

**COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA**

Statement Circulated by the Honourable Enoch Kavindele,  
Chairman of the Council of Ministers  
(As an Observer)

It is a great honour and privilege for me to stand before such an august gathering. I stand before you representing 350 million people of the Common Market for Eastern and Southern African States (COMESA).

COMESA is a regional economic grouping of 20 Southern and Eastern African States which have come together primarily to raise the living standards of their people by transforming the social and economic structures of their countries collectively. These structures include trade and investment regimes, fiscal and monetary policies and the general economic orientation from predominantly public to private-sector dominated economies.

COMESA Member States aim:

- To attain sustainable growth and development of their countries by promoting a more balanced and harmonious development of production and marketing structures;
- to promote joint development in all fields of economic activity and the joint adoption of macroeconomic policies and programmes aimed at fostering closer relations among themselves;
- to cooperate in the creation of an enabling environment for foreign cross-border and domestic investment, including the joint promotion of research and adaptation of science and technology for development;
- to cooperate in the promotion of peace, security and stability among the Member States in order to enhance economic development in the region; and
- to cooperate in strengthening relations between the Common Market and the rest of the world.

In this respect, COMESA's aspirations and those of the World Trade Organization (WTO) are identical in many areas. COMESA as a regional economic grouping deposited its Treaty with WTO in accordance with Article XXIV of the GATT Agreements.

COMESA is willing to cooperate with the WTO on new economic partnerships that genuinely address all factors for economic growth, in particular the acceleration of industrial growth in

developing countries, development of local markets through regional integration, development of the necessary financing facilities and finally the integration of the regional economic block into the multilateral trading system.

COMESA has emerged as one of the most successful regional economic cooperation and integration groupings in Africa in the area of trade. Economic integration is founded on cooperation among its members in all fields of economic development enhanced by increased competitive advantage of enterprises in the regional market.

At regional level therefore COMESA is addressing the majority of the issues or rules embodied in the WTO Agreements. There is a lot of common ground between regional organizations and the multilateral organization WTO. There is wide scope for cooperation between WTO and regional organizations in measures designed to make developing countries gain an increasing share of the world trade and in the integration of regional trading blocs into the global economy.

Demands on COMESA to get involved in multilateral negotiations by providing advisory services to its members are high. COMESA will be proactive in discussions on issues in the built-in-agenda which provide a framework for future negotiations.

Africa's declining share of world trade from 5 per cent in 1985 to about 2 per cent in 1996 is disturbing. Further decline would entrench chronic balance-of-payment deficits resulting in contracting economies, increasing unemployment and other undesirable economic factors. The Common Market for Eastern and Southern Africa (COMESA) provides the necessary economic machinery and political framework for dampening and even hold the decline in Africa's share of world trade through strengthening the competitiveness of enterprises in the regional market. Particular focus is placed on developing private enterprises by undertaking reforms necessary to remove barriers in the national and regional economies. COMESA has covered considerable ground in this area through its strategy of promoting regional integration through trade and investment.

To realize the objectives of COMESA, the organization has since 1984 conceived and developed a wide-range of programmes. The organization has made significant strides in its quest for greater economic integration. Some of the notable achievements are:

The reduction and eventual elimination of tariff barriers on COMESA originating products

The trade programme has scored notable success. All the conventional non-tariff barriers have been eliminated in most of the Member states. Reduction of tariffs on COMESA originating products has reached a very advanced stage. The range of tariff reduction by the majority of the Member states is from 60 per cent to 80 per cent. The region is fast moving into a free trade area.

Establishment of Common external Tariff and Customs Union

This would require COMESA to take a lead role in negotiations for further tariff reduction in WTO on behalf of its Member countries in future.

Simplification and harmonization of customs documents, rules, regulations, procedures and general cooperation in all customs matters and activities

Programmes for trade financing and payments throughout the PTA Trade and Development Bank, the COMESA Clearing House and the COMESA Reinsurance Company

These programmes facilitate both regional and international trade of the Member States.

Specific programmes on the development and promotion of intra-and extra-COMESA trade

Market research is being done on products of export interest to many enterprises. The products of this research are supply and demand surveys. Buyers/sellers contact promotion meetings are undertaken, a trade information network was established as is operational in 47 business sector organizations in the region.

The implementation of the above trade facilitation programmes go hand in hand with other complementary programmes in Transport and Communication facilitation, Industry, Energy and the development of Agriculture and Tourism.

These programmes are now having a considerable impact on intra-COMESA trade. Between 1985 to 1996 intra-COMESA trade has been growing at an average of 14.1 per cent compared to trade with third world countries, which has been growing at an average growth rate of 7.2 per cent.

If these result oriented programmes of COMESA are complemented by global efforts providing for favourable market access conditions of products from Africa as well as support of more elaborate programmes of COMESA and other regional organizations, the declining trend of Africa's share in world trade could be stopped if not reversed.

However, being a young economic grouping comprising almost exclusively Least-Developed Countries, we will from time to time require the support of cooperating partners, bilateral and multilateral institutions such as the WTO.

In this context, I take the liberty to refer to three important pronouncements by the WTO:

- Firstly, the Decision on Measures In Favour of Least-Developed Countries;
- secondly, the Singapore Ministerial Declaration adopted at the First Ministerial Conference in Singapore in 1996; and
- thirdly, the Comprehensive and integrated WTO Plan of Action for the Least-Developed Countries, also adopted at the First Ministerial Conference in Singapore on 13 December 1996.

All three pronouncements recognize the special status of Least-Developed Countries and reaffirm the global commitment to take positive action aimed at:

- (a) Improving the capacity of LDCs to respond to opportunities offered by the new trading system;
- (b) enhancing conditions for investment and providing predictable and favourable market access conditions for LDCs' products; and
- (c) fostering the expansion and diversification of LDC exports to the markets of all developed countries.

The WTO Plan of Action for the Least-Developed Countries further emphasizes the urgent need for human and institutional capacity building both in the public and private sectors of LDCs.

The Guidelines for WTO Technical Cooperation must, therefore, not only maintain LDCs as priority beneficiaries but must be seen, in a practical manner, to fulfil the spirit underlying the commitment of the Plan of Action on this matter.

Similarly, provisions for market access elaborated in the Plan of Action urging developed country Members of WTO to explore possibilities of granting duty-free access for exports of Least-Developed Countries need serious follow up.

As LDC members of WTO, we are keenly awaiting the implementation of provisions for WTO Members to extend, unilaterally and on an autonomous basis, market access benefits to least-developed country suppliers. We are also awaiting the adoption by developed WTO Members of preferential policies and liberalization undertakings in order to further facilitate access to their markets for LDC exports as enunciated in the Plan of Action.

COMESA believes that various provisions for special and differential treatment should be interpreted in a practical way and made operational. The provisions are key in giving developing countries time to enhance the competitiveness of their economies. Measures taken at national or regional level to enhance competitiveness can only be effective in a less competitive environment which is offered by the various provisions for special and differential treatment.

It is for the same reason that COMESA supports the proposal that the time-frame for the implementation of agreements in cases where developing countries experience difficulties with compliance should be extended.

The issue of subsidies need to be examined for developing countries with a view to levelling the playing field. COMESA is concerned that subsidized products from some countries with sound financial resources find their way into the COMESA market while the COMESA members because of financial constraints, religious adherence to economic reform programmes as well as compliance with GATT rules no longer subsidies exports. This is eroding the preferences of regional organizations.

COMESA welcomes the establishment of the Common Trust Fund for financing joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme for LDCs and other African countries as well as the UNDP Initiative for Capacity Building on Trade and Development. These are important initiatives to enhance human resource development and capacity building in trade support institutions.

COMESA believes however that for these initiatives to have the desired impact, regional organizations should be involved in their execution.

Regional organizations have networked and are working closely with the Chambers of Commerce and Industry, Trade Promotion Organizations as well as other business sector organizations in the region to create a trade and investment environment and regulatory frame as well as build capacity on trade support services. Cooperation of all these institutions is necessary for the success of the initiatives.

I further wish to urge the WTO, ITC and other agencies to collaborate with our Secretariat to develop capacity building programmes aimed at addressing the region's supply-side needs and

facilitating the diversification and expansion of export structures so as to better respond to market access opportunities presented under this rule-based trading system.

I am convinced, that once the issues enumerated above are addressed, the concern of marginalization so eloquently expressed and so adeptly addressed at the last Ministerial Conference would be resolved to a very large extent.

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