

36. Council recommended that COMESA co-ordinating ministries should follow-up the decisions concerning ZEP-RE and ensure that they are implemented.

### **COMESA BANKERS ASSOCIATION**

37. Council took note of the discussions of the Second Meeting of the COMESA Ministers of Finance held in February 1999, and recommended that:

- (a) Each country should adopt the minimum security printing standards of cheques and other value documents in order to reduce falsification of these documents and to facilitate the automation of clearing cheques; and
- (b) Each Member State should encourage all banks operating in their territory to join the COMESA Bankers' Association in order to accelerate the process of regional economic integration.

### **CONSULTATIVE COMMITTEE OF THE BUSINESS COMMUNITY**

38. Council commended the Consultative Committee for its good work, and urged it to keep up its good work. Council also recommended that the Consultative Committee and the Secretariat explore ways of implementing their activities formally as provided under the Treaty.

### **LEATHER AND LEATHER PRODUCTS INSTITUTE (LLPI)**

39. Council recommended that:

- (a) Member States recommit themselves to supporting LLPI by making timely and regular contributions and by participating in institutional activities;
- (b) The Institute should strengthen its relations and co-operation with the private sector through apex bodies, such as AFLAI, ESABO, ESALIA and FEMCOM, through their participation in formulation and implementation of regional leather sector programmes; and
- (c) There was need for harmonisation and dissemination of policies in the leather industry.

### **FEMCOM**

40. Council recommended that the Secretariat should assist FEMCOM in mobilizing resources for the establishment of telecentres.