

ECONOMIC COMMUNITY OF WEST AFRICAN STATES



REPORT OF THE EXECUTIVE SECRETARY

NOT TO BE TAKEN AWAY

COUNCIL OF MINISTERS
MEETING IN DAKAR
26TH - 28TH NOVEMBER, 1979

NOT TO BE TAKEN AWAY

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I. INTRODUCTION

Your Excellencies,
Honourable Delegates,

The Conference of the Authority of Heads of State held in Dakar on the 28th and 29th of May, 1979, has given our Community new and solid reasons to look forward with confidence to its future. The decisions taken then on institutional structure as well as on the establishment of cooperation in the fields of telecommunications, tariffs and free movement of people, constitute an effective take-off for our Community.

Since the last summit meeting, efforts of the Executive Secretariat principally centered on the execution of the priority programme set up by the Council of Ministers during the Dakar meeting of the 20th and 21st November, 1978.

Our activities were undertaken in a satisfactory manner through the cooperation of Member States to which we have had cause to appeal to on several occasions for technical assistance.

During this period, I had the privilege to benefit from the useful cooperation of the Chairman of the Council of Ministers, His Excellency, Mr. Ousmane SECK, Minister of Finance and Economic Affairs of the Republic of SENEGAL to whom I owe a deep debt of appreciation.

I cannot find words adequate enough to express my gratitude to His Excellency President Leopold Sedar SENGHOR for his constant interest in the life of the Community. His always finding time to receive me and his valuable advice were a great source of encouragement to me.

Your Excellencies,
Honourable Delegates,

I would very much wish that the report I am presenting to you will enable you to evaluate the considerable progress made in the implementation of our Work Programme and at the same time give you indications on the definition of necessary new orientations.

II. LIFE OF THE COMMUNITY

- Running of the Institutions
- Implementation of the Priority Programme

TRADE LIBERALISATION PROGRAMME

The following studies were approved by Council to complement studies already undertaken in the field of customs and trade within the framework of the trade liberalization programme:

- (1) Study on the Financial and Monetary Obstacles to the Expansion of Intra-Community Trade.
- (2) Policy Option on Trade Liberalization
- (3) Study of Import and Export Regimes, Intra-Community Trade Expansion Potentials with Reference to Food Production, Livestock and Forestry Products, Joint Promotion Measures on Intra-Community Trade.

The first two studies have been carried out.

The Study on Monetary and Financial Obstacles to Trade Expansion was considered by the Committee of Central Bank Governors which met in Dakar from the 14th to the 15th November, 1979. The summary of the conclusions reached during the meeting of the Committee of Central Banks Governors is contained in Chapter IV below.

Concerning the study on Policy Options relating to trade Liberalization, the results obtained are currently being used as the basic document for the work undertaken on the trade liberalization programme.

The third study on Import and Export regimes and Intra-Community Trade Expansion Potentials will be ready at the end of December, 1979 and the results will be available in time for the preparation of the trade liberalization programme. In the light of the results of the different studies already carried out on trade and customs, we have prepared a complete outline of the programme on trade liberalization which was approved by the Trade, Customs, Immigration, Monetary and Payments Commission and is hereby submitted to you for approval. (See Chapter IV below.)

All the achievements up to date within the framework of trade liberalization are summarised as follows:

I. The Setting up of an Administrative and Procedural Framework

The Trade, Customs, Immigration, Monetary and Payments Commission has finally approved the ECCOWAS Common Customs Nomenclature as well as the Common Statistical Standards for the sixteen (16) Member-States of the Community.

These documents are submitted to you for approval.

Concerning the rules of origin, the conception of the Rules and Procedures as well as the improvement of the texts stated a year ago will be finalised before the next meeting of the Authority scheduled for May 1980.

The solution to the two outstanding problems:

- Articles VII and VIII of the Protocol relating to the Definition of the Concept of Goods Originating from Member States
 - As well as the problem relating to the Definition of the Desirable Level of participation of Nationals of Member States in the Equity Shares of Enterprises whose products will be admitted as originating from the Community,
- would be prepared and submitted for the consideration of the Trade, Customs, Immigration, Monetary and Payments Commission during its meeting scheduled for the first quarter of 1980.

II. Preparation of the Trade Promotion and Liberalization Programme

Considerable progress was made on finalising the outline of a trade liberalization programme.

The Work Programme that we prepared and which is being submitted to you for approval in Chapter III below should enable us to finalise the formulation of the trade liberalization outline. The recommendation of the Trade, Customs, Immigration, Monetary and Payments Commission on the preceding items are summarised below in Chapter IV.

FREE MOVEMENT OF PERSONS

The first phase of the Protocol relating to the Free Movement of Persons adopted by the Heads of State and Government during the May 1979 Summit Meeting in Dakar, came into force, in conformity with Article 13 of the said Protocol upon signature, in other words, since the 28th of May 1979. The Executive Secretary was requested to prepare a draft definition of 'Community Citizen' for decision of the Authority. Work on the drafting of this definition is in progress and should be completed by the first quarter of 1980, in time to be submitted to the Heads of State and Government during the 1980 Summit. Comments of Immigration Experts on this issue are presented in Chapter IV below.

TRANSPORT AND TELECOMMUNICATIONS

(1) Telecommunications

Studies and work on the implementation of the Telecommunications Programme approved by the Heads of State and Government are being carried out satisfactorily.

A meeting of Directors of Telecommunications of Member States was held in Cotonou (Peoples' Republic of Benin) from the 5th to the 13th of September, 1979. The recommendations of the work of this Commission are hereby submitted to you in Chapter IV below.

All the estimates of the cost of implementing the studies should be forwarded to us so that we can request for necessary budgetary allocations during the next Council of Ministers meeting.

For the time being, the Commission of the European Economic Community and the United States Agency for International Development (USAID), have indicated their readiness to contribute to the realization of the telecommunication programme.

We shall keep you informed on the results of our contacts during the next Session of the Council of Ministers.

(2) Transport

The Study on Transport, started over a year ago, has been completed and the report is ready. However, translation difficulties have retarded the distribution of the report in the two languages. The meeting of Directors of Transport scheduled for the 1st and 2nd November, 1979 had to be postponed since only seven (7) Member States were represented. A new date will be fixed for this meeting in order to get the help of the experts in the preparation of the Regional Transport Programme that will be submitted to the next Summit Meeting of Heads of State.

ACTIVITIES OF OTHER INSTITUTIONS OF THE COMMUNITY:

COMMITTEE OF GOVERNORS OF CENTRAL BANKS

This Committee met as indicated above from the 14th to the 15th of November, 1979, in Dakar to consider the report of the Study on Monetary and Financial Obstacles to Trade Expansion within the Community. The results of the work of this Committee are summarised in Chapter IV below.

THE FUND FOR COOPERATION, COMPENSATION AND DEVELOPMENT

A meeting of the Board of Directors of the Fund was held in Lomé on the 24th and 25th of October, 1979. The Work Programme and Operational Budget of the Fund totalling 2,649,600 U.A. were adopted during this session. In short, the Work Programme of the Fund was incorporated into the general work programme for the year 1980 which is submitted to you below in Chapter III.

I would like to seize this opportunity to inform the Council of Ministers that the President of the Republic of Liberia, His Excellency Mr. William TOLBERT has proposed Mr. Robert TUBMAN as Managing Director of the Fund in replacement of Dr. Romeo HORTON in conformity with the decision taken by the Heads of State and Government during the last Summit Meeting in Dakar.

The Chairman of the Council of Ministers sent a letter to Mr. Robert TUBMAN requesting him, on behalf of Council to assume duty provisionally from the 1st of August, 1979, pending the ratification of his appointment by the Council of Ministers.

The appointment of Mr. TUBMAN is hereby submitted to you for ratification.

COOPERATION WITH INTERNATIONAL ORGANISATIONS

The good relationship between the Community and other international organisations which were mentioned in previous reports of the Executive Secretary was reinforced and sustained. I would like in particular here to lay emphasis on the prospects of collaboration between our Community and the USAID.

This constitutes a new form of cooperation that could be very useful for the execution of some of the objectives of our Community.

For a start, the USAID has offered us an assistance in cash to the tune of \$200,000 with the understanding that ECOWAS could, during the year submit further requests for technical assistance within the framework of a general agreement, the draft of which is attached to this report for the opinion and decision of the Council.

I would also like to mention the indications given by the European Economic Community relating to the continuation of the assistance being given by that Organisation to ECOWAS, and particularly, prospects during the implementation of the new EEC/ACP Convention (LOME II) signed in Lomé on the 31st of October, 1979.

The Executive Secretary represented the Community at the signing ceremony. On cooperation with developing countries, UNCTAD is organising a series of meetings between the Executive Secretariat and other organisations for regional cooperation in developing countries. These meetings will enable us to assess the problems and progress made by the organisations concerned and to help us better order our programmes and activities at the level of the Community.

Lastly, the Secretariat is proceeding with action aimed at establishing better cooperation among all the inter-governmental organisations of the West African Sub-Region. A Programme for Cooperation was prepared during the Meeting of the said Intergovernmental Organisations held in Monrovia in January, 1979. ECOWAS will undertake, in collaboration with other organisations (Economic Community on Cattle and Meat, West African Health Community) within the framework of this Programme to prepare specific projects capable of insuring better cooperation and ensuring greater efficiency in the operation of the organisations of our Sub-Region.

In the light of what is said above, we can say that the activities of Institutions of the Community were undertaken in a satisfactory manner. We stand convinced that the important decisions taken by the Heads of State and Government during their May 28th to 29th Summit Meeting are gradually taking shape by way of improvement in the running of the Institutions, the consolidation of results already achieved and the forward march of our Community.

It is with this consideration in mind that we have prepared the Work Programme that I am now presenting to you.

III. WORK PROGRAMME FOR 1979 - 1980

1980 BUDGET

WORK PROGRAMME FOR 1979 - 1980

(Attached to this Report)

1930 BUDGET

The operational budget of the Secretariat for fiscal year 1980 that is submitted to you for approval is estimated at 4,908,561 U.A. I would like to draw the attention of Council to the fact that the necessary allocations for the studies are not included in this budget. We felt that it was better to wait for all the estimates in particular those relating to the execution of the Telecommunications Programme before submitting our budget on studies for your approval. Owing to unforeseen circumstances as mentioned above, the Directors of Transport could not consider the Transport Programme and this has made it impossible for the Secretariat to give specific indications on the necessary amounts required for the ECOWAS programme on the coordination of transports.

This therefore is the rationale behind the presentation of a separate budget on studies in order to give you accurate estimates. Council might wish to direct its Chairman to authorise the implementation of priority projects upon the receipt of estimates; this suggested approach is to ensure uninterrupted progress on the action to be undertaken within the framework of the Priority Programme, pending the next meeting of the Council of Ministers, this within the limit of the total budgetary evaluation on the basis of the preliminary estimate in our possession and distributed as follows:

- Telecommunications US \$2,259,500
- Transport US \$12,375,000
- Trade and Industries US \$200,000

IV. SUMMARY OF THE MAJOR DECISIONS EXPECTED TO BE TAKEN
BY COUNCIL DURING ITS MEETING OF 26TH - 28TH NOVEMBER,
1979

1. ISSUES EMANATING FROM THE DELIBERATIONS OF THE TRADE, CUSTOMS,
IMMIGRATION, MONETARY AND PAYMENTS COMMISSION

A. TRADE LIBERALISATION

There are a number of technical and administrative issues still outstanding on the question of trade liberalisation. The necessary preparatory work has been done on some of these to enable Council to take definite decisions on those now, while the Secretariat would seek the approval of Council to pursue investigation of the other outstanding issues. It would be appropriate at this point to draw Council's attention to the preliminary outline of a Trade Liberalisation and Promotion Programme of the Community which has been endorsed by the Trade, Customs, Immigration, Monetary and Payments Commission. Council is invited to approve the draft Trade Liberalisation and Promotion Programme of the Community, (see copy of the Programme attached.).

ECOWAS NOMENCLATURE:

The Trade, Customs, Immigration, Monetary and Payments Commission has endorsed the document on ECOWAS Nomenclature and it is being proposed that Council should formally approve the document and adopt it for implementation. With regard to its implementation, the Work Programme presented to the relevant Commission was approved except for the date of application of the common nomenclature. Council is kindly requested to choose between 1st July, 1980 as proposed by the Executive Secretariat and 1st January, 1981 (as put forward by the Commission) as the effective date for the introduction of the ECOWAS Nomenclature.

COMMON STATISTICAL STANDARDS:

There has been agreement on the text of the ECOWAS Common Statistical Standards and Definitions by the Trade, Customs, Immigration, Monetary and Payments Commission. In recommending the Common Statistical Standards for use within the Community, it was proposed that it should be introduced into use on 1st January, 1981. Council, is, therefore, invited to approve the adoption of the Common Statistical Standards and Definitions and to fix 1st January, 1981 as the date for commencement of their use within the Community.

RULES OF ORIGIN:

(a) VALUE ADDED: After the substitution of "ex-factory price before tax" for "F.O.B. price" in Article II. 1 (c), of the Protocol on the Definition of the Concept of Goods Originating from Member States, it became necessary to review the required percentage of value added in the finished product. After due consideration, the Commission has recommended that Council should fix a new rate of value added component in the ex-factory price before tax of a finished product and that this rate should be reviewed periodically by Council. It is therefore recommended to Council (see Recommendation in the Report of the Commission) to adopt the attached draft Resolution of the Council of Ministers, which recommends to the Authority the further amendment of Article II.1 (c) of the Protocol on Originating Products (both the draft Decision and Additional Protocol on the proposed amendment are also attached)

(b) FISH AND FISH PRODUCTS: While the Commission finds the existing provisions on this issue in the Protocol on the Definition of the Concept of goods originating from Member States unsatisfactory, a definite modification could not be agreed upon and it was decided that an Expert Group composed of senior officials in Maritime Law should be formed to study the issue and put forward an appropriate text. Council is kindly requested to approve the constitution of the Expert Group to study the subject further.

(c) ORGANISATION OF NATIONAL WORKSHOPS ON RULES OF ORIGIN: The Commission has endorsed the idea put forward by the ECOWAS Secretariat that National Workshops should be organised in all Member States to serve the following purposes:-

- (i). introduce officials and the business community to the technical aspects of ECOWAS Rules of Origin
- (ii). collect information on unresolved aspects of the definition of ECOWAS Rules of Origin
- (iii). collect information at country level on Intra-Community trade potentials.

Council is invited to approve this important aspect of the trade and customs programme of the Community. It is to be noted that the National Workshops would be held in February, 1980 while the Briefing Sessions would precede the Workshops in January, 1980. Each Member State is being called upon to designate a National Coordinator to assist in the organisation of the Briefing Session and the Workshops. It is suggested that the Secretaries to the National Chambers of Commerce be nominated as National Coordinators. This does not preclude the possibility for Member States to nominate any other suitable persons as and when this might be appropriate. In addition, Member States are being called upon to nominate each, one senior personnel familiar with ECOWAS programmes and specifically with the subjects being considered by the seminar, to constitute the team of experts that would be conducting the Workshops. The Secretariat is proposing for Council's endorsement, the list of experts attached (Annex).

RE-EXPORTATION: It has rightly been determined that the provisions of the Treaty (Article 22.1) and the Protocol on Re-exportation within the Community of goods imported by Member States from Third Countries need to be extended to goods originating from the Community if Member States are not to accord an unintended preferential treatment to goods of foreign origin. Council is invited to approve the extension of these provisions to cover originating products re-exported by Member States within the Community and to endorse the Draft Decision of the Authority as well as the Additional Protocol amending the Protocol on the Re-exportation within the Community of Goods imported from Third Countries.

Furthermore, Council is being presented with a recommended procedure for re-imbursement of import duties and taxes collected on re-exported goods at the time of their first importation; Council is invited to approve the proposed procedure which is designed to ascertain the genuineness of claims.

ECOWAS INTER-STATE ROAD TRANSIT CONVENTION: Honourable Council members may recall that Article 22.3 of the Treaty requests each Member State to "grant full an unrestricted freedom of transit through its territory of goods proceeding to or from a third country" and to follow international convention. The Commission deemed it necessary to draw up an ECOWAS Convention on Road Transit in order to facilitate movement of goods and persons. Council is called upon to approve the formation of

an ad hoc Group of Experts to study existing transit agreements entered into by Member States as well as other international conventions in order to propose a suitable Convention for the Community.

DEFINITION OF COMMUNITY CITIZEN: Although work on this subject is well advanced and there is considerable agreement on elements that should determine Community Citizenship, the Commission decided that an in-depth study of national legislations on naturalisation needs to be undertaken. There is, therefore, the proposal, that legal and other competent officials from each of the Member States should be brought together to attempt a harmonised text; which is being presented to Council for approval.

ECOWAS REGIONAL INDUSTRIAL POLICY AND PROGRAMME: In order to give proper meaning to the present efforts at liberalising intra-Community trade, it is strongly felt that initiatives must be taken to generate production. In the attached Outline of a study aimed at the formulation of a Regional Industrial Policy and Programme, it may be noted that the Secretariat proposes that a legal framework for the definition and operation as well as the legal regime governing Community or regional industries be drawn up, that priority industrial sectors for Community attention and support be identified, the principle of their location among Member States be established, master-plans for selected sectors be drawn and if possible, pre-feasibility of potential regional enterprises be prepared. Council is invited to approve the preparation of the ECOWAS Regional Industrial Policy and Programme by the adoption of the attached draft Resolution of Council.

2. ISSUES EMANATING FROM THE DELIBERATIONS OF THE TRANSPORT, TELECOMMUNICATIONS AND ENERGY COMMISSION

The Summit of May 28th and 29th, held here in Dakar, adopted Telecommunications Programme and other recommendations. The Executive Secretary was directed to find necessary ways and means ^{for} the implementation of the programme.

- The Summit recommended that Member States should give priority to Telecommunications in order to develop and modernise their national network to conform to international requirements.

- Hold co-ordination meetings with neighbouring Member States and co-operate in the implementation of the programme.

- Council is being invited to appeal to Member States to heed the above recommendations which reflect the spirit of Article 45 of the Treaty.
- To this end, the Executive Secretariat has taken an inventory set of all the problems and national requirements connected with the implementation of the Telecommunication Programme. The Executive Secretariat has constituted an Ad Hoc Commission and in collaboration with International Telecommunications Union (ITU) to undertake feasibility studies on all the Telecommunication projects accepted at the Cotonou meeting (from the 6th to 13th of September, 1979). Those studies will start on December 1st, 1979 and would aim at the identification of sources for funds for the development of the network.
- At the conclusion of the above-mentioned meeting, the Telecommunications sub-commission adopted:-
 1. Routing plan which would ensure the profitability of the investments to be agreed upon.
 2. The principle of uniform tariffs in all Member States in order to stimulate and develop intra-Community trade.
 3. The Principle of the creation of a special mutual aid fund; the aim of which is to help all Member States to develop their Telecommunication network and ensure its proper maintenance.

The adoption by the Council of the Three above-mentioned items will constitute a decisive stage for the implementation of our targets in this field.

3. ISSUES EMANATING FROM THE DELIBERATIONS OF THE COMMITTEE OF GOVERNORS OF CENTRAL BANKS

The study on Monetary and Financial Obstacles to Trade Expansion which was approved by Council on the recommendation of the Governors, has been completed and the Report on it formed the subject of the last meeting of the above Committee. The Governors recommended an in-depth study of some of the main points raised in the Report notably the Inconvertibility of Currencies, exchange control measures and the system of clearing affecting intra-Community trade. Council is kindly requested to approve the conduct of the required study by ECOWAS in collaboration with other sub-regional financial institutions.

It may be stated here for the information of Council, that the Governors have undertaken to continue to reflect on the relationships between the different monetary and financial institutions operating within the sub-region and in particular, the Committee of Central Banks of West Africa (as set up in Article 38 of the ECOWAS Treaty) and the West African Sub-Regional Committee of the Association of African Central Banks (see attached Report of the Meeting of the Governors).

4. ISSUES EMANATING FROM THE DELIBERATIONS OF THE BOARD OF
DIRECTORS OF THE ECOWAS FUND

At its October, 1979 meeting, the Board of Directors directed that Council should be presented with a draft Charter of Cooperation between Regional and Sub-regional Development Financing Institutions for consideration and its approval. Council is reported to approve the Charter and request the Executive Secretary to include it in a broader Charter of Cooperation with the institutions involved, to be submitted to the Authority of Heads of State after its approval by Council.

The Board of Directors expressed its concern over the failure of some Member States to meet their financial commitments to the Community; in some cases the default goes as far back as the 1977 Budget and Capital Contributions. Member States are especially urged to fulfil these obligations in order to allow the ECOWAS Fund properly get out of its financial difficulties.

V. CONCLUSION

CONCLUSION

We are however confronted with two problems that should not be minimized in this report during the period under review.

The first difficulty relates to problems of implementation of decisions taken by the Authority of the Community. These difficulties are two-fold. I shall lay emphasis in particular on the considerable delay in the enforcement of decisions. For instance, the Protocol on the Free Movement of Persons which was actually in force provisionally upon its signature on the 28th of May 1979, has not been properly enforced by more than three countries six months after its signature.

The other difficulty is on the accumulation of past contributions and considerable debts owed by some Member States to the Community. The delay in payments of contributions have now reached proportions likely to hinder the development of the Community.

It is essential, therefore, that for the smooth running of the Community, an immediate and definitive solution be found to these pressing problems. In this connection, it is strongly urged that all Member States should make an extra effort to meet their contractual obligations vis-à-vis the Community.