



Distr:  
**LIMITED**

**CS/CM/XXIV/11**  
November, 2007

Original: **ENGLISH**

**COMMON MARKET FOR EASTERN  
AND SOUTHERN AFRICA**

Twenty Fourth Meeting of the Council of Ministers  
Committee

Lusaka, Zambia  
26 – 27 November 2007

**REPORT OF THE  
TWENTY FOURTH MEETING OF THE COUNCIL OF MINISTERS**

***THEME: DEEPENING INTEGRATION FOR DIVERSIFICATION  
AND VALUE ADDITION***

**07-AM/RLK/RMM/JCM**

## ACRONYMS

ACBF	-	African Capacity Building Foundation
ACE	-	African Commerce Exchange
ADB	-	African Development Bank
ACTIF	-	African Cotton and Textiles Industry Federation
AGOA	-	Africa Growth and Opportunity Act
AFCAC	-	African Civil Aviation Commission
AFRAA	-	African Airlines Association
AMPRIIP	-	Agricultural Marketing Promotion and Regional Integration Project
AU	-	African Union
APCI	-	African Productive Capacity Initiative
ASTM	-	African Standards Harmonisation
ARICEA	-	Association of Regulators of Information and Communications for Eastern and Southern Africa
ASTM	-	American Society of Testing Materials
ARSO	-	African Regional Organisation for Standardization
ATI	-	African Trade Insurance
BADEA	-	Arab Bank for Economic Development in Africa
BEC	-	Broad Economic Categories
BIS	-	Business Intelligence System
CAADP	-	Comprehensive African Agriculture Development Programme
CCA	-	Corporate Council on Africa
CCCL	-	COMTEL Communications Company Limited
CDE	-	Centre for the Development of Enterprise
CET	-	Common External Tariff
CICL	-	COMTEL Investment Company Limited
CIDA	-	Canadian International Development Agency
CFC	-	Common Fund for Commodities
COMESA	-	Common Market for Eastern and Southern Africa
COMESANET	-	COMESA Network
COMTEL	-	COMESA Telecommunications Company
COMSTAT	-	COMESA Statistics
CMRAC	-	COMESA Medicine Regulatory Affairs Conference
CNS/ATM	-	Communication Navigation Surveillance Air Traffic Management System
CSR	-	Common Statistical Rules
EAC	-	East African Community
EAFCFA	-	Eastern African Fine Coffees Association
EAGC	-	Eastern African Grain Council
EAPP	-	East African Power Pool
EDF	-	European Development Fund
EPA	-	Economic Partnership Arrangement
EU/ACP	-	European Union/African Caribbean Pacific
ESA	-	Eastern and Southern Africa and Indian Ocean region
ESADA	-	Eastern and Southern African Dairy Association
ESAF	-	Enhanced Structural Adjustment Fund
FAMIS	-	Food and Agricultural Marketing System
FDI	-	Foreign Direct Investment
FEMCOM	-	Federation of Associations of Women in Business in Eastern and Southern Africa
FTA	-	Free Trade Area
FAO	-	Food and Agriculture Organisation of the UN
GTZ	-	German Technical Cooperation

<b>GPTC</b>	-	<b>General Posts and Telecommunications Company</b>
<b>IATA</b>	-	<b>International Airlines Association</b>
<b>IC</b>	-	<b>Intergovernmental Committee</b>
<b>ICAO</b>	-	<b>International Civil Aviation Organisation</b>
<b>ICT</b>	-	<b>Information and Communications Technology</b>
<b>IFDC</b>	-	<b>International Centre for Soil Fertility and Agricultural Development</b>
<b>IGAD</b>	-	<b>Intergovernmental Authority on Development</b>
<b>IMO</b>	-	<b>International Maritime Organisation</b>
<b>IPAs</b>	-	<b>Investment Promotion Agencies</b>
<b>ITC</b>	-	<b>International Trade Centre</b>
<b>IRCC</b>	-	<b>Inter Regional Co-ordination Committee</b>
<b>LLPI</b>	-	<b>Leather and Leather Products Institute</b>
<b>LAAICO</b>	-	<b>Libyan African Arab Investment Company</b>
<b>LDC</b>	-	<b>Least Developed Countries</b>
<b>MDG</b>	-	<b>Millennium Development Goal</b>
<b>MEFMI</b>	-	<b>Macro Economic Finance and Monetary Institute</b>
<b>MFN</b>	-	<b>Most Favoured Nation</b>
<b>MFA</b>	-	<b>Multi Fiber Agreement</b>
<b>NAIFE</b>	-	<b>National Agency for Insurance and Finance of Exports</b>
<b>NAOs</b>	-	<b>National Authorising Officers</b>
<b>NAPS</b>	-	<b>National Association for the Prevention of Starvation</b>
<b>NGO</b>	-	<b>Non-Governmental Organisation</b>
<b>NEPAD</b>	-	<b>New Partnership for African Development</b>
<b>NEPs</b>	-	<b>National Enquiry Points</b>
<b>NIPAs</b>	-	<b>National Investment Promotion Agency</b>
<b>NORAD</b>	-	<b>Norwegian Agency for Development</b>
<b>NTOs</b>	-	<b>National Telecommunications Operators</b>
<b>OIF</b>	-	<b>Organisation International de la Francophonie</b>
<b>OPIC</b>	-	<b>Overseas Private Investment Capital</b>
<b>PATTEC</b>	-	<b>Pan African Tsetse and Trypanosomiasis Eradication Campaign</b>
<b>PASU</b>	-	<b>Policy Analysis Support Unit</b>
<b>PMAESA</b>	-	<b>Port Management Association of Eastern and Southern Africa</b>
<b>PR</b>	-	<b>Public Relations</b>
<b>RABESA</b>	-	<b>Regional Approach to Biosafety in Eastern and Southern Africa</b>
<b>RATES</b>	-	<b>Regional Agricultural Trade Expansion Support</b>
<b>RECs</b>	-	<b>Regional Economic Communities</b>
<b>RIA</b>	-	<b>Regional Investment Agency</b>
<b>RIFF</b>	-	<b>Regional Integration Facilitation Forum</b>
<b>RMCE</b>	-	<b>Regional Multidisciplinary Centre of Excellence</b>
<b>RIRN</b>	-	<b>Regional Integration Research Network</b>
<b>RISP</b>	-	<b>Regional Integration Support Programme</b>
<b>RTAs</b>	-	<b>Regional Trading Agreements</b>
<b>SADC</b>	-	<b>Southern African Development Community</b>
<b>SDI</b>	-	<b>Spatial Development Initiative</b>
<b>SNCC</b>	-	<b>National Congolese Railways</b>
<b>SOGA</b>	-	<b>Strategic Objective Grant Agreement</b>
<b>SPS</b>	-	<b>Sanitary and Phytosanitary Standards</b>
<b>SQA</b>	-	<b>Standardization and Quality Assurance</b>
<b>SQAM</b>	-	<b>Standardization, Quality Assurance accreditation and Assurance</b>
<b>SQMT</b>	-	<b>Standards Quality Meteorology and Testing</b>
<b>SSATP</b>	-	<b>Sub Saharan Africa Transport Programme</b>
<b>TDA</b>	-	<b>Trade and Development Agency</b>

<b>TDPP</b>	-	<b>Trade Development and Promotion Programme</b>
<b>TIFA</b>	-	<b>Trade and Investment Framework Agreement</b>
<b>TFOC</b>	-	<b>Trade Facilitation Office of Canada</b>
<b>TRASA</b>	-	<b>Telecommunications Regulators Association for Eastern and Southern Africa</b>
<b>UNCTAD</b>	-	<b>United Nations of Conference Trade and Development</b>
<b>UNDP</b>	-	<b>United Nations Development Programme</b>
<b>UNECA</b>	-	<b>United Nations Economic Commission for Africa</b>
<b>UNESCO</b>	-	<b>United Nations Educational Scientific and Cultural Organisation</b>
<b>UNIDO</b>	-	<b>United National Industrial and Development Organisation</b>
<b>USAID</b>	-	<b>United States Agency for International Development</b>
<b>USTDA</b>	-	<b>US Trade and Development Agency</b>
<b>USTR</b>	-	<b>US Trade Representative</b>
<b>VSAT</b>	-	<b>Virtual Small Aperture Terminal</b>
<b>WIB</b>	-	<b>Women in Business</b>
<b>WCO</b>	-	<b>World Customs Organisation</b>
<b>WMO</b>	-	<b>World Meteorological Organisation</b>
<b>WTO</b>	-	<b>World Trade Organisation</b>
<b>ZEP-RE</b>	-	<b>PTA Re-Insurance Company</b>

## **A. INTRODUCTION**

1. The Twenty Fourth Meeting of the Council of Ministers was held from 26 - 27 November 2007 at the COMESA Secretariat in Lusaka Zambia.

## **B. ATTENDANCE, OPENING OF THE MEETING, ELECTION OF THE BUREAU, ADOPTION OF THE AGENDA AND ORGANISATION OF WORK**

### **Attendance**

2. The Meeting was attended by delegates from, Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Socialist People's Arab Jamahiriya, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. The Meeting was also attended by the following COMESA Institutions: African Trade Agency (ATI), COMESA Court of Justice; COMESA Clearing House; COMESA Leather and Leather Products Institute; Regional Investment Agency (RIA), Brussels Liaison Office, PTA Reinsurance Company, PTA Bank. RATES and LA REUNION also attended the Meeting. The List of Participants is at Annex VII.

### **Opening of the Meeting (*Agenda Item 1*)**

3. The meeting was chaired by Honourable Obert Mpofu, Minister of Industry and International Trade of the Republic of Zimbabwe.

4. The Meeting was officially opened by His Honour Mr. Rupiah Banda, Vice President of the Republic of Zambia. In his opening speech he welcomed the Honourable Ministers and their delegations to Lusaka and wished them an enjoyable stay.

5. The Vice President said that the Council meeting was going to be reviewing the extent to which COMESA member States had, individually and collectively, progressed in implementing the various social and economic development programmes of COMESA. He commended the Council of Ministers for the role it played in ensuring that member States discharged their commitments through the realization of milestones, such as the COMESA Free Trade Area in 2000. He called upon the Council of Ministers to again rise to the occasion by ensuring the launching of the COMESA Customs Union in December 2008.

6. The Vice President stated that the threats to the region's sustained economic growth came mainly from three sources, namely escalating energy prices, climate change and volatile global financial systems. He stated that the prices of fossil fuels, which was hovering at almost US\$100 a barrel, was a source of worry for oil importing countries as only seven years before, the average price was US\$20 per barrel. He was however pleased that the Ministers of Infrastructure, Energy, Transport and Communications, at their recent meeting, had agreed that a holistic programme be developed for both renewable and non-renewable energy. It was for this reason that the Zambian Government was in the process of putting in place legislation that would facilitate investment by the private sector in bio fuels production. He stated the second threat was climate change which threatened Member States programmes on agriculture due to high dependency on rainfall. The third threat was caused by the contagious and

negative effects of the globalised financial system and that there was need to maintain stringent oversight on financial markets. This was a job which he said the Central Bank Governors were performing very well.

7. The Vice President further said that there was now consensus on the need for the harmonization of policies and programmes among the Regional Economic Communities, namely COMESA, East African Community (EAC) and Southern African Development Community (SADC) a process he stated was long overdue, taking into account that the three regional organizations were building blocks to the African Economic Community at the continental level. He was confident the forthcoming COMESA/EAC/SADC Tripartite Summit would come up with decisions whose implementation would enable the realization of creating a single market in Eastern and Southern Africa and ultimately Africa as a whole.

8. The Vice President further stated that the Economic Partnership Agreements (EPA) between the European Union and the Eastern and Southern Africa group of States (ESA) were expected to address the relationship between the EU and Africa and was pleased with the progress made in the negotiations so far and the proposed way forward. He observed that the European Union was COMESA's largest trading partner, with the value of trade estimated at €41 billion in 2005. He also mentioned that Africa was a beneficiary of development and financial co-operation from the EU. For example, under the 10th European Development Fund (EDF), COMESA Member States would receive €5 billion, of which €465 million would be through a Regional Indicative Programme.

9. In conclusion, His Honour the Vice President paid tribute to Mr. Erastus J. O. Mwencha, Secretary General of COMESA who will be leaving COMESA in 2008. He commended him for his dedication and efforts in driving the Secretariat and the COMESA regional integration Agenda and pointed that it was under his leadership that COMESA Institutions such as PTA Bank, ZEP-RE, COMESA LLPI, COMESA Clearing House and ATI were established. He further stated that Council would have another opportunity to properly bid farewell to Mr. Mwencha, but he felt that it was necessary to pay tribute to Mr. Mwencha for his contribution during this Council Session which was going to be Mr. Mwencha's last Council meeting in Zambia as Secretary General. He wished him and his family well in his future endeavours. Finally, he then declared the 24th Meeting of the COMESA Council of Ministers officially open.

10. Mr. Erastus Mwencha, Secretary General of COMESA, also made opening remarks. He welcomed the Guest of Honour His Honour Mr. Rupiah Banda, Vice President of the Republic of Zambia to COMESA Centre and thanked him for having accepted to officiate at the official opening ceremony of the Twenty Fourth Meeting of the Council of Ministers.

11. Mr. Mwencha stated that COMESA had produced Africa's largest trading arrangement with thirteen member States participating in the Free Trade Area and that COMESA would launch its Customs Union in December 2008. He stated that intra-COMESA trade continued with its robust growth trend and that agricultural products such as tea, tobacco, sugar, rice, coffee, cotton and wheat topped the trade tables. Manufactured products were also performing very well in intra-COMESA trade. Cement jumped from the 20th position in 2004 to number 2 in 2006 and processed tuna fish recorded a phenomenal leap from the 2115th position to the 18th in the same period.

Cigarettes rose from a position of 101 in 2004 to 11 in 2006.

12. Mr. Mwencha observed that the main drawback to regional infrastructure was lack of investment. He stated that the Infrastructure Window of the COMESA Fund was the special purpose vehicle that was created to address this challenge. He said that a Fund in which all stakeholders were enthusiastic participants was the surest way of showing commitment and ownership which would make it easier to mobilise and leverage resources as a region to fund key infrastructure projects. He further stated that a contribution agreement with the European Union for the initial €78 million for the COMESA Fund's Adjustment Facility was to be signed on the 23rd November 2007. On the Agriculture sector he said a lot of progress had been made in rolling out the CAADP Programme through the support of DFID, SIDA and USAID. He stressed that it was through real improvements in the performance of agriculture that COMESA would be able to attain the MDGs on reducing hunger and poverty in 2015.

13. Mr. Mwencha further stated that the PTA Bank capital had increased to COM\$2 billion and that the Bank had offered more services to a wider range of clients with additional two new branch offices being opened in Nairobi and Harare. ZEP-RE stated that the premium income continued to soar as was the profit from operations. On the other hand the African Trade Insurance Agency, ATI, had issued insurance policies in seven countries worth COM\$400 million.

14. On Economic Partnership Agreement, he informed the meeting that the Eastern and Southern Africa group of Ministers met on the 12th of November 2007 with their counterparts at the European Commission in Brussels and concluded an Interim Agreement. The agreement provided flexibility in implementation and ensured Member States exports would continue to enter the EU market duty free and quota free from January 1st 2008 when the WTO waiver ends. He stressed the need to maintain the unity the ESA countries as they continued negotiating a fully comprehensive EPA in 2008.

15. Mr. Mwencha paid tribute to Dr. Charles Lemson Chanthunya, Director Customs and Monetary Affairs who would be leaving COMESA at the end of December 2007. He thanked Dr. Chanthunya for his dedication and commitment and pointed out that it was under his leadership that the COMESA Free Trade Area was established in 2000 and that the agreement for the launch of the COMESA Customs Union in December 2008 was adopted. He wished him and his family well in his future endeavours.

16. In conclusion Mr. Mwencha bade farewell to the Council of Ministers and stated that the Twenty Fourth Meeting of Council of Ministers in Zambia was going to be his last as Secretary General of COMESA. He thanked Council for having nurtured and allowed him to grow for the twenty-five years he had been with COMESA. He stated that he was leaving COMESA with the satisfaction that COMESA had attained the FTA in 2000 and was set to launch the Customs Union in 2008.

### **Vote of Thanks**

17. The Head of Delegation of Malawi Honourable Dr. Ken Lipenga MP, Minister of Industry and Trade moved a Vote of Thanks. He thanked His Honour Mr. Rupiah Banda, Vice President of the Republic of Zambia for opening the meeting and also the

Government of Zambia and the COMESA Secretariat for the excellent arrangements made for the meeting. He stressed the importance of the meeting of Council of Ministers as it had been convened at an opportune time when major events were taking place in the region and the multilateral trading system. i. e. decision on the roadmap for the launching of the COMESA Customs Union, finalization of Economic Partnership Agreements (EPAs) and the ongoing WTO Doha Trade Negotiations. He thanked the Guest of Honour for his inspiring speech and assured him that the Council of Ministers would take into consideration the guidance given in his opening statement.

18. In the absence of Djibouti the Rapporteur, the Secretariat was assigned and performed the duties of the Rapporteur.

### **Adoption of the Agenda and Organisation of Work** (*Agenda Item 2*)

19. Council adopted the following Agenda:

1. Opening of the meeting
2. Adoption of the Agenda and Organisation of Work
3. Report of the Second Meeting of the Infrastructure Ministers responsible for transport, Communications, Public Works and Energy.
4. Report of the First Meeting of the Bureau of the COMESA Ministers of Finance
5. Report of the Twelfth Meeting of the Committee of Governors of Central Banks
6. Report of the Twenty-Fourth Meeting of the Intergovernmental Committee
7. Statements by Cooperating Partners
8. COMESA Customs Union
9. Economic Partnership Agreements between ESA and EU (**Closed Session**)
10. Report of the Twenty-Fourth Meeting of the Intergovernmental Committee on Administrative and Budgetary Matters (**Closed Session**)
11. Reports of Meetings of Bureau of Council held on 28<sup>th</sup> September, 2007 and 26<sup>th</sup> November, 2007 (**Closed Session**)
12. Any Other Business
13. Adoption of the Report and Closure of the Meeting

## **C. ACCOUNT OF PROCEEDINGS**

20. The following Reports were presented to Council for consideration and endorsement:-

1. Report of the Second Meeting of Ministers of Infrastructure responsible for Transport, Communications, Public Works and Energy
2. Report of the First Meeting of the Bureau of Ministers of Finance and Fiscal Affairs

21. Council considered the above Reports and endorsed the Reports and Decisions contained therein. The Ministerial and Governors of Central Banks Reports are reflected in the relevant Strategic Focus areas below and are an integral part of this Report of the Twenty Fourth Meeting of Council, Document No CS/CM/XXIV/11.

22. The Report of Twenty-Fourth Meeting of the Intergovernmental Committee on Sectoral Matters and the Report on the COMESA Customs Union was also presented to Council for consideration and the proceedings and outcomes of the deliberations on the Report are contained in the Strategic Focus areas below. The Strategic Focus areas reflect the priority areas contained in the COMESA Mid-Term Strategic Plan for 2006 – 2010 that was adopted by the Twenty Second Meeting of Council of Ministers in Djibouti in 2006.

### **STRATEGIC FOCUS I: TRADE DEVELOPMENT**

#### **(a) Multilateral Trade Issues**

##### **WTO: Update on the Doha Development Agenda**

23. Council noted an update on the WTO Doha negotiations and stressed that for developing countries the content of the agreements must translate into positive outcomes for trade, improvement in production capacity and increased employment. Of concern to developing countries was the apparent neglect in the negotiations of issues such as Special and Differential Treatment and Implementation issues that are of interest to them compared to agriculture and non-agricultural market access (NAMA). In addition, issues of major concern to developing countries such as commodities, preference erosion, tariff peaks and tariff escalation, simplified and transparent rules of origin are being given less attention.

24. Council noted COMESA's case which was presented at the regional meeting on Aid for Trade held in Dar Es Salaam on 1-2 October 2007 and further noted that work is already in place to prepare projects under the North-South corridor.

##### **EPA Negotiations**

25. Council noted the status of the ESA-EC EPA negotiations. It referred in particular to the conclusions of the Fourth ESA-EC Meeting held in Brussels on 12 November 2007 that took stock of the negotiations and agreed on the way forward.

26. Council noted that Ministers had reiterated the commitment of both parties to conclude a comprehensive EPA that would be a tool for sustainable development and promotion of regional integration. The Ministers had confirmed that the time remaining until December 2007 was not enough to complete such an agreement and therefore agreed to work towards an Interim arrangement (Framework Agreement) to avoid trade disruption as from 1 January 2008 and provide a 'bridge' for the continuation and completion of the negotiations in 2008.

27. The interim arrangement would comprise a trade in goods component to comply with the WTO compatibility requirement and chapters on development cooperation, fisheries and on other sectors where the two parties had concluded negotiations. The interim arrangement would also provide for dispute settlement provisions independent of the WTO Dispute Settlement System with the exception of the trade defence instruments applicable to ESA WTO Members. With regard to the inbuilt agenda, the interim framework would contain rendezvous clauses outlining the relevant issues. The Secretariat outlined the specific elements in each of these chapters that reflected the key positions and interests of the ESA countries.

28. The meeting noted the complexity and difficulty of the issues under negotiation and expressed appreciation to the region's negotiating teams for the progress made in advancing ESA positions. It was however noted that a number of issues on EPAs required further assessment with regard to their impact on the region's own integration agenda as well as in the process of dialogue and interaction with other stakeholders. The meeting further reiterated the importance of maintaining solidarity and unity within the ESA group in finalising the interim arrangement and subsequent negotiations, as well as to ensure that an EPA should complement and contribute to the integration agenda at the regional and continental level of Africa.

29. The Ministers further decided to conclude the negotiations of a comprehensive EPA by the end of December 2008 which would replace the Framework Agreement.

30. The Framework Agreement would be applied provisionally from 1 January 2008. The key areas of agreement to be covered in the Framework Agreement were highlighted by the Secretariat as indicated in the Joint Conclusions attached as Annex I.

31. The Framework Agreement should provide for accession of any ESA State to the market access provisions on the same conditions when such State is ready.

32. In the discussion that follows Council noted that the negotiations were quite complicated.

33. Council noted that the EC had for a long time objected to the key concerns of the ESA States particularly with respect to the additionality of resources beyond those provided for under EDF. In addition the EC seemed to prefer a dual undertaking starting with market access and having a second round of other clusters. However, the ESA side still looks at the wider perspective of the EPA's as a single undertaking. In that respect it will be important for the region to maintain unity and cohesiveness in the negotiations.

34. As a way forward Council agreed that it was important for the ESA States to continue strengthening their negotiating capacities while effecting linkages between the Technical teams, Ambassadorial spokespersons and the Ministerial level.

**(b) Free Trade Area**

**COMESA Trade Developments**

35. Council noted that the COMESA region registered in 2006 a 5% increase in GDP despite the higher oil prices on account of higher commodity prices of oil and mineral products exported by some Member States notably Sudan and the Democratic Republic of Congo (DRC).

36. On the trade side, Council noted that total COMESA exports increased by 32 % to reach US\$79 billion in 2006 over the 2005 level while intra- COMESA trade had grown by 8% over the same period to reach 6.8 billion US\$. Kenya continues to dominate the intra-COMESA export market share with 34% followed by Egypt with 17%. On the import side, Sudan registered the largest market share of 17% followed by Uganda with 12%.

37. Council noted that the international commodity prices of, zinc, copper sugar and cotton rose by 137%, 83% and 4% respectively over their 2005 levels and this helped to boost the exports of those countries that produce these commodities.

38. Council was informed that the data used for compilation of statistics came from member States and that the data is captured through the ASYCUDA and other Custom systems and validated by National Statistical offices. However, it was noted that some member States did not supply the data while others supplied the data late resulting in the Secretariat having to use mirror statistics or other sources of data to compile the statistics.

**Decisions**

39. **Council decided that:**

- (a) links between the COMESA Secretariat Statistics Unit, National Statistics Offices and Ministries of Trade should be strengthened to improve the accuracy and timeliness of the data generated on merchandise trade statistics;**
- (b) the Secretariat assists member States National Statistics Offices in capacity building efforts;**
- (c) member States be urged to implement all provisions of the COMESA Common Statistical Rules;**
- (d) the Secretariat should in future set projections s on intra-COMESA trade and strategic interventions that would be required to be implemented to reach such projections; and**

- (e) **the reports prepared by the Secretariat should also give a more detailed assessment of intra-COMESA trade developments to assist policy makers understand the impact of the policy measures being implemented.**

### **Status of Participation in the Free Trade Area**

40. Council noted that Seychelles had submitted a case for participation in the FTA with allowances for exclusion of sensitive products from coverage of the FTA as approved by the Bureau of Council and would be ratified by the next meeting of Council.

41. Council was also informed that consultations had continued with Ethiopia, Eritrea, Congo D. R and Uganda regarding their participation in the FTA.

42. Council noted that Congo D. R would participate in the FTA by mid-2008 and in that regard requested that the Secretariat should organize an FTA workshop in Congo D.R. in 2008.

### **Decision**

43. **Council decided that the Secretariat should organise a workshop on FTA in Congo D. R. in early 2008 with the objective to increase awareness of the benefits and opportunities among national stakeholders and facilitate Congo D. R's participation in the FTA.**

### **Safeguards on Sugar by Kenya**

44. Council was informed that following a request from Kenya for a review of the sugar sector and extension of safeguard measures. Secretariat had undertaken an assessment of the measures Kenya had put in place to improve the competitiveness of the sugar industry as required under the safeguard. The assessment had been submitted to the Bureau for consideration.

45. Concern was, however, raised regarding the process that had been followed regarding the extension of the safeguard with the Trade and Customs Committee being by passed when the report was submitted to the Bureau.

46. Council also expressed reservations regarding the accuracy of the information which made reference to increased export volumes of sugar from Egypt and Malawi into the Kenyan market.

47. Council noted that the issue of extension of safeguards on sugar would be considered by the Bureau of Council and procedures as provided for in the COMESA Trade Remedy Regulations would be followed.

### **Safeguards on Wheat Flour by Kenya**

48. Council noted that the safeguard for wheat flour was granted in November 2001 and has been extended variously in 2003, 2004, 2005 and 2006 and is being administered through the imposition of 60% duty on all wheat flour imports and a tariff

rate quota based on performance potential of member States. Council further noted that the extension in 2004 was granted on the basis of Kenya's request to undertake a study whose recommendations would determine the future safeguards on wheat flour.

49. Concern was, however, raised regarding the delayed implementation of the TRQ and the non-transparent manner of its administration as the auction system was not supporting the importation of wheat flour into Kenya under the safeguard system. Kenya maintained that the process was transparent and the time allocated for the importation of wheat flour was adequate.

50. Council noted that Kenya has implemented the measures to operationalise the tariff rate quota of wheat flour in favour of Egypt and Mauritius in August 2007. As a result of this delay, neither Egypt nor Mauritius had been in a position so far to take advantage of the tariff quota.

### **Decisions**

51. **Council decided that the Secretariat should finalize and circulate the assessment report to member States before the next meeting of the Trade and Customs Committee in April, 2008;**

52. **Council decided that:**

- (a) the Wheat Flour safeguards for Kenya should be extended to 2008 pending the outcome of the Trade and Customs Committee meeting;**
- (b) the Kenyan authorities should review the modalities immediately and to finalise procedures for allocation of the Tariff Quota System to facilitate the importation process from the two countries;**
- (c) the Tariff Rate Quotas for wheat flour be as follows:
  - (i) for Egypt, a quantity of 32,400 tonnes for 2007, and**
  - (ii) for Mauritius, a quantity of 2,366 tonnes for the Year 2007;****
- (d) these quotas if not fulfilled by the end of December 2007, should be cumulated with the new quotas to be granted for 2008;**
- (e) the implementation period for the successful bidding of wheat flour from Egypt and Mauritius to Kenya for 2007 will be extended for a period of three months;**
- (f) granting a tariff rate quota of wheat flour imports into Kenya from Egypt and Mauritius to be implemented in the year 2008 as follows:
  - (i) for Egypt a quantity of 16200 tonnes, and**
  - (ii) for Mauritius a quantity of 1183 tonnes;****

- (g) **implementation period for the tariff rate quota of wheat flour to Egypt and Mauritius will not be less than three months from the date of termination of procedures.**

### **Trade Promotion Organizations and Trade Points**

53. Council considered the Report of the First Meeting of Trade Promotion Organisations, Trade Support Institutions and Trade Points held in Cairo, Egypt, from 28 - 31 October 2007. The objective of the meeting was to develop a programme to strengthen the role of Trade Promotion Organisations in promoting intra-COMESA trade.

54. Council commended Egypt for its offer to cooperate in the establishment of Trade Points and the COMESA e-market place.

55. Council also commended ITC for its support to COMESA for deepening integration through trade promotion, establishment of the FEMCOM Secretariat and sector specific approach for enterprise level competitiveness enhancement.

### **Decisions**

56. **Council decided that:**

- (a) **that the Secretariat adopts a clear methodology in trade data analysis in the identification of trade opportunities;**
- (b) **that the Secretariat develops a regional trade promotion strategy taking into account national trade promotion strategies;**
- (c) **that the Secretariat undertakes market research on an ongoing basis to guide an integrated trade promotion programme;**
- (d) **that a COMESA Trade Point forum be established with international networks;**
- (e) **that guidelines incorporating best practices for establishing trading houses and affirmative action for participation of women in export promotion be developed.**

### **Status Report on the COMESA Simplified Trade Regime (COMESA STR)**

57. Council was updated on the progress made in the implementation of the COMESA Simplified Trade Regime (COMESA-STR).

58. Council expressed the need to broaden the current list of eligible products which comprises mainly of agricultural products to include manufactured and industrial products that are COMESA originating and are traded across borders.

59. Council noted that member States requested for budgetary support from the Secretariat to undertake sensitization meetings and consultations with neighbouring countries.

## **Decisions**

60. **Council decided that:**

- (a) **member States which had not done so, be urged to expedite the setting up of an Institutional Framework for effective management of the STR at national level in particular designation of Lead Agencies; appointment of Focal Points; and establishment of National Working Groups (NWGs) not later than the end of December 2007;**
- (b) **member States be urged to submit the final List of Eligible Products to qualify under the STR, comprising agricultural and manufactured goods by December 2007;**
- (c) **member States be urged to complete national preparatory work as well as bilateral consultations by December 2007 to facilitate commencement of the pilots at designated border posts beginning January 2008; and**
- (d) **member States submit requests for funding to the Secretariat not later than end-December 2007 to support the implementation of the STR.**

## **Update on the Regional Payments and Settlement System (REPSS)**

61. Council noted that the update on the Regional Payments and Settlement System and decisions taken by Governors of Central Banks are contained in the report of the Twelfth Meeting of the Committee of Governors of Central Banks (Document No. CS/TCM/CGCB/XII/10).

## **Elimination of Non-Tariff Barriers**

62. Report of the Workshop on Survey of Non-Tariff Barriers on intra-COMESA trade and Report of the meeting on NTB Enquiry Points.

63. Council noted the report of the first workshop on non-tariff barriers that was held in Nairobi, Kenya in June 2007 to deliberate on the country survey reports on NTBs.

64. Council further noted that the first meeting of COMESA Enquiry Points on Non-Tariff Barriers was held from 27th - 29th September, 2007, in Blantyre, Malawi whose objective was to agree on operational modalities for the NTBS enquiry points, and the development of national and regional action plans for the elimination of NTBS including monitoring and evaluation mechanisms and networking arrangements between the NTBS focal points for future collaboration on NTBS matters.

65. Council also noted that a draft matrix on action plans for implementation of a programme and supporting institutional mechanisms for elimination of NTBs had been adopted and that an impact assessment of NTBs in addition to a dispute resolution and penalty mechanism would be carried out.

66. Council was also informed that Malawi had done away with pre-shipment

inspection (PSI) and would be sending official notification to the Secretariat for circulation to other member States.

67. Council noted that the Secretariat had already sent letters to member States providing additional information on each of the reported NTBs and that a roadmap for the elimination of NTBs had already been developed.

## **Decisions**

68. **Council decided that:**

- (a) the Secretariat works with member States to resolve outstanding cases of reported Non-Tariff barriers by the end of December 2007 and in this regard the Secretariat is requested to write to members States before the end of December 2007 detailing the additional information required on each of the reported NTBs;**
- (b) member States should establish the National Monitoring Committees (NMC's) and also restructure the National Enquiry Points (NEP's) as Secretariats to NMC's. Member States to submit draft work programmes for NEP's and NMCS and support needs by the end of December 2007, based on the guidelines to be provided by the Secretariat;**
- (c) COMESA Secretariat to facilitate the establishment of technical assistance within the NTB reporting, monitoring and elimination process, prepare the necessary budgets based on submissions from the member states and facilitate the sourcing of any required financial resources;**
- (d) half yearly meetings for National Enquiry Points for NTBs should be held prior to the Trade and Customs Committee;**
- (e) the Secretariat should finalise the study on a penalty system for NTBs and the impact assessment of prevailing NTBs for submission to the next meeting of the Committee;**
- (f) the report of the categorisation of NTBs should be circulated to member States by the end of December 2007;**
- (g) the work programme regarding the NTB reporting form, categorisation, elimination matrix, and the guide be implemented by member States;**
- (h) the web based NTB monitoring and resolution system be piloted prior to launch and security access levels should be set in a way that facilitates users ability to interact with the system while protecting the integrity of the information posted onto the system, in particular, inter-state consultations;**

- (i) a users operational manual with guidelines be developed and circulated; and
- (j) a workshop/training be organised on the operations of the on-line reporting system for the focal points.

## **STRATEGIC FOCUS II: COMESA CUSTOMS UNION**

### **Sensitive Products**

69. Council noted that the First regional meeting on sensitive products had agreed that:

- (a) the Secretariat should update the COMESA CTN developed in 2007 at eight digit levels and categorisation developed by WCO which identify categories along the following lines:
  - (i) Category 1: Raw Materials,
  - (ii) Category 2: Intermediate Products,
  - (iii) Category 3: Finished Products,
  - (iv) Category 4: Capital Goods; and
- (b) the Secretariat use the BEC where inconsistencies appear in the - categorisation of products under the four-band CTN.

70. Council was also informed that the second regional meeting on sensitive products had noted that it was important to determine the transitional period that would be accorded to member States after launching the Customs Union.

71. Council noted that the determination of the transition period to be accorded to member States for implementation of the CET would be determined after the finalization of the tariff adjustment schedules and finalization of sensitive products.

### **Review of the categorization of goods under the four-band Common Tariff Nomenclature (CTN) and the Broad Economic Categorization (BEC)**

72. Council was informed that a review of the categorization of goods under the four band common tariff nomenclature (CTN) and the Broad Economic Categorization (BEC) had been undertaken and that the revised CTN was circulated to all member States for comments and observations and for initial work to identify sensitive products.

73. Council noted that the second regional meeting on sensitive products had observed that the use of HS 2007 at six digits rather than at the eight digit level would be the most appropriate in the identification of the regional sensitive list given that it's internationally standardized and therefore easy to harmonize. The eight digit split may vary from country to country given their national policies and would therefore be difficult to harmonize within the region.

74. Council agreed, as a basic principle, to categorize goods spare parts as category 2. It was also agreed not to consider tariff rates, end use and policy considerations at the stage of categorization as these will be considered during the exercise of addressing tariff assignment after the identification of sensitive products.

75. Council further agreed that capital items would retain the categories assigned by the WCO and would be reviewed when policy issues are considered at a later stage. It was also agreed that the Secretariat should further develop the CTN with subdivisions at eight digits level.

### **Consideration of submissions on Sensitive Products**

76. Council was informed that indicative and provisional lists on sensitive products had been received from Burundi, Comoros, DR Congo, Ethiopia, Kenya, Seychelles, Sudan and Zimbabwe, which had been consolidated by the Secretariat to show areas where there was convergence on sensitive products.

77. Egypt informed the meeting that a comparison of the COMESA CET against national tariffs had given a result where a number of tariff lines, especially, in the intermediate goods category, needed to be adjusted. They submitted that a 5% tariff rate for intermediate goods would reduce this divergence and called on member States to consider this possible adjustment to the CET to reduce such divergences which may arise as member States conduct their national analysis.

78. Council considered the recommendation of Egypt that an adjustment to the agreed four band tariff structure with the introduction of a 5% tariff rate for a category of intermediate products. Council noted that the question of considering an additional rate under the CET was premature as this would arise following the finalization of the list of sensitive products.

79. Council observed the need for the Ministerial Task Force on Customs Union to convene and consider and finalise all the outstanding issues with regard to the Customs Union before the next meeting of Council of Ministers.

### **Decisions**

80. **Council decided that:**

- (a) the WCO four-band categorisation at HS 2007 six digits level, also showing the BEC categorisation prepared by the Second Regional Meeting on Sensitive Products be adopted;**
- (b) the adopted categorisation would form the basis for comparing the CET against national tariffs to highlight divergences and be a starting point for identifying sensitive products;**
- (c) comments, if any should be submitted to the Secretariat by mid-December, 2007;**

- (d) the meeting further agreed that the Secretariat should assign rates to all tariff lines of the CTN and circulate to all member States before end of December 2007;**
- (e) the Secretariat should undertake a comparative analysis of submissions from member States and compile a regional list of sensitive products by mid-January 2008;**
- (f) that the Secretariat provide technical assistance to member States in national consultations on sensitive products;**
- (g) attendance at regional meetings on sensitive products should be consistent to ensure incremental knowledge on the subject to expedite completion of the process;**
- (h) the Secretariat convenes a meeting in February, 2008 to agree on sensitive lists and tariff alignment schedules; and**
- (i) the Ministerial Task Force on the Customs Union be convened to finalise all outstanding issues regarding the Customs Union before the next meeting of the Council of Ministers.**

### **Regional Trade Policy**

81. Council recalled the following Seven Principles of the COMESA Trade Policy which were adopted by Council in November, 2006:

- (a) Principle 1: CET rates and Sensitive Products;
- (b) Principle 2: Free Circulation of Goods, Elimination of Rules of Origin;
- (c) Principle 3: Revenue Distribution;
- (d) Principle 4: Export Processing Zones;
- (e) Principle 5: Trade Remedy Measures and Competition Policy;
- (f) Principle 6: SPS and Technical Standards Programme; and
- (g) Principle 7: Bilateral Treaties, Arrangements with Third Parties, Common Negotiating Positions.

82. Council recalled its decision which allowed member States to maintain preferential trading arrangements with third parties entered into prior to the launch of the Customs Union and that any preferential arrangement to be entered after the launch of the Customs Union be subjected to all Customs Union members for consideration. The meeting further noted the need for Secretariat to circulate to member States the Council decision that allows member States to maintain preferential trading arrangements entered to prior to the launch of the Customs Union.

83. Council noted the concern that had been raised by Egypt regarding the possibility of trade deflection that would arise where non-COMESA member States are members in a Customs Union with other COMESA countries and how this should be treated under the Customs Union.

84. Regarding future work for the finalization of a regional policy, Council noted that individual policy papers and implementation provisions would be prepared for each area of the Trade Policy which would be considered by the relevant technical bodies and the final position would be incorporated in the COMESA Regulation that would be issued in future to regulate operations of the Customs Union.

85. In discussing Principle 6 on SPS and Technical Standards Programme, Council underscored the need to develop a comprehensive framework for mutual recognition of certification regarding TBTs and SPS in order to facilitate free circulation of goods under the Customs Union and full implementation of the Chapter 15 of the Treaty.

86. Council noted the need to revamp the Sanitary and Phyto-sanitary (SPS) Programme so as to meet the requirements of a future Customs Union in order to ensure free circulation of goods and services.

#### **Decision**

87. **Council decided that:**

- (a) the Secretariat undertakes a study on trading arrangements arising out of the implementation of the Customs Union be undertaken for presentation to the next meeting of the Trade and Customs Committee;**
- (b) the Secretariat completes outstanding studies on SPS and TBTs before a meeting of experts of standards be convened before the next meeting of the Trade and Customs Committee;**
- (c) member States which have not established standards agencies be urged be to establish them in order to facilitate mutual recognition of certification; and**
- (d) the Secretariat develops a comprehensive framework for mutual recognition of certification regarding TBTs and SPS.**

#### **Exemption Regimes in COMESA**

88. Council noted that the exemption policy had been previously considered by the Trade and Customs Committee and agreement had been reached on duty exemptions for goods which had to be duty free in terms of commitments arising from member States international obligations.

89. Council noted that some countries provided for exemption on investment goods in national investment codes and clarity was sought as to how they would be treated under the COMESA Customs Union. Council further noted that the zero rating of capital goods was meant to address this aspect.

## **Decisions**

90. **Council decided that:**

- (a) the comprehensive comparative table of countries exemptions be completed by member states which have not up dated the table and be submitted to the Secretariat by 15<sup>th</sup> December 2007;**
- (b) that the exemptions Policy and revenue management be considered by a meeting of Trade and Finance Experts before the next meeting of the Regional Trade Policy; and**
- (c) that the Secretariat should provide all previous technical papers on exemptions to member States.**

## **Countdown of Activities to the Launch of the Customs Union**

91. Council recalled that the Authority of Heads of State and Government, at their meeting in May 2007 in Nairobi, Kenya had decided that the COMESA Customs Union be launched in December 2008.

92. Council noted the activities to be done to publicise this event which include, radio and TV programmes, public discussion fora, essay competitions, sports and cultural events that would culminate in an extra-ordinary Summit in December 2008 to launch the Customs Union.

## **Decisions**

93. **Council decided that:**

- (a) the countdown activities shown in Annex II be undertaken;**
- (b) member States to undertake publicity of the launch of the Customs Union as well as other sensitization activities such as public lectures and discussion forums;**
- (c) the Secretariat and member States make budgetary allocations to support the above activities; and**
- (d) the above activities be included in the 2008 Work Programme.**

## **Update of implementation of COMESA Trade Programme**

94. Council expressed concern that limited resources had been mobilized under the Adjustment Facility of the COMESA Fund as the funds would not be adequate to assist member States mitigate revenue losses that may arise from trade liberalization under COMESA Customs Union.

95. Council recognized that the private sector was an important partner in the implementation of a sustainable Customs Union programme and the Secretariat was urged to mainstream private sector participation in all Customs Union activities.

### **Decisions**

96. **Council decided that:**

- (a) **the Secretariat, in consultation with member States identify key regional border posts that will be given priority under the infrastructure improvements envisaged under the COMESA Fund and Aid for Trade programme; and**
- (b) **the Secretariat be urged to conduct outreach programmes for key private sector stakeholders on the activities being implemented under the Customs Union and agree on the support measures to be availed to the stakeholders to create an effective Customs Union for COMESA.**

### **Terms of Reference for Customs Sub-Committee**

97. Council noted the Terms of reference for the Sub-Committee and the mandate of the sub-Committee approved by Council earlier. In this regard, Council further noted that future meetings of Directors of Customs would be reported as meetings of the Customs Sub-Committee.

### **Free Circulation, Revenue Sharing and Information Requirements**

98. Council was informed that the meeting of Directors of Customs had noted that free circulation would require a robust IT system that would support a regional revenue collection and distribution system and information sharing amongst customs officers. The need for a regional IT policy that would support a free circulation was also identified.

99. Council noted the importance of having the Customs Management Code supported by harmonized implementing regulations and procedures had been stressed. In this regard, it had been observed that adoption of the Revised Kyoto Convention provisions during the lead up to the implementation of the Customs Management Code would facilitate harmonization of customs legislation and procedures in the region.

100. Council also noted the need for all member States to adopt the WTO Valuation Agreement and Harmonized System 2007 and in this regard Comoros requested for technical assistance in this area.

101. Council noted that where there are common issues for consideration by different Committees the Secretariat should convene joint meetings of concerned Committees in order to come up with the harmonized position.

## **Decisions**

102. **Council decided that:**

- (a) the members of the Customs Sub-Committee should participate in the meetings of the Fiscal Affairs Committee dealing with revenue collection and distribution under a Customs Union; and**
- (b) the Secretariat provides technical assistance to member States to implement HS 2007 and adopt the WTO Valuation Agreement.**

### **Institutional arrangements for managing customs operations under the Customs Union and funding options**

103. Council was informed that a study that provided a comparative analysis of the legal and institutional framework for managing various Customs Unions in place.

104. Council considered the proposal for a Directorate for the Customs Union with three directors each responsible for Trade and Economic Integration, Customs and Fiscal/Monetary Affairs in the Secretariat.

105. Council stressed the need for the Directorate to concentrate its mission and functions on trade and customs union issues.

## **Decisions**

106. **Council decided that:**

- (a) the Secretariat prepares a proposal on the appropriate structure, staffing, job descriptions and budgetary requirements for establishing of a Directorate General of the Customs Union for consideration by the next Policy Organs; and**
- (b) the Customs sub-Committee meets at least twice in a year prior to the meetings of the Trade and Customs Committee.**

### **Working Group on Customs Procedures**

107. Council was informed that the Ninth meeting of the Working Group on Customs Procedures and Legislation which met from 24th - 27th October, 2007, in Nairobi, Kenya and dealt with the COMESA Customs Code and a work programme on Trade Facilitation and Transit and IT for the Customs Union.

108. Council noted that changes had been made to the Customs Management Code regarding powers of officers, seizures and forfeitures (Sections 10-42), Core Customs Procedures for reporting goods, storage and assessment of duties (Parts III to Part VI), and Offences, appeals and legal proceedings (Parts XIV and Part XV), contained in document number CS/TCM/DC/II/13.

## **Decisions**

109. **Council decided that:**

- (a) that the Secretariat prepares a final version of the Customs Management Code to be presented to the next meeting of the Customs Sub-Committee in March 2008; and**
- (b) the Secretariat constitutes a team of four experts from the Working Group to prepare implementing provisions for the Customs Management Code and Technical Assistance be provided to this team to benefit from international best practices in this area.**

## **Strategic Plan for Customs Administrations under the COMESA Customs Union**

110. Council was informed that a draft of a Customs strategic plan for 2008 – 2010 which included broad elements of trade facilitation, Transit and IT and capacity building had been presented to the meeting of Directors of Customs.

111. Whilst noting that issues of Value Added Tax and Direct taxes have not been harmonized in other regional integration arrangements, Council recommended that a study be conducted on the impact VAT and Direct Taxes would have on Customs Union operations.

## **Decisions**

112. **Council decided that :**

- (a) Customs Administrations review the draft Strategic Plan, contained in document number CS/TCM/DC//13, and submit comments to the Secretariat by 31<sup>st</sup> January 2008 to enable the plan to be finalized for submission to the next meeting of the sub-Committee in March 2008; and**
- (b) the Secretariat undertakes a study on the impact VAT and Direct Taxes on Customs Union operations.**

## **STRATEGIC FOCUS III: TRADE RELATED ISSUES**

### **Regional Framework Agreement for Trade in Service**

113. Council noted the status of progress achieved in the Regional Framework Agreement for Trade in services and noted the need to follow a positive list approach to services liberalization, take regard of the GATS and take account of the liberalisation processes that are already underway in COMESA member States.

114. Council noted that the limited technical capacity within the region in the specialised area of Trade in Services and the need to invite UNCTAD and Commonwealth Secretariat to assist member States in making progress in the negotiations. In addition, a workshop of experts would be desirable prior to the next round of regional negotiations on Trade in Services.

## **Decisions**

115. **Council decided that:**

- (a) national consultations on the draft Framework on Trade in Services be expedited and comments be submitted to the Secretariat by 14 February 2008 to allow arrangements for regional technical consultations to take place before the next meeting on Trade and Services;**
- (b) technical assistance should be sought from UNCTAD and Commonwealth Secretariat to support the regional negotiations on Trade in Services; and**
- (c) a technical workshop on Trade in Services should be convened before the end of March 2008 to consider comments made by member States and to prepare the agenda for the next meeting to negotiate Trade in Services.**

## **Second Meeting of Directors of Statistics**

116. Council was informed that the Second Meeting of Directors of National Statistical Offices Meeting was held in Lusaka 10-12 September 2007.

117. Council noted the clear role spelt out for the National Statistical Offices (NSOs) in promoting harmonization of regional Information and Communication Technologies (ICT) data and take the lead in elaboration of ICT statistics in member States.

118. Council also noted that the Committee on Comprehensive Information Systems established by Council in May 2001 had been overtaken by events including the formation of a Technical Committee on Information Technology under the ambit of Article 139 of the Treaty.

119. Council recognized the critical and important role played by the African Development Bank (AfDB) in the development of statistics through the International Comparison Program (ICP). Council also stressed the need to develop cooperation with other statistical bodies such as STATCAP of the World Bank.

## **Decisions**

120. **Council decided that:**

- (a) National Statistics offices should get involved and take the lead in elaboration of ICT statistics in member States;**
- (b) a Committee on Statistical Matters be formed under the provisions of Article 15(3) and Article 140 of the Treaty to cater for statistical matters;**

- (c) **the Secretariat requests AfDB to extend its current statistical capacity building initiatives to a second phase and broaden its areas of intervention;**
- (d) **the Secretariat should approach STATCAP for technical assistance to strengthen cooperation in the area of statistics; and**
- (e) **National Statistics Offices be represented at meetings of the Committee and communication between the Secretariat and NSO's be channelled through the national coordinating offices.**

### **COMESA Task Force on Foreign Direct Investment (FDI)/Trans National Corporation (TNC) Statistics**

121. Council took note of a report on the Workshop on Foreign Direct Investment/Trans National Corporation (FDI/TNC) Statistics also held at the COMESA Secretariat in Lusaka from 5-7 September 2007.

122. Council agreed that a consolidated regional perspective of FDI flows be reviewed regularly to provide a means for monitoring the volume and direction of such flows, an exercise that would enhance the attractiveness and competitiveness of the region and support regional policies for development.

### **Decision**

123. **Council decided that the Secretariat offers capacity building to member States that require such assistance to enhance their capacity to compile FDI/TNC statistics.**

### **Regional Competition Commission**

124. As the integration in the area of trade deepens, Council underscored the need for a fair, transparent and predictable framework for doing business becomes an economic imperative and recalled that COMESA formulated and adopted a regional competition policy for the region.

125. Council was informed that the Bureau of Council appointed the nine (9) nationals of COMESA member States as members of the Board of Commissioners of the COMESA. The list of the appointees was circulated to Council.

### **Competition Commission**

126. Regarding national application of decisions by the Competition laws in the absence national competition laws, the meeting was advised that the Treaty provided for a Regional Competition Law and implementing provisions such as the Competition Regulations have direct application in member States. It was further elaborated that Regional Competition law would cover trans-border operations.

127. Council expressed concern regarding the composition of the Board of Commissioners as there was an imbalance in terms of the language spoken by the appointee as there was only one French speaking commissioner among the nine

commissioners of the Board out of the list of twelve candidatures submitted.. Council noted that this issue would be brought to the attention of the next meeting of the Council of Ministers.

128. Council noted the appointees to the Board of the Competition Commission and was informed that the hosting of the Regional Competition Commission would be considered by the Bureau of the Council.

#### **Fifth Meeting of COMESA-EAC-SADC Task Force on Cooperation in the areas of Trade and Customs and Infrastructure**

129. Council noted the activities of the COMESA-EAC-SADC Task Force on Cooperation which was established to harmonise the programmes of the three RECs.

130. Council stressed that the objective of the harmonization process in the area of trade is to create, as a first step, a large Free Trade Area encompassing the membership of the 3 RECs. This objective is premised on the understanding that COMESA already has an FTA among its membership while the EAC and SADC plan to launch full FTAs in 2010. With regard to Customs Union, the objective is to harmonize Common External Tariffs (CETs) and customs laws.

131. Council noted the holding of a Joint Summit for the Authorities of COMESA, EAC and SADC had been agreed to and that this would probably be arranged in 2008.

132. Council discussed the proposal that other organisations such as Indian Ocean Commission (IOC) be invited to participate in the activities of the Task Force and mandated the Secretariat to consult SADC and EAC on the participation of the IOC.

133. Council agreed that IOC should not be invited to participate in the Tripartite Task Force.

#### **Standardization and Quality Assurance (SQA)**

134. In the area of Standards Harmonization, Council noted that 203 Standards adopted by Council in May had been circulated to member States for adoption and that National Consultative meetings on Maize and Dairy Standards were held in 12 member States. This was followed by two joint COMESA/EAC regional consultative meetings during which a Draft COMESA/EAC harmonized standard for maize (corn) and eight Draft COMESA/EAC harmonized Standards were agreed upon. In addition 74 Draft COMESA Harmonised Standards for electrical generation, transmission and distribution have been forwarded to the Regional Technical Secretariat for Electrical Energy standards harmonization in Nairobi for circulation to member States for their consideration.

135. Council noted that work was on going on the development of a Regional Quality Policy on Standardization and Quality Assurance, a mechanism for implementation of COMESA Harmonised Standards, a Regional Technical Regulatory Framework as well as modalities for recognition of certification, testing and Calibration services.

136. With Regard to cooperation with other RECs, Council noted that contacts had been maintained with the SADC Standardization, Quality Assurance, Accreditation and Metrology programme as well as the EAC SQMT programme. Whilst at the continental and International level, Council noted that contacts had been maintained with the African Regional Organization for Standardization, the African Standards Harmonisation (ASHAM) of standards, and the International Organization for Standardization ISO, and which had in principle agreed to develop some technical cooperation with COMESA. In the American Society for Testing Materials (ASTM).

137. Council noted the need for the Secretariat to put in place a regional programme on standards that would pay particular attention to, among others, quality assurance, measurement and testing. There is also need to have quality infrastructure, such as modern testing laboratories that would ensure that only quality products are traded within the region. This would also assist in the identification of a list of sensitive products under the EPA trade arrangements.

#### **STRATEGIC FOCUS IV: TRANSPORT AND COMMUNICATIONS**

138. Council noted that the Second Meeting of the Ministers of Infrastructure responsible for Transport, Communications, Public Works and Energy was held in Kigali, Rwanda from 8-9 November 2007.

139. Council noted with appreciation the ongoing cooperation between COMESA, EAC and SADC particularly in the area of infrastructure development as evidenced by the growing number of joint projects which were being implemented by the three RECs. Council observed that the joint implementation of programmes underlined the need for convergence and inter-regional cooperation to be driven by demand tangible projects and programmes on the ground.

140. With regard to railways, Council observed the need for the Secretariat to develop programmes and modalities for modernizing the railway infrastructure and networks in the region.

141. Council observed the need to report on developments on the implementation of other regional ICT infrastructure projects such as the EASSy Project. In response the Secretariat assured the meeting that in future it shall endeavor to get project implementation updates from the relevant project sponsors and include them in the Secretariat reports.

142. With regard to the migration from analogue to digital broadcasting Council noted the proposal by the organizers of the FIFA 2010 World Cup in South Africa to adopt digital broadcasting for the World Cup. The Ministers further noted that this proposal was bringing digital broadcasting way ahead of the ITU agreed date of 2015 for the migration from analogue to digital broadcasting. Council further noted the need for COMESA to develop a strategy to ensure that COMESA countries would be able to broadcast the World Cup events to the public.

143. Council was informed that the ongoing regional ICT broadband projects such as EASSy, COMTEL, SADC SRII and other submarine cables in the Indian Ocean would facilitate the migration from analogue to digital broadcasting by member States if they are completed on time.

## **Decision**

144. **Council considered the Report of the Second Meeting of the Ministers of Infrastructure responsible for Transport, Communications, Public Works and Energy and in accordance with Article 7.3 of the COMESA Treaty adopted the report and endorsed the decisions as contained in Document No. CS/ID/MRI/II/3. The report is attached as Annex V.**

## **Trade and Transit Transport facilitation**

### **Regional Customs Transit Guarantee (RCTG) Scheme-COMESA Carnet**

145. Council noted the status report on the Regional Customs Transit Guarantee/Bond (RCTG) Scheme and the commencement of the piloting of the COMESA Carnet in the Northern Corridor countries.

146. Council also noted the recommendations of the First Meeting of the Management Committee of the RCTG held in Harare, Zimbabwe from 17-19 September, 2007.

## **Decisions**

147. **Council decided that:**

- (a) Customs Administrations of Burundi, Ethiopia, Malawi, Sudan, Zambia, and Zimbabwe, submit the information requested to the Secretariat, using the format developed for that purpose by 30<sup>th</sup> December, 2007;**
- (b) that Customs Administrations of member States that are party to the RCTG Scheme should adopt the COMESA CARNET documents in their regional operations on bond management and transit of goods;**
- (c) the Secretariat be directed to assess the budgetary implications of appointing the full time staff member for managing the RCTG for consideration by the next Policy Organs;**
- (d) the proposals on customs bonds and documentation recommended by the First Meeting of the Management Committee of the RCTG be referred to the meeting of the sub-Committee on Customs in March 2008 for consideration;**
- (e) the Secretariat should provide technical assistance to Djibouti to establish a National Surety under the RCTG Scheme; and**
- (f) the Secretariat should conduct national workshops in the island member States of COMESA to enhance appreciation of the benefits of the Scheme and hold consultations on IT applications being used by some member States that have scope to enhance trade facilitation in the region.**

## Regional Trade Facilitation

148. Council was informed that Directors of Customs had recognized the growing emphasis on trade facilitation at the international level and the capacity building efforts being led by the WCO in this field including the possible support that could be availed under Aid for Trade and EPA adjustment support.

### Decision

**149. Council decided that COMESA Secretariat prepares a comprehensive regional trade facilitation programme to be funded under the Aid for Trade programme with provision for national level assistance for member States to conform to the requirements for GATT articles V, VIII and X as far as they relate to customs operations.**

## COMESA Transit System

150. Council noted the need to develop electronic databases and systems for the exchange of information among COMESA customs administrations such as an integrated tariff, valuation database and regional customs intelligence database for trade facilitation under a Customs Union.

### Decision

**151. Council decided that COMESA member States should implement the provisions of the Transit Protocol and Secretariat should expedite the standardization of the COMESA-CD and IT legislation and establishment of IT communications infrastructure along transit corridors to allow electronic data interchange and effective use of risk management.**

## One Stop Border Posts (OSBP)

152. Council was given an update on the progress of the Chirundu One-Stop Border Post Project being implemented by the Secretariat through the Regional Trade Facilitation Program with the support of DFID and JICA.

153. Council noted that investments being made to develop One-stop border posts warranted the long-term nature of realising free circulation under a Customs Union and also the need for border authorities to continue enforcing immigration, security and VAT controls.

154. Council noted the need for the regional One Stop Border Post projects such as Chirundu and Malaba border posts to be funded from the infrastructure window of the COMESA Fund since the fund was operational.

### Decision

**155. Council decided that the Secretariat should work with member States to identify border posts with a major impact on regional trade at which the lessons learnt from the Chirundu One-stop border post would be replicated.**

## North-South Corridor Aid for Trade Project

156. Council noted the progress being made in the implementation of Regional Corridor Initiative to roll out trade facilitation instruments along transport corridors that was being implemented by COMESA, SADC and EAC as a pilot project to access Aid for Trade.

Status of implementation of the ASYCUDA Project and sustainability of customs computerization under the Customs Union

157. Council was briefed on the progress of the COMESA Regional ASYCUDA++ Project being implemented in Unions des Comores, Katanga Province of Congo D. R., State of Eritrea, Republic of Seychelles and Kingdom of Swaziland.

## Decision

158. **Council decided that the Secretariat undertakes a study on the feasibility of establishing a Regional Customs IT Centre and its sustainability.**

## STRATEGIC FOCUS V: INDUSTRY AND ENERGY

### (a) Industry

#### Pharmaceutical Harmonisation Project:

159. Council noted that a meeting for Medicine Regulatory Affairs Conference was planned for last week of November 2007.

#### Africa Growth and Opportunity Act (AGOA)

160. Council noted with appreciation the unveiling by the US of a new initiative to assist African exporters of agricultural products to comply with US sanitary and phytosanitary (SPS) requirements which had been cited as posing an unduly restrictive barrier to such imports.

161. Council noted the possibility by the US Congress introducing a bill to extend duty-free, quota-free (DFQF) eligibility to all products from all least developed countries (LDCs). Because virtually all products from Africa are already eligible for DFQF treatment under AGOA, there is a serious risk that the proposed DFQF bill could erode the preference margin under AGOA by extending the same preferential status to all products from non-African LDCs.

162. Council noted the efforts made by the African Coalition for Trade (ACT) to dialogue with the Congressional sponsors of the DFQF proposal and with other stakeholders to try to ensure that the DFQF bill does not unintentionally dilute the benefits of AGOA for Africa.

163. Council noted the request made by Mauritius to lobby the US Government to extend the derogation of the third country fabric provision to Mauritius. Council was informed that consultations with the US Government were ongoing under the TIFA and correspondence was sent to the American Government on the issue.

## **Industrial Strategy and Development**

### **(a) Inventory of Production and Manufacturing Structures**

164. Council noted that to date ten member States had nominated National Focal Points (NFP) comprising mainly of Directors of Industry from Burundi, Djibouti, Egypt, Kenya, Libya, Malawi, Mauritius, Uganda, Zambia and Zimbabwe. Follow-up letters and communications have been initiated with the remaining nine member States that had not nominated NFP.

165. Council also noted that the NFP would constitute the part (Sub-Committee on Industry) of the Committee on Industry, Science and technology (with sub-Committee on Science and Technology). The COMESA Secretariat would identify science and technology key/umbrella institutions in order to constitute a full Committee and convene a meeting before the next policy organs meetings in 2008.

166. Council further noted that to-date only Kenya had submitted a study on their inventories of production and manufacturing structures and that contracts for Malawi, Uganda, Sudan, Mauritius and Zimbabwe consultants had been finalized whilst Madagascar and Egypt are in the process of being finalised.

167. Council observed the need to emphasize the COMESA programmes on value addition and industrialization. This would also allow the region to take advantage of the export potential under the various trade arrangements.

## **Decision**

168. **Council decided that:**

- (a) member States be urged to expedite the nomination of Consultants to undertake the preliminary study on inventory of production and manufacturing industries; and**
- (b) the Secretariat should work out a programme for Regional Trade and Industry Performance Awards to be submitted to the next meeting of the Committee on Industry, Science and Technology.**

### **(b) Sectoral Roundtables – Strategies and Action Plans**

169. Council noted that the sub-sectoral/industry roundtables focusing on value chain analysis were launched with funding from RISP and technical co-operation from UNCTAD-WTO, International Trade Centre (ITC); EU Centre for Development of Enterprises (CDE), and UNIDO. The first three roundtables were in Lusaka, Zambia, in June, August and October 2007 respectively.

170. Council also noted that the roundtables had come up with draft Sectoral Strategies and Action Plans and that these strategies and action plans with their implementation matrices would be tabled for consideration by the Committee on Industry, Science and Technology.

### **Decision**

171. **Council decided that:**

- (a) member States be urged to fully participate in the roundtables as well as furnish their inputs into the Draft Sectoral Strategies and Action Plans;**
- (b) member States should pursue fiscal policies and provide incentives that will ensure growth and development of the industry sector and value addition; and**
- (c) African Productive Capacity Initiative (APCI) - Upgrading and Modernisation of Industries in the COMESA Region.**

172. Council noted that UNIDO program on industrial upgrading and modernisation as part of the Implementation of the African Productive Capacity Initiative, APCI, commenced in June 2007. The program would mainly include identification of priority industrial sectors in the COMESA region and formulation of sectoral strategic studies/value chain analyses for priority sectors and areas of policy interventions to facilitate regional integration and competitive performance, formulation of national industrial upgrading and modernization, quality infrastructure development and financing mechanisms projects. The programme would also focus on capacity building in the field of industrial upgrading and modernization, harmonization of industrial strategies and policies.

173. Council noted that field research was undertaken and completed in the eleven countries, namely, Burundi, Comoros, Djibouti, Ethiopia, Eritrea, Kenya, Rwanda, Seychelles, Sudan, Uganda and Zambia. Nine country draft reports had already been sent to the International Coordinator and UNIDO for comments.

### **(d) Private Sector Development and COMESA Business Council:**

174. Council noted that the International Trade Centre (ITC) had submitted a proposal of Trade Development and Promotion Programme (TDPP), for COMESA to CIDA in March 2007. The proposal included four areas of intervention:

- (a) Institutional strengthening of COMESA Secretariat for regional trade development (b) Support to the formation of the COMESA Business Council and FEMCOM, as regional private sector networks interfacing with COMESA Secretariat on policy dialogue and joint promotional action;**
- (b) Support to the formation of the COMESA Business Council and FEMCOM;**

- (c) Strengthening the regional trade information system; and
- (d) Two sector-specific trade development initiative to be implemented in selected COMESA countries. Leather had been earmarked as first priority, Organic products as second (pending availability of funds).

175. Council also noted that CIDA had requested that the COMESA Component of Trade Development and Promotion be integrated into a wide PACT II Programme that included two additional RECs i.e. ECOWAS and ECCAS.

176. Council noted that a meeting of COMESA/ITC/Trade Facilitation office of Canada (TFOC) was held in Cairo, Egypt on 30<sup>th</sup> October 2007 and the submission of the final proposal will be done before end December 2007.

177. Council noted the role the private sector can play in regional integration. Council stressed the need for the Secretariat to highlight those activities in which the private sector is involved at the regional level. In this respect, the COMESA Business Council should be seen to serve the interests of the regional business community.

#### **COMESA Common Investment Area (CCIA)**

178. Council noted that Secretariat had prepared an Action Plan for the implementation of the Investment Agreement for the COMESA Common Investment Area. The Action Plan would be submitted for adoption by the Co-ordinating Committee on Investment (CCI) that would be held from 12 - 13 December 2007.

179. Council noted that the COMESA Secretariat was compiling investment opportunities in member States and was working closely with the Regional Investment Agency (RIA) in investment promotion activities.

#### **Regional Investment Agency (RIA)**

##### **Activities and Programmes**

180. Council noted the progress in the implementation of the RIA programmes as indicated below and underscored that Investment promotion should pay particular attention to the mobilization of domestic resources, foreign direct investment aimed at technological transfer and not at the mere extraction of raw materials.

##### **RIA Five year Strategic Medium Term Plan**

181. Council noted that the tender process for the recruitment of the Consultant to develop a Five Year Strategic Medium Term Plan, was on-going. The Strategic Plan would constitute a Road map for the Agency incoming five years.

### **Compendium of Investment opportunities**

182. Council noted that RIA was in the process of compiling a Compendium of Investment Opportunities for the COMESA Region, The primary objective of the compendium was to identify the investment opportunities in the COMESA Member States, compiling them into a single report that would be used to promote the investment opportunities in the COMESA Region through a regional approach.

183. Council noted that the tender process for the recruitment of the consultant was on-going. RIA had identified 14 national consultants and was in the process of identifying a regional consultant to lead the process.

### **Invest in COMESA Practical Guide**

184. Council noted that the project was initiated by RIA in partnership with BIZCLIM, and that it was aimed at assessing the investment climate in the COMESA region and presenting the findings in a manner that was conducive to promoting the region as a favourable destination for Foreign Direct Investment (FDI) and cross-border investments. Terms of Reference for the project had been developed and the recruitment of a Consultant was underway.

185. Council noted that the project was expected to deliver the following outputs:

- (a) Creation of an updated COMESA investment database;
- (b) Production of the COMESA investment practical guide; and
- (c) Assessment of and recommendations on the investment environment.

### **COMESA Business Intelligence System (BIS)**

186. Council noted that the Business Intelligence System (BIS) objective was to identify and apply appropriate technologies to overcome barriers of lack of information in COMESA.

187. The BIS would link COMESA IPAs with RIA through an intranet. Council noted that the project was initiated by RIA in partnership with the German Technical Cooperation (GTZ) and that an agreement between RIA and GTZ was being prepared.

### **RIA Publications**

#### **RIA Monthly Newsletter**

188. Council noted that RIA was publishing a monthly newsletter which highlighted the most important investment news in the region in addition to providing investment data and major events.

## RIA 2008 Diary

189. Council also noted that RIA published a sponsored 2008 Diary, which included some promotional information on COMESA member States.

### **Development of a communication line between RIA and the National Investment Promotion Agencies (NIPAs)**

190. In order to improve communications between RIA and COMESA IPAs, national focal points would be responsible for updating RIA with news, events, studies, reports, investment opportunities, etc. in addition to responding to RIAs' queries.

191. Council noted Terms of References were prepared and sent to the IPAs and that focal points were appointed in: Congo D.R, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Swaziland, Uganda, Zambia and Zimbabwe. In addition a private blog had been developed for the ease of sharing information between RIA and national focal points.

### **RIA Work Plan for 2008**

192. Council noted that RIA had had participated in a COMESA retreat on planning, monitoring and evaluation organised by the COMESA Secretariat in June 2007. RIA provided its inputs for the overall RIA Work Plan June 2007- December 2008 whose main activities include:

- (a) Capacity Building for NIPAs:
  - (i) Training Workshops on best practices for investment promotion, and
  - (ii) Training Workshops on Public Private Partnership;
- (b) Compilation and verification of the cost of Starting a Business in COMESA member States; and
- (c) Preparation of the COMESA Investment conference.

### **(b) Energy**

#### **Decision**

193. **Council considered the Report of the Second Meeting of the Ministers of Infrastructure responsible for Transport, Communications, Public Works and Energy and in accordance with Article 7.3 of the COMESA Treaty adopted the report and endorsed the decisions as contained in Document No. CS/ID/MRI/II/3 which is attached as Annex V.**

## **STRATEGIC FOCUS VI: AGRICULTURE**

### **The Comprehensive African Agriculture Development Programme**

194. Council noted that CAADP is aimed at increasing competitiveness of the agricultural sector by expanding regional markets, encouraging adoption of technologies and addressing policy constraints in agriculture. CAADP requires that at least 10% of national budgets be devoted to agriculture and that the region's agricultural sector grows by at least 6% per year. Further, CAADP aims at reducing poverty in half by the year 2015 in line with the MDG 1. COMESA has made significant progress in the implementation of CAADP at both national and regional levels.

195. Council further noted the progress made in the implementation of CAADP at the national and regional level in the COMESA region which is indicated below:

#### **RWANDA**

196. Council noted that Rwanda Held its Roundtable (RT) conference was held in March 2007, and that some new programs such as Research into Use (RIU) were already in place. In addition overall development agendas in the country had adopted CAADP targets and high level objectives and there had been an increase in the agriculture budget by 50% in 2008 from 21 Billion Rwf to 32 Billion Rwf.

#### **ZAMBIA**

197. Council noted that Zambia launched its CAADP RT processes; put in place a multi-stakeholder sector working group and a technical committee in 2006 and that stakeholder consultations were planned and the technical committee was due for a retreat from 12-13 September to critique the report. The Zambia CAADP Compact was expected in late November 2007.

#### **UGANDA**

198. Council noted that Uganda launched its CAADP Round Table processes (RT) at the end of last 2007 and that a multi-stakeholder sector working group and a technical committee were in place and that the Government planned to have the CAADP RT conference by the end of 2007.

199. Council also noted that among other ongoing programs relating to CAADP in the Uganda included development of a harmonized country program on Sustainable Land Management (SLM) and a Fertilizer Strategy that was developed in 2006 through a stakeholder consultative process.

#### **MALAWI**

200. Council noted that the Government of Malawi and its cooperating partners had agreed to develop a Programme Based Approach (PBA) called the Agriculture Development Programme (ADP) as a way of implementing the Comprehensive Africa Agriculture Development Programme (CAADP) in Malawi and that CAADP/ADP compact would be signed before the end of 2007.

## **KENYA**

201. Council noted that Kenya launched its CAADP RT processes in December 2006 and had put in place a Consultative Group and a Technical Working Group early in 2007. The first draft inception report under CAADP had been submitted and the country was expected to complete its CAADP roundtable in March 2008.

## **BURUNDI**

202. Council noted that COMESA and the Government of Burundi launched the CAADP round table process in Burundi on the 13th of July 2007. The Government was in the process of putting in place a multi-stakeholder Steering Committee to oversee implementation of CAADP.

## **CAADP Processes in Other Countries**

203. Council noted that the COMESA Secretariat had put in place a programme to launch CAADP in all member States before the end of 2007 and that the process was at an advanced stage in Comoros, Seychelles, Djibouti and Ethiopia.

## **Regional CAADP Compact**

204. Council noted that at the regional level, under the CAADP agenda, COMESA had initiated the implementation of a Pastoral Communities and Livestock Sector Enhancement Programme. Council also noted that the COMESA Regional Agricultural Compact, a collection of regional agricultural sector priority umbrella programmes was expected to be finalized by the end of 2007. The Compact would be produced by the collective efforts of all COMESA stakeholders including farmers, agribusinesses, governments, and cooperating partners.

## **Agricultural Inputs Strategy**

205. Council noted that the Regional Meeting on agricultural inputs, covering seed regulations harmonization and regional fertilizer procurement, was held in Malawi in August 2007. The purpose of the meeting was to engage private and public agricultural input stakeholders; to identify key elements for the harmonization of seed procedures, discuss the challenges and opportunities in developing the sector and agree on the strategy for the joint procurement of fertilizer.

206. Council also noted that a regional joint procurement committee was set up comprising of members from the fertilizer associations, farmers unions, Government representatives and intergovernmental organizations being the NEPAD and COMESA Secretariats was set up and it held its first meeting in October 2007 to discuss the modalities for the joint procurement of fertiliser initiative.

207. Council further noted that COMESA had signed a MoU with International Centre for Soil Fertility and Agricultural Development (IFDC). IFDC provided resources to COMESA for the implementation of the fertilizer development programme.

## **Natural Resource Development**

208. Council noted that COMESA was in the process of formulating a Forestry development strategy, and that, COMESA, AU, NEPAD Secretariat had launched the Africa Working group on climate change which would spear head the implementation of initiatives at regional and national levels aimed at mitigating the impacts of climate change. In this regard, Council noted that COMESA was in the process of setting up a Carbon Fund, which would help in attracting investment in agricultural land use and forestry projects.

## **Fisheries**

209. Council noted that COMESA had continued to implement the fisheries processing project on Lake Victoria aimed at encouraging value addition in the sector. The consultant from South America had completed the implementation of the initial fish processing activities under the project, which was financially supported by the Common Fund for Commodities. Council also noted that a regional workshop would be held in February 2008 to scope out lessons learnt and to expand the project to other relevant water bodies in COMESA.

210. Council noted that in addition, COMESA had signed a MoU with World Fish Centre on the development of the fisheries sub sector. The two institutions would jointly formulate a fisheries development strategy for the region. The Strategy would be presented to the stake holders for review in 2008.

211. In addition, Council noted that the COMESA Secretariat was coordinating the development of the aquaculture sector through encouraging of sharing of experiences within the region. Council also noted that Egypt had an advanced aquaculture sector and field visits to Egypt were being planned with the Egyptian Government.

## **Biotechnology**

212. Council noted that COMESA was implementing the Regional Approach to Bio safety in Eastern and Southern Africa (RABESA) II. The programme was a successor programme to the RABESA I and was aimed at harmonization of regional position on biotechnology and bio safety. COMESA held its first RABESA II Planning Meeting in Nairobi in August 2007.

213. Council noted the need for COMESA to develop and implement regional pilot projects aimed at facilitating production for export, particularly in the area of agriculture, through introduction of latest technology and on the job training.

## **Agriculture Marketing Promotion Regional Integration Project (AMPRIP) Assessment of SPS Labs**

214. Council noted that to date a total of 30 SPS laboratories in 14 COMESA member States (Burundi, Comoros, Congo DR, Egypt, Kenya, Madagascar, Malawi, Mauritius, Seychelles, Uganda, Rwanda, Sudan, Zambia and Zimbabwe) had been assessed and that the preliminary report had proposed three laboratories as having the most potential to serve as SPS reference laboratories. Council also noted that the final report would be

prepared after assessment of member States whose labs were not covered.

215. Council also noted that the issue of SPS was of critical importance to regional trade facilitation and therefore needed to be addressed with the care it deserved. In this regard, the Council welcomed the ongoing assessment of national laboratories and the capacity building programmes being undertaken by the Secretariat.

### **Decision**

**216. Council decided that member States that had not been covered in the assessment be urged to provide information on their SPS laboratories in order to facilitate the finalization of the assessment of the SPS laboratories.**

### **Formation of SPS Technical Sub-Committee**

217. Council noted that an SPS technical subcommittee had been established and preparations were underway for the Sub-committee to hold its inaugural meeting in December 2007.

### **Operationalisation of the Food and Agriculture Marketing Information System, FAMIS**

218. Council noted that the Food and Agricultural Marketing Information System had been finalised and handed over to COMESA Secretariat and was being populated with data by member States National Co-ordinating Committees. Council also noted that in order to speed up the process the Secretariat had provided additional resources to hire National Data Consultants to support the National Co-ordinating Committees. To date several National data consultants had been contracted for the collection and uploading of market information into the Food and Agricultural Marketing Information System website. Some countries had completed their country profiles, while others were yet to do so.

### **Decisions**

219. **Council decided that member States be urged to:**

- (a) scale up their efforts in populating FAMIS; and**
- (b) provide funds through a dedicated budget line from their national budgetary allocations to sustain the implementation and sustainability of the program.**

### **Training in Food Security Assessment Techniques and Early Warning System**

220. Council noted that the training was aimed at building the capacity of member to better assess the food security situation in their countries and make appropriate interventions to ensure sound food security management. The training programme had been completed except in Rwanda and Ethiopia.

### **Decision**

**221. Council decided that member States be encouraged to provide resources for further in-country training of field officers.**

#### **Training of SPS Experts and Public and Private Consultative Seminars**

222. Council noted that the public sector training of laboratory technicians and national SPS experts had been conducted and that a second training workshop was conducted in Livingstone Zambia for member States that had not participated in the earlier trainings. Private and public sector consultative seminars were held in Congo D. R., Burundi, and Malawi and would be continued in the other member States.

#### **Decision**

**223. Council decided that member States be urged to send participants to these trainings so as to benefit from this important capacity building programme.**

#### **Support for Agricultural Commodity Exchanges in the COMESA region**

224. Council noted that a study tour to member States with commodity exchanges had been conducted in Malawi. A second study tour was been planned and would be followed by a consultative meeting for the strengthening of existing agricultural commodity exchanges in the region.

225. Council also noted that discussions among member States with established exchanges and similar marketing institutions were on going for the creation of electronic linkages among the institutions that would enhance information collection and dissemination in the region. Council also noted the need for proper definition of commodity exchanges taking into account the specific commodities and the volumes of trade.

226. Council noted that that member States had proposed the formation of a technical working committee that would co-ordinate the activities of commodity exchanges in the region and the creation of a regional commodity markets information hub at the Secretariat to facilitate the activities of commodity exchanges throughout the region.

227. Council agreed on the need to properly define commodity exchanges taking into account the specific commodities to be exchanged and the volumes of trade.

#### **Progress Report on Regional Agricultural Trade (RATES)**

228. Council noted that with an initial project cycle of five years from October 2002 to September 2007, the RATES programme was extended for a further period of one year up to the new terminal date of September 2008. This extension would enable RATES support the region to consolidate gains made over the last five years and build sustainability of existing initiatives. Council noted that COMESA efforts through RATES focused on:

- a) Harmonization of Policies and Procedures for Agricultural Trade

229. This had resulted in agreement on regionally harmonized product standards for maize and dairy products as well as measures to mainstream informal cross-border trade through the COMESA Simplified Trade Regime (COMESA-STR) and improved access to information by traders on trade regulations and procedures through the Tradecomesa website ([www.tradecomesa.com](http://www.tradecomesa.com)).

b) Creating Regional Networks of Trade Associations

230. Council noted that key regional trade associations that had been established were, African Cotton and Textiles Industries Federation (ACTIF); Eastern African Fine Coffees Association (EAFCA); Eastern Africa Grain Council (EAGC); and Eastern and Southern African Dairy Association (ESADA). COMESA has concluded MOUs with the Trade Associations as a means of getting them integrated into the regional decision-making process.

c) Establishment of Market Information Systems to Facilitate Trade Linkages

231. Council noted that among the trade linkage sites were, [www.cottonafrica.com](http://www.cottonafrica.com) (cotton and textiles); [www.eafca.org](http://www.eafca.org) (coffee); [www.eagc.org](http://www.eagc.org) (cereals); [www.tradeafrica.biz](http://www.tradeafrica.biz) (maize, rice and beans); and [www.dairyafrika.com](http://www.dairyafrika.com)

d) Promoting Market Access

232. Council noted that a number of events were planned such as the 5<sup>th</sup> African Fine Coffee Conference and Exhibition to be held in Kampala, Uganda, in February 2008 and the 4<sup>th</sup> African Dairy Conference and Exhibition to be held in Nairobi, Kenya in June 2008.

233. Council further noted that agricultural programmes, such as RATES, should be supportive of initiatives undertaken at the member State level.

### **Decision**

**234. Council requested the Secretariat and RATES to assist member States to market their surplus agricultural commodities such as maize.**

### **Accreditation of EAFCA as a Specialized Agency of COMESA**

235. Council noted that EAFCA had applied to COMESA to be recognized and accredited as a COMESA Agent in line with the provisions of Article 182 of the COMESA Treaty.

### **Decision**

**236. Council accredited EAFCA as a Specialized Agency of COMESA in line with the provisions of Article 182 of the COMESA Treaty, a development which will further strengthen the collaboration between COMESA and EAFCA and accord due priority to the coffee sector in the region.**

## **STRATEGIC FOCUS VII: MONETARY AFFAIRS**

### **Monetary Affairs**

#### **Decision**

**237. Council considered the Report of the Twelfth Meeting of the Committee of Governors of Central Banks and in accordance with Article 7.3 of the COMESA Treaty adopted the Report and endorsed the decisions as contained in Document No. CS/TCM/CGCB/XXI/10 which is attached as Annex VI.**

#### **Fiscal Affairs**

238. Council considered the Report of the First Meeting of the Bureau of the COMESA Ministers of Finance was held on October 22<sup>nd</sup> 2007, in Washington D.C., USA.

#### **Draft Rules of Procedures and Terms of Reference of the COMESA Fiscal Affairs Committee**

**239. Council endorsed the Bureau approval of the Rules and Procedures and Terms of Reference of the COMESA Fiscal Affairs Committee.**

#### **Progress with Aid for Trade Initiative and setting up of a COMaid Unit**

240. Council endorsed the decisions of the Bureau that:

- (a) the Secretariat should fast track the activities related to the setting up of the COMaid Unit to make it operational by November 2007;
- (b) the Secretariat should consult the Bureau of Ministers of Finance regarding the holding of a regional meeting of Ministers of Finance and Ministers of International Trade back to back with the ESA/EC EPA Ministerial Negotiations meeting in Brussels in November 2007;
- (c) National Aid for Trade focal points should be established to coordinate national/regional Aid for Trade activities before November 2007; and
- (d) where a National Development and Trade Policy Forum is already active in a country, the NDTPF should also be the focal point for Aid for Trade and the Secretariat should ensure the involvement of the Ministry of Finance in the coordination process.

#### **Consideration of the Report on Programme Based Budgeting**

241. Council noted the report of the workshop held on Training on Medium Term Expenditure Framework (MTEF)/Programme Based Budgeting (PBB) and the capacity building work programme proposed by the workshop

242. Council noted that PBB workshop was structured in three phases. Phase one

was training of trainers to be carried out from January –September 2008. Phase two was country training and support. In this phase parliamentarians, Ministers, and Chief Executives would be trained. Phase three is South-South learning exchange programme. This phase would start in 2009. This would involve the identification of placement opportunities for personnel in another country's Ministry of Finance or at a line Ministry.

243. **Council endorsed the decisions of the Bureau that:**

- (a) member States would appoint focal points to liaise with the Secretariat by end October 2007 in the development of the training programmes and the preparation of financing proposals to mobilise funding;**
- (b) Mauritius would contribute to the administrative cost of the initial phase of training as a prelude to the activities being undertaken by the Regional Multi-disciplinary Centre of Excellency (RMCE);**
- (c) in order to support and adopt the proposed Regional PBB Capacity-Building Programme, that the COMESA Secretariat be mandated to:**
  - (i) mobilise funding and human resources for the whole programme from external partners and institutions involved in capacity building such as the Africa Capacity Building Foundation,**
  - (ii) identify and allocate funds from existing sources for the running of the first phase of the capacity-building programmes, including travel costs of participants and the costs of the resource persons and trainers; and**
  - (iii) activate the setting up of RMCE as a vehicle to deliver such a training.**

**Work Programme of the Fiscal Affairs Committee for 2008/09**

#### **Decisions**

244. **Council endorsed the decision of the Bureau that:**

- (a) requested Mauritius to elaborate a questionnaire to be used by Member States to report their experiences in implementing MTEF and PBB;**
- (b) appointed the members of the Fiscal Affairs Committee to be the focal points for submitting country reports which are included in the work programme;**
- (c) directed the Secretariat to develop a standard methodology to estimate social and economic cost of adjustment; and**

- (d) **the Draft Work Programme should be finalised by November 2007 after circulation and feed back by all member States.**

### **Consideration of the Report of the Second Meeting of the Technical Committee of the COMESA Fund**

245. Council noted that the Second Meeting of the COMESA Fund Technical Committee was held in Mauritius from September 24 to 25, 2007.

### **Decisions**

246. **Council endorsed the decisions of the Bureau that:**

- (a) **COMESA Secretariat should send a reminder to Coordinating Ministries those countries that have not paid and copy it to the Ministries of Finance. The reminders should elaborate the benefits that can be derived by contributing to the COMESA Fund; and**
- (b) **Ministries of Finance should take responsibility for all matters related to the operationalisation of the COMESA Fund.**

### **Status Report on the Community Levy**

247. Council recalled that the Eighth Meeting of the COMESA Ministers of Finance decided that member States should undertake national consultations on the introduction of the Community Levy and submit their comments to the Secretariat by end September 2007. Based on the decision, comments were received only from Mauritius.

248. In noting the Report of the Bureau of the Ministers of Finance on Fiscal Affairs, Council observed that the proposal for the Community levy had already been developed. Council further felt that postponing the activities related to the implementation of the community levy to September 2010 was not in line with the planned launch of the Customs Union in 2008.

### **Decision**

249. **Council urged member States to provide their comments on the Study Report on the Community Levy by December 2007.**

## **STRATEGIC FOCUS VIII: ECONOMIC AND SOCIAL DEVELOPMENT**

### **(a) Legal and Institutional Affairs**

#### **COMESA Public Procurement Programme**

250. Council that the COMESA Public Procurement Reform Project (PPRP) was successfully implemented within two years from 2002 to 2004 and the project was extended to May 2005.

251. Council noted that the project had had an impact on member states of COMESA by (a) enhancing governance and transparency in procurement; (b) harmonisation of public procurement policies and procedures among the member countries; (c) improved accountability of public funds; and (d) development of public procurement personnel.

252. Council further noted that although the PPRP successfully accomplished its set objectives, there was need for a successor project to deepen and strengthen the reform efforts already achieved in the areas of harmonisation of public procurement systems, capacity building and development of the IT system.

#### **Enhancing Procurement Reforms and Capacity Project (EPRCP) Project rationale**

253. Council noted that the Enhancing Procurement Reforms and Capacity Project (EPRCP) was a successor project to the initial Project the Public Procurement Reform Project (PPRP) which came to end in May 2005.

#### **Project goals and Objectives**

254. The objective of the EPRCP is to enhance the public procurement system of COMESA Member States by modernizing and harmonizing the laws, regulations and procedures and by strengthening the countries' capacities to manage modern public procurement systems.

#### **Brief Description of the Project and Outputs**

255. Council noted that the EPRCP aims at enhancing and consolidating procurement reforms that were commenced under the PPRP. The EPRCP focuses on four principal areas: First, it entails the sensitization of key policy makers and senior officials in both public and private sectors on the need to review the laws, policies and procedures that are not fully compliant with the modern public procurement framework that was developed under the PPRP. Second, the project would support legislation development at national level and implement modern and harmonized public procurement systems. Third, the project would strengthen the institutional capacities through training, which was intended to create capacity to support and sustain good procurement practices at national and COMESA levels. Fourth, the project would upgrade the procurement information on the website.

## **Decisions**

256. **Council decided that:**

- (a) **the project should ensure that there is established linkage with training institutions in the region which are involved in capacity building in the area of public procurement as one way in which capacity building could be sustained;**
- (b) **the project should ensure that there is linkage with professional institutes which are involved in professionalism of public procurement as another way of sustaining the human resource development;**
- (c) **COMESA should facilitate the creation of a forum for continuing professional education in procurement. Such a forum could provide a platform in which procurement professionals could exchange ideas on how to better and improve the profession;**
- (d) **member States should set up Steering Committees composed of procurement experts and IT professionals which should report the progress of reforms to the COMESA Secretariat every six months; and**
- (e) **efforts should be made to leverage existing expertise in some countries that have advanced in public procurement within the COMESA free movement of persons to facilitate skills transfer among the member States.**

## **Status of Implementation of Procurement Reforms by member States**

257. Council noted that member States gave reports on the Status of Implementation of the COMESA Directive on Public Procurement.

## **COMESA Directives**

258. Council recalled that, the COMESA Directives on Public Procurement Reforms adopted by the COMESA Summit 2003 aim to provide useful guidance or mechanism for countries to reform and modernize their procurement systems and align them with international best practice models.

## **Decisions**

259. **Council decided that member States be urged to:**

- (a) **take necessary steps to implement in their respective legal framework for procurement, the principles and procedures set forth in the COMESA Directives; and**

- (b) ensure that the framework for public procurement should reflect the objectives of regional integration and improve their national procurement systems to conform to the COMESA Directives.**

### **Draft Regional Procurement Agreement**

260. Council noted the draft Regional Procurement Agreement was presented to the Committee of Procurement Experts for the first reading to facilitate future consideration and negotiations. Council noted that it was one of the four decisions made by the COMESA Summit during the meeting at Khartoum in April 2003.

### **Decisions**

261. **Council decided that:**

- (a) the next session of the Technical Committee of Procurement Experts should convene in July 2008, to commence its second reading of the Draft;**
- (b) the Secretariat should address all official communication to the appropriate COMESA country office and copied to the Ministries responsible for public procurement in the member States;**
- (c) the Secretariat should circulate the draft regional procurement agreement to member States by December 2007; and**
- (d) that the Secretariat should prepare an elaborate monitoring and evaluation mechanism to facilitate follow up of the implementation of the COMESA procurement directives and other COMESA activities/projects/programmes.**

### **Free Movement of Persons, Labour and Services**

#### **Facilitation of movement in the COMESA region: Implementation of the Protocols and Council Decisions on the Movement of Persons and Labour**

### **Background**

262. Council recalled that the Member States of the Common Market for Eastern and Southern Africa (COMESA) had agreed to take measures that would gradually remove restrictions to free movement of persons, labour and residence and eventually fully comply with the provisions of the Protocol. The measures are to be implemented through:

- (a) The adoption of common visa arrangements (Protocol on the gradual relaxation and eventual elimination of visa requirements); and**
- (b) The creation and maintenance of free movement of persons, labour, services and the right of establishment and residence.**

263. With regard to the Free Movement of People, the aim was the adoption of common visa arrangements, including the right of establishment leading eventually to the free movement of *bona fide* persons. From 1998, immigration officers of COMESA started to put together a mechanism to enable people move freely across borders without creating political problems. A key issue studied was the harmonization of visas so that by 2014 there can be total free movement of people as well as freedom of residence and establishment within COMESA.

264. Council recalled that COMESA had adopted three Protocols on movement of persons and labour:

- (a) The Protocol on the Gradual Relaxation and Eventual Elimination of Visas was adopted in 1984;
- (b) The Protocol on the Free Movement of Persons, Labour, Services, Right of Establishment and Residence was adopted at the Sixth Summit of the COMESA Authority held in Cairo, Egypt in 2001; and
- (c) The Agreement on Privileges and Immunities adopted by the COMESA Member States in 1984.

265. Under the Protocol on the Free Movement of Persons, Labour, Services, Right of Establishment and Residence, Council also recalled that COMESA member States had agreed to take measures that would gradually remove restrictions to free movement of persons, labour and residence and eventually fully comply with the provisions of the Protocol.

266. Council further recalled that the COMESA timetable for free movement of people leading to right of establishment and residence is as follows:

- 2000-2002: Gradual removal of visa requirements
- 2002-2006: Movement of skilled labour and movement of services
- 2006-2010: Right of establishment
- 2014: Right of residence (20 years from date of entry of COMESA Treaty)

### **Current Status**

267. Council noted that as at the end of July 2006, four States had signed the Protocol on the Free Movement of Persons, Labour, Services, Right of Establishment and Residence. Those four are Kenya, Rwanda, Burundi and Zimbabwe.

### **Decision**

268. **Council decided that member States that have not signed the Protocol be urged to do so as soon as possible.**  
**Protocol Relating to the Gradual Relaxation and Eventual Elimination of Visa Requirements within COMESA**

269. Council recalled that the Protocol relating to the Gradual Relaxation and Eventual Elimination of Visa Requirements within COMESA (hereinafter called the Visa Protocol) was adopted and signed by the Authority of Heads of State and Government on 22 December, 1984 in Bujumbura, Burundi. The Protocol on the Gradual Relaxation and Eventual Elimination of the Visa requirements (hereinafter referred to as the Protocol on Visa Relaxation) continues in force as it is saved under Article 163 of the COMESA Treaty.

270. Council noted the Status of Implementation of the decisions of Council regarding implementation of the Protocol which is indicated in Annex III.

### **The Agreement on Privileges and Immunities adopted by the COMESA Member States in 1984**

271. Council recalled that the Agreement on Privileges and Immunities adopted by the COMESA Member States was adopted in 1984 by the PTA Authority and saved under Article 174 of the COMESA Treaty. Unfortunately in the recent past the finding of the Secretariat was that the Agreement was not being adhered to by all the member States as indicated in the Annex IV attached.

### **Observations**

272. Council observed as indicated in the Annex IV attached, that the implementation of the COMESA Protocols and Decisions had not been very effective and implementation was as follows:

- (a) Only 4 countries have attained 75% implementation and above. These are Kenya, Malawi, Rwanda and Zimbabwe;
- (b) Four countries have attained 50 to 60% implementation. These are Burundi, Mauritius Uganda and Zambia; and
- (c) The remaining States have implementation below 30%.

### **Decisions**

273. **Council decided that member States:**

- (a) that are behind the schedule of implementation be urged to accelerate implementation;**
- (b) that have not established national implementation Committees be urged to do so as soon as possible;**
- (c) should adhere to the provisions of the Agreement on Privileges and Immunities if they wish to host COMESA meetings and with respect to COMESA officials on official business;**
- (d) be urged to cease charging of visa fees for COMESA delegates as a rule that would then be reciprocal across the COMESA region with effect from 1<sup>st</sup> January 2008; and**

- (e) **should attain full implementation where they have not done so as well as complete national consultants in order to sign the Protocol on Free Movement where they have not done so.**

**(b) Information Networking**

**IT Training Centers and the Use of Free and Open Source Software**

274. Council noted that the high cost of ownership of most commercially available software had contributed to the lower penetration of ICT's in most parts of the COMESA region. The use of Free and Open Source Software (FOSS) allowed for greater competition in the software market and makes software available at reduced costs, thereby allowing for greater penetration and use of information technology.

275. Council also noted that the Secretariat was currently mobilizing resources for a Free and Open Source Software training workshop to be held in the first quarter of 2008.

276. Council noted that the Secretariat had commenced negotiations with Microsoft and Oracle corporations on better licensing schemes for the commercially available software that was widely used in the region with a view to reduce the licensing costs.

277. Council also noted that negotiations were currently at an advanced stage with Microsoft and Oracle corporations to allow member States purchase software from these corporations at reduced prices. Both corporations had agreed to hold meetings with the Secretariat so that memoranda of understanding may be signed once both parties are in agreement on the type of licensing schemes to be adopted for the member States.

278. Council noted that the installation of ASYCUDA++ software for Customs management was on course and progressing well. Installation was expected to be completed in all the five countries that were part of this project by the end of the first quarter of 2008. The five countries that were involved in this project were Comoros, Democratic Republic of Congo, Eritrea, Swaziland and Seychelles.

**Decision**

**279. Council decided that member States be urged to encourage their IT training centers to submit profiles of their institutions so that centers of excellence in FOSS development can be identified.**

**Development of Information Systems**

280. Council noted that COMSTAT (COMESA Statistics) online interactive database designed to disseminate statistics of various domains that were critical for monitoring the performance of COMESA's regional integration program. The statistical domains covered in COMSTAT are Merchandise Trade Statistics; Macroeconomic Statistics; Trade Indicators and Infrastructure, ICT and Energy Statistics.

281. Council noted that apart from the interactive database, users of COMSTAT also had access to other vital resources such as member State's tariffs, statistical trade bulletins and other useful related links. Access to the COMSTAT on-line database was free and the URL for COMSTAT is <http://comstat.comesa.int>.

282. Council noted that an E-Learning platform was currently under development by the University of Mauritius. Once completed it would provide an online platform through which training modules from the various programmes and projects in COMESA can be delivered.

### **E-Legislation**

283. Council noted that the study on E-Legislation was further enhanced and widened to increase the number of countries to be included in the study. Some member States had already adopted legislation expressly addressing legal certainty and security issues; and others had published draft proposals.

### **Development of matrix of the existing Model Laws**

284. Council noted that the report on E-Legislation had covered five countries, namely Ethiopia, Kenya, Madagascar, Rwanda and Zambia. The report included a matrix of the existing Model Laws relating to E-Legislation, showing all COMESA countries.

285. Council noted that a regional training workshop on E-Legislation was held in Nairobi, Kenya in September 2007.

### **COMESA IT Strategy**

286. Council noted that the COMESA regional IT Strategy document was updated and circulated to the member States for their comments.

### **Decision**

**287. Council decided that member States be urged to submit their comments to the Secretariat by end of December 2007.**

### **(c) Technical Co-operation and Resource Mobilization**

#### **European Union (EU)**

288. Council noted that by the end of 2007, which was also the programming period for the 9<sup>th</sup> EDF, it was expected that all the allocated funds would have been committed. Of the 30 projects, 25 were on-going while the remaining 5 were approved and ready for implementation. It was expected that all 30 projects would have been fully implemented in 12 – 18 months.

289. Council noted that the document for the 10th EDF was completed and submitted to the European Commission. It focuses on the economy, the environment and intra-regional market development. Approval by the European Commission is awaited.

290. Council further noted that the mandate for the IRCC was to end in June 2008. and that in August 2007, the IRCC committee had requested the European Commission to fund an extension in order to bridge the gap between the 9th and 10th EDF expected to last about 18 months.

291. Council witnessed with appreciation the signing ceremony between the Secretariat and the EC Delegation to Zambia of the Euro 78 million Contribution Agreement towards the adjustment facility of the COMESA Fund.

292. Council noted that the Secretariat was mobilizing additional resources for the Adjustment Facility of the COMESA Fund and that discussions were ongoing with several development partners.

## **Decision**

**Council decided that the EC be commended for the contribution to the COMESA Fund.**

## **USA**

293. Council noted that the old Strategic Objective Grant Agreement (SOAG) had been extended from September 2007 to September 2008.

294. The New SOAG was called the COMESA Regional Economic and Trade Integration Program (CRETIP). It had been amended to increase the allocation by US\$2,722,198 and the completion date was revised to September 2009. This brought the total amount allocated during the three year period to US\$6,651,510. The specific program focus areas to be funded from the increased allocation would be:

- Trade and Investment
- Infrastructure
- Agriculture and
- Program support

295. Council noted that the Regional Enhanced Livelihoods in Pastoral Areas (RELPA) Livestock project was being supported by a grant of US\$754,000 to COMESA. Two consultants were recruited based in Lusaka and Nairobi to work on a pilot area covering Ethiopia, Kenya and Somalia. The project also aimed to promote meat and livestock trade between COMESA and the Gulf countries. It would also address the issue of disease surveillance and the need for an early warning system besides having a peace and security component.

296. Council also noted that RELPA was an early action programme under COMESA/CAADP. USAID was providing support for the focal points in Ethiopia, Kenya and Uganda.

297. Council further noted that support was also being provided to implement the Regional Approach to Biotechnology Policy in eastern and southern Africa (RABESA). Phase I of the project had been completed and preparations to start phase II were underway. The programme was being executed by ASARECA.

298. Council noted that the Regional Agriculture Trade and Extension Service (RATES) project has been extended to 30th September 2008. In addition to consolidating the achievements already made, the major new activities during the extension would be to design a successor programme to RATES and internalise it into the Secretariat; expansion of services to horticulture and food staples; expansion of, and integration of market information system into the regional food security information system

299. Council was informed that a Memorandum of Understanding was finalised with the ECA Hub for the period October 1 2007 to September 30 2008. During this period, the Hub would focus on Trade Flow Analysis; Trade in Services; the Regional Customs Transit Guarantee Scheme; Installation of VSAT Equipment; Harmonization of Vehicle Axle Overload control; the COMESA Carrier License Scheme; and Rules of Origin.

### **DFID**

300. Council noted that DFID was providing US\$1million annually over a period of three years to support coordination of COMESA CAADP at the regional and national levels.

301. Council also noted that the Regional Trade Facilitation Programme was extended to 2009 and that approximately £4.8million would be provided to support feasibility studies on corridor development, one-stop border posts and the Regional Customs Bond Guarantee project.

### **WWF**

302. Council noted that the Worldwide Fund for Nature (WWF) provided US\$75,000 for the implementation of natural resources management activities focusing on forestry, fisheries and carbon emissions trading.

### **CIDA**

303. Council noted COMESA and ITC submitted a proposal on Trade Development and Promotion, to CIDA in March 2007. The package included four areas of intervention:

- (a) Institutional strengthening of COMESA Secretariat for regional trade development;
- (b) Support to the formation of the COMESA Business Council and FEMCOM, as regional private sector networks interfacing with COMESA Secretariat on policy dialogue and joint promotional action;
- (c) Strengthening the regional trade information system; and
- (d) The leather and leather products sector-specific trade development initiative to be implemented in selected COMESA countries.

304. CIDA reacted favourably to this proposal, but wanted the COMESA programme to be integrated into a wide PACT II Programme which will cover ECOWAS and ECCAS. ITC mobilised support and engaged in programming activities for the two additional regions, ECOWAS and ECCAS.

### **Commonwealth Secretariat**

305. Council noted that the Commonwealth Secretariat was supporting the following experts at the Secretariat:

- Regional Trade Promotion and Development Advisor;
- Multilateral Trade advisor; and
- Trade Policy Analyst.

### **France and IOF**

306. Council noted that France and IOF were supporting the following programmes at the Secretariat:

- Staff development – French language training: a total of forty staff will have participated by end of the year;
- Translator training in the use of TRADOS software;
- Capacity building in conference management for the Chief of Conference Services; and
- Supported a workshop on the COMESA Common Investment Area.

### **African Development Bank**

307. Council noted that an Aide Me moiré was signed with the Secretariat in October 2007 and that a supervision mission came to the Secretariat in September 2007 whereupon it was agreed that the AMPRIP project would be extended on a no-cost basis to December 2008. And addition a project on Enhancing Procurement Reforms and Capacity Building (EPRCB) was supported by a grant of UA5.6million (about US\$9.1million) that would run to mid 2011.

### **World Bank**

308. Council noted that WB co-supported the EPRCB project by providing US\$400,000 to fund legal reforms and capacity building in 2 pilot member States, namely, Zambia and Rwanda. The Bank also made a proposal for studies on the implementation of trade related activities which was being reviewed by the Secretariat. The bank also carried out a study on deepening the COMESA regional integration regime and the Secretariat is preparing a response to the study.

309. Council also noted the COMESA Delegation led by the Secretary General actively participated in the following programmes during the Annual Meeting:

### **India**

310. Council noted that four member states (Burundi, Eritrea, Rwanda and Zambia) were surveyed by irrigation experts from India and plans were underway for the experts to visit Seychelles, Uganda, and Zimbabwe.

311. Council also noted that India offered to provide one technical expert to the Secretariat to work with the Secretariat and the East African Power Pool (EAPP) to facilitate development of the regional electric power master plan.

### **China**

312. Council noted that at the invitation of the Chinese Ministry of Commerce, a COMESA Ministerial Mission led by Hon. Obert Mpofu, Minister of Industry International Trade of Zimbabwe and Vice Chairman of COMESA Council of Ministers visited China in October 2007. During the visit, the COMESA delegation also met with senior officials from China-Africa Development Fund and the Export and Import Bank (EXIM) as well as with the administrations of Shanghai and the Province of Guangdong.

313. Council also noted that the main objective of the mission was to enhance existing collaboration and to encourage the Chinese government to define a deeper regional approach in its interventions and cooperation with African states.

314. Council further noted that the two sides have agreed among others on the following:

- (a) COMESA will propose a draft Trade and Investment agreement for consideration by the Ministry of Commerce;
- (b) COMESA will identify priority areas of investment or Joint Venture and inform the Chinese side;
- (c) COMESA will officially request for a special stand at the Canton Trade Fair in Guangzhou; and
- (d) The Chinese government will send to COMESA a technical mission comprising officials from the Ministry of Commerce, China-Africa Development Fund, EXIM Bank and SINOSURE, to have a deeper understanding on how the regional approach works.

### **Japan**

315. Council noted that COMESA participated in the TICAD IV preparatory meeting held in Lusaka in October and those consultations were held with two senior officials who visited Lusaka. Council also noted Japan is supporting the Chirundu One Stop Border Post project.

## **Russia**

316. Council noted that the Secretariat was exploring ways to enhance cooperation with Russia and studying how to create concrete relations in order for the region to benefit from Russia's economic strength.

## **Brazil**

317. Council noted that the Brazilian Ambassador to Zambia presented his credentials to the Secretary General on the 5<sup>th</sup> October 2007 bringing the total number of Permanent Representatives to COMESA to eight.

318. In discussing the progress report on Technical Cooperation Council noted that in view of the various partners that COMESA collaborates with, it was important for COMESA to have a mechanism for coordinating the support of partners in line with the Paris Declaration on Aid Effectiveness. In this connection, the Secretariat informed the meeting that in 2007 two initial partner coordination meetings were convened in Lusaka and in Nairobi and that there was a plan to organize another meeting in the second half of 2008.

319. Council further noted the need for the Secretariat to prepare the matrix of all ongoing projects and programmes.

## **Decision**

**320. Council decided that, the Secretariat prepares a matrix of all ongoing projects and programmes indicating the funding agencies and the funding status of implementation of the projects and that the matrix be an attachment to the Secretariat reports to Council.**

### **(d) Public Relations and Advocacy**

#### **Public Relations and Advocacy activities since Last Policy Organs Meetings**

321. Council noted that in the area of advocacy COMESA through the Public Relations Unit had continued to use information dissemination to inform, educate, and enhance positive image of COMESA to targeted stakeholders.

#### **Interaction with Media and Media houses**

322. Council noted that the Secretariat continued to mobilize the media so as to cover major events taking place in different world capitals making sure that COMESA continued to feature in the regional and international media.

#### **Second Consultative meeting of Media Managers**

323. Council noted that the Second Consultative Meeting of Media Managers was held in Kigali Rwanda on 27-28 September 2007. The meeting was held under the

theme "Take COMESA to the People". At the meeting the media managers committed themselves to support the implementation of the COMESA Media Award and the meeting:

- Decided to create a COMESA Media Association;
- Created a task force made up of Rwanda, Seychelles, Zambia and Zimbabwe to follow up on the creation of the association; and
- Recommended that COMESA enhances the PR Unit into a full communication department so as to bring it to the same level with its regional and international counter parts.

## **Publications**

### Electronic News letter

324. Council noted that the weekly news letter "e-comesa" continued to be published and that it continued to receive support from the readers regionally and internationally. In addition, a web version was created so that it can be accessed directly from the COMESA website. Also a downloadable PDF Format version is also available on the COMESA website.

### Hard Cover Publications

325. Council noted that a post Summit Publication highlighting the decisions and activities of the 12<sup>th</sup> Summit that took place in Nairobi, Kenya in May 2007 was produced and copies were circulated regionally and internationally.

326. Council also noted that hard cover copies of the Volumes 1 and 2 of "e-comesa archives" were also published.

## **COMESA Symbols**

### COMESA Logo

327. Council noted that the new COMESA Logo that was unveiled at the 12<sup>th</sup> Summit of Heads of state and Government was now in use and that new flags bearing the new logo were produced.

### New COMESA Song

328. Council noted that similarly the new COMESA song "People of Africa" had been recorded onto CDs and Cassettes.

## **Decision**

**329. Council decided that member States be urged to encourage the playing of the COMESA song on national electronic media.**

### **Out Door Professional Multi Media Bill Boards**

330. Council noted that with funding from USAID East Africa, professional bill boards advertising COMESA programmes were erected in 8 Countries and that funding is being sourced to place bill boards in the other countries.

### **COMESA Media Award**

331. Council noted that the Secretariat had send letters, requesting Ministries of Information to start mobilising entries for the COMESA Media Awards. Council observed the need for the country entries to be submitted to the Secretariat by the first week of March 2008 in order to ensure that the adjudication process is completed in time to present the awards at the 13<sup>th</sup> Summit of Heads of State and Government in May 2008.

332. Council observed the need for the COMESA Awards to be extended to other areas and sectors of interest to the region such as trade and industry.

### **Decision**

333. **Council decided that:**

- (a) **member States be urged to submit their entries to the Secretariat by first week of March 2008; and**
- (b) **that COMESA Awards should be extended to include other areas of interest to the Region such as Trade and Industry.**

### **Strategic Planning and Research**

#### **COMESA Country Profiles 2007-2008**

334. Council noted that the COMESA country profile series for 2007-2008 had been published on the website. Council also noted that hard copies of the country profiles had been sent to the publishers and would be circulated to member States.

335. Council noted that the COMESA country profiles would be updated on an annual basis, with input from member States.

### **Decision**

336. **Council decided that Member States be urged to forward to the Secretariat soft copies of literature relating to economic, trade and related developments on a rolling basis to facilitate annual COMESA country profile updates.**

### **Technical and Vocational Educational Training (TVET) Programme**

337. Council noted that the COMESA technical and vocational education training (TVET) programme aimed to exchange, prepare, and disseminate methodologies, contents and tools in order to pave the way forward for a common policy on technical

and vocational education training in which knowledge and skills are produced. This would be conveyed in national technical and vocational education training systems based on the future niche areas for competitive advantage in the region. Target fields include agriculture, fisheries, ICT; trade in services, pharmaceuticals, building materials and other sectors, which present vast opportunities in which to build human capacities.

338. Council noted that the Secretariat had also submitted a proposal for an initial brainstorming technical meeting for the COMESA TVET Programme to NEPAD.

### **Database of Research Institutes in Science and Technology**

339. Council noted that the database of research institutes and experts in science and technology would pool knowledge from science and technology research institutes and research experts to develop “knowledge networks” within the region to facilitate creativity, synergy and innovation needed to develop new inventions, methods and processes.

### **(f) Gender and Women in Business Programmes**

#### **Establishment of Trading Houses in the COMESA region**

#### **Decision: Establishment of Trading Houses in the COMESA region**

340. Council noted that three countries namely Egypt, Sudan and Swaziland already had trading houses for women in business.

341. Council noted that FEMCOM Chapters in Malawi, Mauritius, Rwanda, Uganda, Zambia and Zimbabwe had started the process of establishing trading houses whilst in Malawi, Uganda and Zambia, possible sites for the trading houses had been identified.

### **Council Decisions on FEMCOM Activities**

#### **Hosting of FEMCOM Secretariat**

342. Council noted that Djibouti, Egypt, Malawi and Rwanda had offered to host the Secretariat of FEMCOM and that the FEMCOM Board decided that a consultant be engaged to carry out a situational analysis in each of the four countries to establish the prevailing support infrastructure and mechanisms for effective operation of FEMCOM Secretariat.

343. Council recalled that His Excellency Dr. Bingu Wa Mutharika, President of Malawi, informed the Twelfth Summit of Heads of State and Government held in Nairobi, Kenya in May 2007 that Malawi was offering to host the FEMCOM Secretariat, and that the Summit welcomed with appreciation the offer by Malawi.

## **Decision**

344. **Council reaffirmed Malawi's offer to host the FEMCOM Secretariat and noted Malawi's appreciation to Djibouti, Egypt and Rwanda for their support and cooperation in allowing Malawi to host the FEMCOM Secretariat.**

### **FEMCOM Meeting**

345. Council noted that the FEMCOM Regional Meeting held in Cairo, Egypt, focused on the need to enhance the role of Women in Business through FEMCOM and the need to carry out a baseline survey on FEMCOM's business capacities building requirements including development of product profiles and Business directories.

## **Creation of a Gender Division within COMESA Secretariat**

346. Council noted that the study on the creation of Gender Division was completed in September 2007, and that the Secretariat, through Administration Division, would present the report for consideration to the November, 2007 COMESA Policy Organs Meetings.

## **Promotion of Gender and Agro-processing Development Project**

347. Council noted that the Consultant had submitted the AfDB draft report on the Multi-national project on the promotion of Female farmers in Agro-processing and Market Development in Zambia, Malawi and Uganda. The report was discussed with the AfDB in September 2007 and it was agreed that, apart from capacity building activities, the new project would focus on real investments by providing infrastructure such as processing plants, storage facilities and trading centers. It was also agreed that the project activities would, to the extent possible, promote ownership at national level. The bank proposed to finalise report by 30 November 2007.

## **Gender Mainstreaming**

348. With regard to the development of a comprehensive Gender Mainstreaming Strategy Council noted the Secretariat had carried out the following activities:

- (a) development of instruments for collecting sex disaggregated data;
- (b) development of the Draft Framework for the COMESA Gender Mainstreaming Strategy;
- (c) recruitment of National Consultants from all member States;
- (d) organisation of a Pre-Study Workshop for National Gender Experts and Regional Gender Experts/Consultants; and
- (e) commencement of research to collect sex disaggregated data for the Gender Mainstreaming Strategy at the Secretariat.

## **Capacity Building/Awareness Programme**

349. Council noted the COMESA Secretariat in collaboration with UNIFEM conducted Training of Trainers Workshops in Export Management for FEMCOM, Women in Business Associations, in Malawi, Swaziland, Zambia and Zimbabwe.

## **COMESA Work Programme for 2008**

350. The Secretariat presented the Work Programme for 2008 and highlighted objectives and outputs, and the time frame for the implementation of the programme activities. The Secretariat further indicated that the Work Programme activities and timeframe were linked to the, activities and decisions that were contained in the reports that were submitted to Council.

351. Council noted the Work Programme and requested that future reports should contain performance indicators for monitoring and evaluation purposes. In response the Secretariat informed the meeting that it had developed comprehensive monitoring and evaluation framework, which also contained performance indicators, risk factors and mitigation measures. The Secretariat assured the meeting that future reports will contain all issues raised.

## **Reports from COMESA Institutions (Agenda item 9)**

### **PTA Bank**

#### **Shareholders and Shareholding**

352. Council noted that the Bank's membership is still at 19 shareholders. There are 16 COMESA member countries, namely: Burundi, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Somalia, Sudan, Seychelles, Uganda, Zambia and Zimbabwe. There are 2 non-COMESA member countries, namely: Tanzania and the Peoples' Republic of China. The African Development Bank (AfDB) remains the only institutional shareholder.

353. Council noted that the its 23<sup>rd</sup> Annual Meeting on June 27 this year the Board of Governors of the Bank resolved to increase the authorised capital of the Bank from USD544 million to USD2 billion. The Board also approved a General Capital Increase to raise the Bank's subscribed capital from USD 354 million to USD 1.18 billion. Consequently the paid in capital doubles from USD 118 million to USD 236 million. The General Capital Increase programme will be implemented over a five year period commencing January, 2009.

#### **Windows of Financing**

354. Council noted that the Project Finance and Trade Finance still remained the major two windows of business. Although it had not quite achieved it yet, it was the objective of the Bank to utilize its resources in all its member States. The lending by the Bank was premised on its identifying viable projects and transactions and its pricing levels. With liberalization of the economies and the availability of other financial institutions entities in the Bank's member States had a choice with regard to which institution they decide to borrow from based on the pricing.

## **Results of Operations**

355. Council noted that the the Bank posted a profit of USD 4.5 million in 2006 from its operations. Project finance approvals for the year 2007 up 30 September 2007 totaled USD128 million and for Trade Finance were USD156 million.

### **Facilities Available for Lending**

356. Council noted that the Bank continued to mobilize resources from the international and local money markets in order to meet the demand for debt capital in the Member States. The level of resources available as at 30 June 2007 were USD183 million for long term lending and USD151 million for short term lending.

### **Establishment of new branch**

357. Council noted that the he Bank is about to open a branch office in Harare in pursuance of the resolution passed by its Board of Governors in 1998 to establish two focal points for the Banks operations, the other being Nairobi. Some core operational activities would be conducted from this branch.

### **Authority Decision**

358. Council noted that the PTA Bank had not yet fully relocated to its Headquarters in Bujumbura, Burundi the reason being that some of the Directors had not yet returned to Bujumbura.

### **Decision**

359. **Council urged that those members of COMESA who have not yet joined the Bank to do so.**

### **COMESA LLPI**

360. The COMESA LLPI presented Document No. COM/LLPI/IC/XXIV/1-3, progress report, Work Programme and Budget – 2008 and financial statements and Audited Accounts for the year ended 31<sup>st</sup> December, 2006. The Institute also made a power point presentation of its ongoing work on the development of a regional strategic plan.

361. Council noted the activities of the Institute for the period June to November, 2007, the Work Programme and budget for 2008 and financial and Audited Accounts and the work on the development of a regional strategic plan.

362. In the discussions that followed, the Council commended the LLPI for presenting the work in progress of the Strategic Plan and noted that the Institute was in the process of finalizing a Financing Support Facility with the AfDB which would provide funding for projects and programmes in member States. Council further noted that there were some member States who had withdrawn from the institute but were still benefiting from LLPI projects.

### **Decisions**

363. **Council decided that :**

- (a) member States be urged to pay their contributions and settle their arrears;**
- (b) member States be urged to re-commit themselves by supporting LLPI programmes and participating in LLPI projects;**
- (c) the Secretariat assists the Institute to recover about US\$1,763,808 in unrecovered arrears from member States who have withdrawn their membership;**
- (d) the Institute urgently signs Memorandum of Understanding (MoUs) with country units of member States for comments;**
- (e) the Institute completes the regional strategic plan and that it be distributed to member States;**
- (f) that the institute should also develop its own strategic plan that fits into the regional strategic plan; and**
- (g) the institute reviews the status of member States that have withdrawn from the institute but are still benefiting from LLPI projects.**

#### **ZEP-RE**

364. Council considered the Progress Report on the activities of ZEP-RE and noted that: -

- (a) for the period ending 30 September 2007 the Company had written a premium income of US\$ 27,391,324 (compared to US\$ 23,989,652 during the same period last year) and a profit of US\$ 1,635,100 had been realized (compared to US\$ 1,383,903 for the same period last year);
- (b) the Company's total assets as at 30 September 2007 stood at US\$ 47,167,516 compared to US\$ 43,105,385 during the same period last year;
- (c) the COMESA region accounted for premiums worth US\$27,391,324 representing 76% of total business written as at 30 September 2007;
- (d) the Company had maintained a GCR credit rating of AA (regional) and BBB- (international);
- (e) the Company's two new regional offices in Lusaka, Zambia and Douala, Cameroon were now fully operational; and
- (f) The state of implementation of outstanding issues concerning ZEP-RE by the various Member States of the region.

365. Council also took note of important decisions made during the Company's 16<sup>th</sup> Annual General Assembly held in Livingstone, Zambia on 16 July 2007 including the fact that:

- (a) ZEP-RE was in the process of re-organizing its membership and share capital structure with a view to incorporating institutional investors in the membership of the Company and that negotiations with the African Development Bank were currently underway;
- (b) a new Board of Directors comprising representatives from participating member States had been appointed to serve for a period of three (3) years;
- (c) a new Managing Director, Mr. Rajni Varia was appointed to replace the former Managing Director Mr. Shadreck Lubasi who retired in September 2007; and
- (d) a dividend of US\$500,000 was paid shareholders out of profits realized in 2006.

#### **Decision**

366. **Council decided that: -**

- (a) member States (Ethiopia, Malawi, Libya and Uganda) who have made commitments to participate in the activities of the Company should do so without further delay;**
- (b) member States who are not fully participating in the activities of ZEP-RE should consider doing so in line with previous decisions of the Authority of Heads of State and Governments and the Council of Ministers, and**
- (c) participating member States should augment their support of the Company by increasing their shareholding in ZEP-RE.**

#### **African Trade Insurance Agency (ATI)**

367. The representative of the African Trade Insurance Agency (ATI) presented a progress report on ATI's activities and highlighted (i) the status of ATI's legal and capital restructuring, (ii) underwriting operations and marketing activities, (iii) the Agency's membership and partnerships development; and (iv) recommendations.

368. Council was informed that ATI's legal and capital restructuring involved three significant changes: (a) the expansion of ATI's product lines, (b) the conversion of member States' individual underwriting capital into pooled common equity capital and; (c) the amendment of the project documents.

369. Council recalled that pursuant to Resolution 7 of ATI's Sixth General Meeting held on March 29, 2007 in Dar Es Salaam (Tanzania), member States were required to take all necessary actions to execute the amended respective Development Credit

Agreements and Participation Agreements, and comply with the conditions of effectiveness contained in these agreements in order to complete the legal and capital restructuring of the Agency as quickly as possible.

370. Council noted with satisfaction that despite considerable delays experienced on the part of member States, all member States (with the exception of Malawi) have now signed their respective legal amended documents.

371. With regard to legal opinions, Council was informed that all member States (with the exception of Rwanda) have issued their legal opinions. Rwanda is in the process of getting the necessary approval from parliament before it can issue its legal opinion.

372. Council was informed that the International Development Association (IDA) is declaring effectiveness of member States' individual Development Credit Agreement as they fulfill all the conditions of effectiveness. It is expected that the Agency's legal and capital restructuring will be completed by December 31, 2007.

373. With regard to underwriting operations and claims, Council noted that so far ATI has issued insurance policies covering political and commercial risks in 7 countries for a total transaction value of USD400 million. The sectors covered include telecommunications, manufacturing, agribusiness, export, services, mining and real estate development.

374. Council was informed that ATI has received its first claims under Agency's short-term whole turnover credit business, one being an insolvency claim, with the other two being protracted default claims. Further to Agency's claims determination, payments were promptly made to the insurers. All three claims were reinsured 100% under a Reinsurance Treaty with Atradius Credit Risk Insurance.

375. Council noted the analysis of all enquiries received per country per sector, per risk and as well as the amount of ATI facilitated investments/transactions to date per country;

376. Council was informed that ATI was required to amend its Operations Manual and Insurance Policy Wordings based upon best market practice and the needs of the Agency to reflect the changes in its product offering and capital restructuring. The Board of Directors considered and approved the new Operations Manual and Insurance Policy Wordings on September 13, 2007. The World Bank approval was granted on September 25, 2007

377. Council noted that ATI has decided to establish Representative Offices in Tanzania by March 31, 2008, Uganda by December 1, 2007 and Zambia by January 1, 2008 with grants from the World Bank and USAID/EU respectively. The Agency's physical presence in the three countries will enable ATI to enhance its activities. The establishment of Representative Offices in Kigali, Rwanda and DR Congo is scheduled for December 2008.

378. With regard to membership drive Council was informed that after the signing of the ATI treaty by H. E. Salva Kiir Mayerdit, First Vice President of the Republic of Sudan, Sudan had ratified the ATI Treaty.

379. Furthermore Council noted that there is ongoing membership dialogue between ATI and a number of prospective countries including Egypt, Ethiopia, Ghana, Ivory Coast, Mauritius, Mozambique, Seychelles, Sierra Leone and Zimbabwe.

380. With regard to partnerships development, Council noted that ATI successfully hosted the Prague Club meeting on 11-14 November 2007 in Nairobi, Kenya. The event which brought together Chief Executive Officers of Export Credit Agencies from about 30 countries from around the World was held for the first time in Africa and gave ATI had an opportunity to discuss new business opportunities and negotiate reinsurance arrangements.

381. Council was informed that the Agency is underwriting new business or considering providing insurance and reinsurance capacity to projects submitted by other Export Credit Agencies including Atradius Dutch State Business (Netherlands), EFIC (Australia), Export Development Canada (EDC), Export Credit Guarantee Company of Egypt (ECGE E), Export Guarantee Fund of Iran, National Agency for Insurance and Finance of Exports (NAIFE) of Sudan: NAIFE, the African Export-Import Bank (Afreximbank), and; he African Solidarity Fund (Fonds de Solidarite Africain-Niamey, Niger).

### **Decisions**

382. **Council decided that:**

- (a) the remaining ATI Member States that have not yet fulfilled all effectiveness conditions be urged to sign and ratify the amended project documents and issue their respective legal opinions as soon as possible to give full effect to the legal and capital restructuring of the Agency; and**
- (b) African Countries, especially COMESA member States, which are not yet ATI members be urged to join the Agency and by doing so bring the benefits of ATI's products to investors and the business communities in their respective countries.**

### **COMESA Court of Justice**

383. Council considered the report of the COMESA Court of Justice and noted that there was no external audit report for the year ended 31<sup>st</sup> March, 2006 because there was lack of funds to enable the external auditors to carry out their work and that the report of the external auditors would be submitted to the next Policy Organs Meeting. However, Council noted that the internal audit report for the same period had indicated substantial improvements on the internal financial controls and that some work had been done to strengthen the weak internal controls that had been cited by the previous audit reports.

384. Council also noted that the financial constraints facing the Court had not improved and hence the operations of the Court had continued to suffer. In this regard, Council noted that the references pending hearing and determination in both divisions of the Court had not been decided due to inadequate funding as most member States had not paid their respective contributions to the approved budget of the Court.

385. Council further noted that the challenges which the Court has had to contend with since its inception which amongst others includes lack of appropriate infrastructure which have negatively affected the operations of the Court.

386. In considering the Work Programme for the Court for 2007/2008 Council noted that the objectives of the 2007 could not be attained and that those of 2008 would depend on provision of adequate funding by member States. Council then noted the 2008 Work Programme of the Court whose main activity include activities to be undertaken by the Judge President and the Principal Judge, trying references pending in the appellate and the first instance division of the Court, administrative meetings of the Court, capacity building, recruitment of staff, renewal of office equipment and seat of the Court.

387. Council noted the budgetary matters of the COMESA Court of Justice would be covered in the Report of the Committee of Administrative and Budgetary Matters (Doc. No. CS/ADM/ADC/XXIV/8).

#### **Foreign Exchange Risk Management for COMESA Secretariat**

388. The Secretariat presented a paper under this agenda item. The Council was informed on what is meant by an exchange rate risk, types of exchange rate risk, how to avoid the risk, and assets that are vulnerable to exchange rate risk in COMESA Secretariat; and the implication of the possible further depreciation of the US dollar to COMESA.

389. Council was also informed on the following potential effects of unexpected decline of the dollar on COMESA Secretariat's portfolio:

- (a) If COMESA Secretariat holds its deposits with foreign Banks in US dollars only and if it relies heavily on purchases of products that are denominated in other foreign currencies, for example Euro, the purchasing power of its dollar deposits declines and it will cost COMESA Secretariat more than it did before to buy goods or services and this affects its net cash flows.. The appreciation of the Zambia Kwacha if continues, will also expose COMESA Secretariat to high costs of all services including costs of electricity, water, communication etc. further affecting its liquidity and efficiency. The variability of net cash flow is of significance as it can subject COMESA Secretariat to the costs of *financial distress*, or even default;
- (b) The value of the salaries of its employees will significantly deteriorate in terms of appreciating currencies, either Euro or Kwacha and affects their disposable income. This will, therefore, necessitate salary increments to combat the decline in real income of the employees; and

- (c) Fluctuations in COMESA Secretariat's cash flow will threaten its continued viability and will absorb management time, and create a variety of operating and investment problems, including underinvestment in its important programmes.

390. The Council was further informed that before 1997, the COMESA Unit of Account provided for in Article 74 of the COMESA Treaty was pegged to the Special Drawing Rights of the IMF (SDR\*). This was then changed to pegging the COMESA Dollar to the US dollar. This should be changed back in line of the currency depreciation of a single currency that is always likely to happen. Unlike the single currency the SDR is based on a basket of currencies and experiences less exchange rate volatility.

391. In the discussion that followed the Council agreed on the complexity of the foreign exchange risk management. It, therefore proposed that it is necessary to convene a meeting of the COMESA Committee of Governors of Central Banks, in order to thoroughly deliberate on the issue. This issue must first be submitted to the sub-Committee on Monetary and Exchange Rate Policies who would make appropriate recommendations to Governors.

392. Some delegates, however, expressed that exchange rates volatility and their impact on economic activity are mainly dictated by developments in industrialized countries.

### **Introduction of Arabic as an official language of COMESA**

393. Council noted the proposal by the Republic of Sudan supported by Egypt to adopt the Arabic language as a language of COMESA since it was spoken by more than 150 million people in five countries in COMESA. However, due to the far reaching implications of the proposal, Council observed the need to have the proposal tabled and discussed through the appropriate channels.

### **Regional Multidisciplinary Centre of Excellence**

394. Council noted that the Regional Multidisciplinary Centre of Excellence was implemented under the framework of the Inter-regional Coordinating Committee (IRCC) and that a Feasibility Study on the Regional Multidisciplinary Centre of Excellence to be located in Mauritius, funded by the EC and carried out by the World Bank was launched in Mauritius on 7<sup>th</sup> February 2007. Council also noted that a validation Workshop to discuss the results of the Feasibility Report was held in Nairobi on 8<sup>th</sup> and 9<sup>th</sup> May 2007. The meeting enabled the Advisory Group to meet with the Consultants and the WB Representatives and to gain better understanding of the concept of the RMCE. The meeting was enlarged to all ESA member States Representatives.

395. Council noted that comments were still being awaited from EC delegations in Mauritius and Zambia on the RMCE business plan.

396. In this regard, Council noted that there is need for more consultations in order to find a common position by the RIOs on the way forward. In addition RIOs need to develop clear definitions of roles outlining an elaborate approach that would be used in financing the RMCE emphasizing the multi-donor funding approach.

## **Decision**

397. **Council decided that the Secretariat urges the EC Delegations to expedite submission of their comments in order to facilitate the implementation of the project.**

## **Tribute to Dr. Charles Lemson Chanthunya**

398. Council paid tribute to Dr. Charles Lemson Chanthunya who was set to retire from the Secretariat at the end of December 2007 for his outstanding contribution to regional integration and in particular to COMESA programmes on Trade, Customs and Monetary Affairs.

## **Statements by Cooperating Partners**

### **India**

399. In his statement, the Ambassador of India to Zambia, referred to the Joint Communiqué signed between COMESA and India last year and recalled the various developments made since then particularly the technical assistance experts that India is preparing to provide to COMESA in industrial development, pharmaceuticals, energy and ICT. He also referred to the Cooperation in Science and Technology which is currently under discussion which could facilitate exchange of experience. The Ambassador further recalled the ongoing collaboration between the PTA Bank and EXIM Bank of India and expressed hope that it will be further enhanced in the coming year.

400. The Ambassador recalled the ongoing WTO negotiations where India works closely with other developing countries to achieve common goals. In this regard, he referred to the special courses that India organized in the past to build the capacity of developing countries and invited member States to take full advantage of the similar round of courses that India will soon organize. He also informed Council about the India-Africa Forum that could take place early next year.

### **USA**

401. In her statement, the USA Ambassador to Zambia, appreciated developments made in the COMESA region over the last few years and expressed happiness with her government's association with COMESA and the member States particularly in the framework of AGOA which provides duty free access to the US market resulting in increased US-COMESA trade totaling almost 25 billion dollars in 2006.

402. The Ambassador also mentioned the regional production-sharing which AGOA made possible in some COMESA countries and underscored the importance of favourable and transparent business climate to attract investment. She expressed US government continued support to COMESA and its member States in all sectors and particularly to promote regional stability, good governance and to enhance food security.

403. Council noted with appreciation the generous technical and financial support by cooperating partners to COMESA programmes.

**Any Other Business**

404. There was no Any Other Business.

**Adoption and Closure of Meeting**

405. Council adopted the report with amendments.

406. In closing the Chairman thanked the Bureau for facilitating his work in directing the deliberations of the meeting and he also thanked Honourable Ministers and the delegations for their active participation in the deliberations. He thanked the Secretary General and his team for facilitating the meeting and urged member States to implement the decisions of the meeting. He also urged the Secretariat and the Bureau to start preparations for the Tripartite COMESA, EAC, SADC Summit to be held in May 2008. He then wished the delegates safe journeys to their respective countries.