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**COMMON MARKET
FOR EASTERN AND SOUTHERN AFRICA**

Twenty-first Meeting of the Trade and Customs Committee

Bujumbura, Burundi
5-7 November, 2007

**REPORT OF THE TWENTY-FIRST MEETING OF THE TRADE AND
CUSTOMS COMMITTEE**

A. INTRODUCTION

1. The Twenty-first meeting of the Trade and Customs Committee was held from 5th - 7th November, 2007, in Bujumbura, Burundi. The objective of the meeting was to review progress in intra-COMESA trade developments and assess progress on preparations towards the launch of the Customs Union scheduled for December 2008.

B. ATTENDANCE, OPENING OF THE WORKSHOP AND ORGANISATION OF WORK

Attendance

2. The meeting was attended by delegates from Burundi, Congo DR, Comoros, Djibouti, Egypt, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. Representatives of the African Union Commission, PMAESA, and TTCA also attended the meeting. The list of participants is attached at Annex II.

Opening of the Meeting (*Agenda item 1*)

3. Mr. Christologue MUTWA, the General Director for Industry in the Ministry of Trade and Industry of Burundi opened the meeting. In his opening remarks he welcomed delegates to Burundi and invited the delegates to feel at home in Bujumbura and thanked COMESA Secretariat for selecting Burundi to host the meeting. He highlighted the COMESA integration agenda which has moved from the Preferential Trade Area in the early 1980's through FTA, which was attained in October 2000 and noted that the next stage in the integration process was the establishing of a Customs Union in December 2008 with the long-term goal being the establishment of an Economic Community. Regarding the Free Trade Area he advised the meeting that Burundi had been a member of FTA since 2004 and was now actively participating in the COMESA Customs Union programme.

4. The General Director underscored that the Twentieth Meeting of the Trade and Customs Committee would consider preparatory activities for the launch of the Customs Union in 2008 and pointed out that some countries would face revenue losses with the implementation of the Common External Tariff which need to be compensated by resources under the COMESA Fund. He then stressed that Customs Union issues should be addressed in a holistic and synergetic manner with an effective exchange of information among member States.

5. In conclusion, he re-affirmed the commitment of Burundi to the ideals and objectives of COMESA which would help to deepen integration and wished the meeting fruitful deliberations. He then officially declared the meeting open.

6. Earlier, Dr. Charles Chanthunya, Director of the Trade, Customs and Monetary Affairs Division had read a statement on behalf of Mr Sindiso Ngwenya, Assistant Secretary General (Programmes). In his opening remarks, he welcomed the delegates to the meeting and appreciated the hospitality extended by the Government of Burundi in accepting to host the meeting of the Trade and Customs Committee. He noted, with appreciation, the leading role played by Burundi in the development of integration in the region through the implementation of various COMESA programmes.

7. He reviewed the progress which had been made in the trade regime of COMESA since the launch of the FTA and noted that preparatory activities for the launch of the Customs Union in December 2008 were progressing satisfactorily. In that regard, he underscored that the structure of the Common External Tariff (CET) had been agreed upon, the Common Tariff Nomenclature (CTN) is in place and the review of the Customs Management Code has been completed. He urged the meeting to finalize negotiations on the list of sensitive products before the next meeting of the Trade and Customs Committee.

8. The Director also reviewed the items which would be considered by the Committee to push the COMESA trade agenda. He noted that progress should be made in services liberalization which should move in tandem with the liberalization of trade in goods. He also noted that regional trade promotion organizations should be more involved in the trade programmes of COMESA and expressed concern that non-tariff barriers continue to hamper the free movement of goods.

9. In conclusion, he recalled that the next milestone in deepening integration was the launch of the Customs union in 2008. He also reminded the meeting that the achievement of a single economic space was dependant on the expansion of trade with more value addition of the abundant raw materials in the region.

10. Speaking earlier, the Chairperson of the Twentieth Meeting of the Trade and Customs Committee welcomed delegates to Burundi and expressed gratitude to the Government and people of Burundi for hosting the meeting. He also applauded Dr. Charles Lemson Chanthunya, Director of Trade, Customs and Monetary Affairs of the Secretariat for his active contribution to the integration agenda of COMESA.

11. The meeting accorded a standing ovation to Dr. Charles Lemson Chanthunya, who would leave the Secretariat at the end of the year in recognition of his achievements.

Vote of thanks

12. The leader of the Congo DR delegation moved a vote of thanks on behalf of the delegates and thanked the guest of honour for having found time to come and officially open the meeting and expressed appreciation for the

words of guidance which the guest of honour had imparted to the meeting. He also thanked the government of Burundi for hosting the meeting.

Election of Officers (*Agenda item 2*)

13. The meeting elected the Bureau of the meeting as follows:

Chairman:	Burundi
Vice Chairperson:	Mauritius
Rapporteur:	Malawi

Adoption of the Agenda and Organisation of Work (*Agenda item 3*)

14. The meeting adopted the following agenda:

1. Opening of the Meeting
2. Election of Officers
3. Adoption of the Agenda and Organisation of Work
4. COMESA Trade Developments
5. Customs Union:
 - (i) Report of the First and Second Meetings on Sensitive Products
 - (ii) Report of the Meeting on the Regional Trade Policy
 - (iii) Countdown of Activities to the Launch of the Customs Union
6. Free Trade Area:
 - (i) Report on the Status of Participation in the Free Trade Area
 - (ii) Safeguards on Sugar by Kenya
 - (iii) Safeguards on Wheat Flour by Kenya
 - (iv) Report of the Meeting on Trade Promotion Organisations and Trade Points
 - (v) Status Report on the COMESA Simplified Trade Regime (COMESA-STR)
 - (vi) Update on the Regional Payments and Settlement System(REPSS)
7. Elimination of Non-tariff Barriers:
 - (i) Report of the Workshop on Survey of Non Tariff Barriers on Intra COMESA Trade and the Report of the Meeting on NTB Enquiry Points
 - (ii) Update on the NTBs Online Reporting and Monitoring System
8. Report of the First Meeting of Trade and Legal on the Regional Framework Agreement for Trade in Services
9. Progress Report on the Implementation of the Regional Customs Transit Guarantee (RCTG) Scheme-COMESA Carnet

10. Report of the Six Meeting of the Directors of Customs
 11. Report of the Second Meeting of Directors of Statistics
 12. Report on the COMESA Task Force on FDI/TNC Statistics
 13. Update on the WTO Doha Negotiations
 14. Progress Report on EPA Negotiations
 15. Report of the Fifth Meeting of COMESA-EAC-SADC Task Force on Co-operation in the areas of Trade and Customs and Infrastructure (for noting)
 16. Progress Report on the Regional Competition Commission
 17. Update on other Trade Related Programmes
 - (i) The Africa Growth and Opportunity Act (AGOA)
 - (ii) The Regional Agriculture Trade Expansion Support Project (RATES)
 18. Date and next venue of meeting
 19. Any Other Business
 20. Adoption of the Report and Closure of the Meeting
15. The meeting adopted the following hours of work:
- | | | |
|-----------|---|---------------------|
| Morning | : | 0900 – 13. 00 hours |
| Afternoon | : | 1400 – 18.00 hours |

C. ACCOUNT OF PROCEEDINGS

COMESA Trade Developments (*Agenda item 4*)

16. The Secretariat presented a paper on Trade Developments in the COMESA Region for the year 2006. In the presentation, it was reported that the COMESA region registered a 5% increase in GDP despite the higher oil prices, a growth that was spurred by higher commodity prices of oil and mineral products exported by some Member States notably Sudan and the Democratic Republic of Congo (DRC).

17. On the trade side, it was reported that total COMESA exports shot to US\$79 billion in 2006, depicting an increase of 32% over 2005 exports, while COMESA total imports increased by 20%. As for intra-COMESA trade performance, it was reported that trade grew by 8% in 2006 over the 2005 levels, with Kenya continuing 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%

albeit Uganda's share depicted a decline from her 2005 levels of 19%. The most traded product in intra-COMESA trade for 2006 was reported to be tea followed by cement.

18. Regarding international commodity prices, it was reported that oil and mineral prices continued their upward trend in 2006 with copper and zinc leading the surge with 83 and 137 percent respectively. It was reported that sugar prices increased by 49%, cotton international market price performance was tepid with a meagre 4% increase in 2006 over 2005 levels while the top six cotton exporting countries in the region recorded a decline in their exports in 2006.

19. In the discussion that ensued, the meeting requested that papers prepared for this agenda item should in future cover all COMESA trade developments, FTA and non-FTA and also include an assessment of the progress being made on the activities being implemented under the Customs Union.

20. Future reports should also indicate the source of the data and in highlighting trends there should be an analysis of the factors that caused a reported increase or decrease in trade figures..

21. The reports 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. The reports should also include indicators such as inflation, per capita income growth and debt figures. Concerns were also raised regarding the accuracy of the reported figures and the timeliness of the data. Future reports should also be prepared more frequently and be circulated to member States for validation before submission to the Trade and Customs Committee

22. The meeting also requested that future papers should include projections on intra-COMESA trade and strategic interventions that would be required to be implemented to reach such targets.

Recommendations

23. The Trade and Customs Committee recommended that:

- (i) the 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;
- (ii) COMESA Secretariat assists member States National Statistics Offices in capacity building efforts;
- (iii) member States be urged to implement all provisions of the COMESA Common Statistical Rules;

- (iv) COMESA Secretariat should in future prepare papers that include projections on intra-COMESA trade and strategic interventions that would be required to be implemented to reach such targets; and
- (v) 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.

CUSTOMS UNION

Report of the First and Second Meetings on Sensitive Products (*Agenda item 5(i)*)

24. The Vice-Chairperson of the Second regional meeting on sensitive products under the COMESA Common External Tariff which was held in Madagascar, from 15th -17th October, 2007 presented the report of the meeting. He gave an overview of the issues that were considered by the meeting as follows:

25. The meeting was informed that the First regional meeting on sensitive products under the COMESA Common External Tariff was held in Harare, Zimbabwe, from 3rd-5th September, 2007 to agree on the principles for identification of national and regional sensitive products.

26. The meeting 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
- (b) The Secretariat use the BEC where inconsistencies appear in cases of mis-categorisation of products under the four-band CTN.

27. The First regional meeting on Sensitive products had also reviewed the process of identification of sensitive products and criteria of sensitivity which were adopted since January 2002.

28. The meeting was also informed that the second regional meeting on sensitive products had noted the following issues:

- (i) the COMESA process of developing the regional sensitive products should be de-linked from the EPA process. This was because of the urgency underlying the EPA process which has to be concluded by December, 2007 while the finalization of the COMESA sensitive list would take a longer period due to the extent of national and regional consultations which were necessary;
- (ii) the EAC Countries had concluded a sensitive list for the EPA which was different from that submitted under the COMESA sensitive products list. Given the divergences between the tariff rates under the COMESA CET and the EAC CET, the region had used the EAC CET as the basis for preparing their sensitive list; and
- (iii) it was important to determine the transitional period that would be accorded to member States after launching the Customs Union. It was also pointed out that since other countries did not participate in the early exercise of sub-branching, a list of 8 digit tariff line that exist in the national tariff schedules will need to be considered prior to finalization of the COMESA CTN.

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

29. The meeting was informed that in fulfillment of the mandate given by the First regional meeting on Sensitive products a review of the categorization of goods under the four band common tariff nomenclature (CTN) and the Broad Economic Categorization (BEC) had been undertaken as follows:

- (a) Updating of the HS 2002 to the HS 2007.
- (b) Insertion of the WCO categorization.
- (a) Insertion of the equivalent BEC categorization.
- (b) Allocation of rates of duty to the tariff lines in accordance with the CET.

30. The revised CTN was circulated to all member states for comments and observations and for initial work to identify sensitive products.

31. The meeting 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.

32. The meeting agreed, as a basic principle, to categorize goods spare parts as category 2. It was also agreed to avoid tariff rates, end use and policy considerations as these will be considered during the exercise of addressing tariff assignment after the identification of sensitive products.

33. The meeting 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

34. The meeting 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.

35. The meeting further noted that the Secretariat had presented the results of the initial analysis carried out on the submissions on national lists of sensitive products that had been submitted by member States and made the following observations:

- (i) most member States were at the initial stage of identifying sensitive products as they had compared national tariff rates against the COMESA Common External Tariff and had identified areas of divergence representing tariff lines where national tariff rates would have to be adjusted to the COMESA CET;
- (ii) the next stage would now involve assessment of trade volumes for the identified products followed by qualitative judgement on whether adjustment to the CET would cause difficulties for the countries and application of the regional criteria for identification of sensitive products that was agreed on at the First meeting on Sensitive products that was held in Zimbabwe from 3rd to 5th September 2007;
- (iii) there were just over two hundred lines where three or more countries had identified products as sensitive;
- (iv) sensitivity was common for poultry, fish and fish products, milk and milk products, vegetables, vegetable oils, coffee, cereals, fruits, food preparations, mineral waters and alcoholic beverages, tobacco and tobacco products, petroleum products, essential oils and perfumes, plastics, rubber and rubber products, other articles of iron or steel and motor vehicles;

- (v) the interest expressed in Chapters 16 - 21 (processed foodstuffs) was low and this outcome was not supportive of the value-addition objective of the region on agro-products;
- (vi) there were few submissions regarding review of the tariff treatment to be given to inputs into industrial production for products under Chapters 28 and 29 (chemicals and chemical products), Chapter 31 (fertilizers), Chapter 37 (photographic or cinematographic goods), Chapter 38 (miscellaneous chemical products), Chapter 39 (plastics), Chapter 40 (rubber and rubber products); and
- (vii) there was limited interest in the chapters on textiles and clothing, in particular cotton based, which was a sector where the region had potential to be competitive.

36. 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

37. The meeting 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.

Recommendations

38. The Trade and Customs Committee recommended as follows:

- (i) 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;
- (ii) 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;
- (iii) comments, if any should be submitted to the Secretariat by mid-December, 2007.
- (iv) 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;
- (v) the Secretariat should undertake a comparative analysis of submissions from member States and compile a regional list of sensitive products by mid-January 2008

- (vi) that the Secretariat provide technical assistance to member States in national consultations on sensitive products;
- (vii) that attendance at regional meetings on sensitive products should be consistent to ensure incremental knowledge on the subject to expedite completion of the process;
- (viii) the Secretariat convenes a meeting in February, 2008 to agree on sensitive lists and tariff alignment schedules; and
- (ix) .

Report of the First Meeting on the Regional Trade Policy (*Agenda item 5(ii)*)

39. The Vice-Chairman made a presentation of the Report of the First Meeting of the Regional Trade Policy development of implementation measures for the Seven Principles of the COMESA Trade Policy which were adopted by Council in November, 2006.

Principle 1: CET rates and Sensitive Products.

40. Sensitive products will comprise exceptions to the current COMESA CET and the goods placed under this category will be subjected to higher regional or different national tariff rates for periods agreed to by member States.

Principle 2: Free Circulation of Goods, Elimination of Rules of Origin.

41. Council in May 2007 adopted the principle of free circulation for the COMESA Customs Union. In order to achieve the free circulation status certain conditions have to be complied with such as completion of import formalities, payment of customs duties or charges having an equivalent effect. In that regard, the meeting felt the need to repeal the 1999 Council decision for member States to collect revenue at destination.

Principle 3: Revenue Distribution

42. Under the rule of free circulation and the long-term approach of creating a unified customs territory, common customs revenues will be generated, whose allocation should be decided upon by the Member States. These revenues will result from an application of the Common External Tariff (CET) to imports originating in non-preferential third markets.

43. As part of the preparations towards the establishment of a Customs Union, the Secretariat commissioned a study on the conditions which need to be put in place to have free circulation under the COMESA Customs Union and the revenue distribution system that would need to be put in place to

support such free circulation. This study has been referred to the Fiscal Affairs Committee for consideration.

Principle 4: Export Processing Zones

44. A study was commissioned to review the possible options on how goods produced in Export Processing Zones would be treated when introduced into the customs territory of the Customs Union. Member states are undertaking national consultations on the study with a view to submitting comments which will be factored into the final report to be considered at future meetings on the Regional Trade Policy.

Principle 5: Trade Remedy Measures, Competition Policy

45. Safeguards and other Trade Remedies are allowed under the COMESA Customs Union, but only for trade with third countries. An important aspect of the Customs Union is that member States will be expected to adopt common trade remedies against dumped or subsidized imports from countries which are not members of COMESA taking into account existing international obligations.

Principle 6: SPS and Technical Standards Programme

46. The general thrust in respect to SPS matters is to substantially up scale institution strengthening and capacity building as well as the designation and equipping of selected regional laboratories including SPS harmonization and backstopping SPS legislation and surveillance. In respect to the Standards and SQMT programme, the general thrust is to supplement the prevailing strategy of harmonisation to that of mutual recognition and equivalence.

Principle 7: Bilateral Treaties, Arrangements with Third Parties, Common Negotiating Positions

47. A number of COMESA countries have reached preferential agreements with third countries which may contain various measures in particular tariff measures concerning the reduction of duty rates when certain goods originating in the countries with which these agreements have been reached are imported into the COMESA member States.

48. The meeting was informed that there was a Council 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

49. In respect to multilateral negotiations and preferential trading relations with third parties, member States will be expected to establish common positions in trade negotiations.

50. In the discussions that ensued the meeting noted the concern that had been raised by Egypt at the Regional Trade Policy in Madagascar regarding the possibility of trade deflection that would arise where non-COMESA member States are members in a Customs Union with other COMESA countries.

51. .

52. The meeting also noted that the continued reference to countries transforming themselves into Export Processing Zones in study reports was misleading and this should be addressed in the future.

53. Regarding future work for the finalization of a regional policy, the meeting was advised 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.

Recommendations

54. The Trade and Customs Committee recommended that 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.

Exemption Regimes in COMESA

55. The Secretariat presented the outcome of the discussions on the issue of a regional exemptions policy that had taken place at the Madagascar meeting. In the presentation the meeting was informed 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.

56. The Secretariat informed the meeting that agreement had not been reached on the exemption for the categories of Government and its agencies and exemptions granted in support of national commercial policies.

57. In the discussions that ensued, clarification was sought on how goods provided for in national investment codes would be treated under the COMESA Customs Union and the meeting was advised that the zero rating of capital goods was meant to address this aspect. The meeting also noted that discussions on the treatment of exemptions granted in support of national

commercial policies were still on-going and investment incentives would be addressed during the discussions.

58. The meeting also noted that there was a need to review exemptions granted to families of Heads of State and members of Parliament as it would not be desirable to have such exemptions at regional level.

59. Following a query on the omission of medicines from the list of exemptions, the meeting was advised that the tariff treatment to be accorded to medicines would be part of the discussions on sensitive products.

60. The Secretariat was requested to make a clear distinction between exemptions and tariff line duty free concessions.

61. Sudan informed the meeting that they were still undertaking consultations on exemptions and would be submitting her comments to the Secretariat as agreed in Madagascar.

Recommendations

62. The Trade and Customs Committee recommended that:
- (i) 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 15th December 2007;
 - (ii) 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
 - (iii) that the Secretariat should provide all previous technical papers on exemptions to member States.

Countdown of Activities to the Launch of the Customs Union (*Agenda item 5(iii)*)

63. The Secretariat, in presenting this agenda item, 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.

64. The Secretariat, therefore, proposed activities to be done to publicise this event. These activities 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.

65. The meeting noted that the COMESA Trade Fair would be held at the venue of Extra-Ordinary Summit to launch the Customs Union and participation would be open to all member States.

Recommendations

66. The Trade and Customs Committee recommended that:
- (i) that the countdown activities as shown in Annex I be undertaken;
 - (ii) 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;
 - (iii) the Secretariat and member States make budgetary allocations to support the above activities; and

- (iv) that the above activities be included in the 2008 work programme.

FREE TRADE AREA

Report on the Status of Participation in the Free Trade Area (Agenda item 6(i))

67. The Secretariat informed the meeting that there had been no change in the number of countries participating in the FTA since the last meeting of the Trade and Customs Committee. Seychelles had however, submitted a case for participation in the FTA with allowances for sensitive products which were approved by the Bureau of Council and would be ratified by the next meeting of Council.

68. The meeting was also informed that consultations had continued with Ethiopia, Eritrea, Congo DR and Uganda regarding their participation in the FTA.

69. In the discussions that ensued, clarification was sought on the status of issuance of the legal instrument for Libya's participation in the FTA and the position of Angola in COMESA.

70. The meeting was informed that a decree had been issued regarding duty free treatment of originating goods into Libya and Angola had indicated that she had terminated her participation in COMESA programmes.

71. Congo DR informed the meeting that she would participate in the FTA by mid-2006 and in that regard requested that the Secretariat should organize an FTA workshop in Congo DR in 2008 to facilitate further understanding by national stakeholders on the benefits and opportunities of Congo DR's participation in the FTA. It was pointed out that, despite the firm option adopted by the Congolese authorities to participate in the FTA, the workshop would help to smooth out differences which have slowed the entry process and facilitate the participation of DR Congo in the FTA during the June-December 2008 period.

Recommendation

72. The Committee recommended that the Secretariat should organise a workshop on FTA in Congo DR in early 2008 with the objective to increase awareness of the benefits and opportunities among national stakeholders and facilitate Congo DR's participation in the FTA

Safeguards on Sugar by Kenya (Agenda item 6(ii))

73. The meeting was informed that following a request from Kenya for a review of the safeguard on the sugar sector, the 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 report had been submitted to the Bureau which had considered the report.

74. The Bureau noted the performance of the Kenyan Sugar sector and concluded that some measures have been taken to improve the competitiveness of the sector but the sector was not yet efficient enough to withstand competition from other COMESA sugar producers. The dilemma faced was therefore, as follows: Should the safeguard not be renewed, all gains and progress the Kenyan government and sugar sector has made over the last few years would be reversed and come to nought. The essence of having granted the safeguard in the first place would be a nullity as the 6 years of the safeguard would not have achieved anything, other than delaying the demise of the sector.

75. The Bureau will, therefore, be recommending to Council that the safeguard on sugar for Kenya be extended on specific terms and conditions to allow the industry to complete the adjustment process.

76. The meeting reiterated its support for Kenya regarding the measures that were being implemented to restructure the sugar sector in Kenya to make it more competitive.

77. Concern was, however, raised regarding the process that had been followed regarding the extension of the safeguard with the Trade and Customs Committee being bypassed when the report was submitted to the bureau.

78. The meeting also expressed reservations regarding the accuracy of the conclusions that were contained in paragraph 108 of the report which made reference to increased export volumes of sugar from Egypt and Malawi into the Kenyan market.

79. The meeting agreed that the report would be circulated to sugar exporting countries for comment and informal consultation on the extension of the sugar safeguard would be undertaken with Secretariat facilitation before the meeting of Council in November 2007.

Safeguards on Wheat Flour by Kenya (*Agenda item 6(iii)*)

80. The Secretariat reported that following the launch of the Free Trade Area, in October, 2000 the Government of Kenya applied to the Council of Ministers for Safeguard measures to protect the wheat flour industry against imminent injury arising from a surge of imports from COMESA member States.

81. 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.

82. The extension in 2004 was granted on the basis of Kenya's request to undertake a study whose recommendations would determine the future treatment of this sub-sector in respect to regional trade. Since then, two studies had been undertaken in 2004 and 2005 both of which had not been acceptable either to the private sector or the Government of Kenya.

83. COMESA Secretariat has submitted a draft report of another study that has been undertaken on the wheat sector in Kenya which is going to be reviewed by Kenya prior to finalization.

84. In the ensuing discussions the meeting appreciated the need to afford the wheat sector in Kenya additional time for implementation of measures that would make the sector competitive.

85. 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.

86. The meeting also noted that the study on the sector mandated by Council was to be completed and submitted to the next meeting of the Trade and Customs Committee.

87. The meeting noted also 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.

Recommendations

88. The Trade and Customs Committee recommended as follows:

- (a) the Secretariat should finalize and circulate the report to member States before the next meeting of the Trade and Customs Committee in April, 2008;
- (b) the Wheat Flour safeguards for Kenya should be extended to 2008, pending the outcome of the Trade and Customs Committee meeting;
- (c) the Tariff rate quotas be as follows:
 - (i) for Egypt, a quantity of 32,400 tonnes for 2007;
 - (ii) for Mauritius, a quantity of 2,366 tonnes for the year 2007;

these quotas if not fulfilled by the end of December 2007, should be cumulated with the new quotas to be granted for 2008;

- (d) the Kenyan authorities to review the modalities immediately and to finalise procedures for allocation of the Tariff Quota System to facilitate the importation process from the two countries.

Report of the Meeting on Trade Promotion Organizations and Trade Points (*Agenda item 6(iv)*)

89. A member of the Egyptian delegation presented the Report of the First meeting of Trade Promotion Organisations, Trade Support Institutions and Trade Points held in Cairo, Egypt, from 28 to 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.

90. The meeting considered the following main areas:

- (a) opportunities and challenges in regional market development
- (b) linking producers to support Export Markets
- (c) product and market strategy development
- (d) strengthening the COMESA Trade Support Network

- **Establishment of Trade points and the COMESA e-market place**

91. The Committee noted the benefits of Trade Points to raise awareness of the supply chain and took note of the experience of the Egyptian Trade point in facilitating domestic traders to access the global market.

92. The Committee further noted that Egypt offered to cooperate with other member States in the establishment of Trade Points and the COMESA e-market place.

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

- **Screening COMESA sectors and market potential**

94. The Committee noted that the International Trade Centre had considerable expertise in trade data management and analysis for market potential and recommended as follows:

Recommendation

95. The Committee recommended that the Secretariat adopts a clear methodology in trade data analysis in the identification of trade opportunities:

- **Role and Experience of Trade Promotion Organizations in national and regional trade promotion**

96. The Committee received reports from the following TPO's:

- (i) Export Promotion Council of Kenya;

- (ii) Enterprise Mauritius;
- (iii) Zimbabwe Trade Promotion Organization; and
- (iv) Egyptian Export Promotion Centre

97. In the discussions which ensued the Committee noted the need for the International Trade Centre to extend its training of trainers facility for business management services/enterprise management development to COMESA member States.

Recommendation

98. The Committee recommended as follows:

- (i) that the Secretariat develops a regional trade promotion strategy taking into account national trade promotion strategies;
- (ii) that the Secretariat undertakes market research on an ongoing basis to guide an integrated trade promotion programme;
- (iii) that a COMESA Trade Point forum be established with international networks; and
- (iv) that alliances and partnerships with multiple partner and stakeholder participation including women enterprises be established.

▪ Perspective of women exporters – Establishing Trade Houses

99. The Committee noted the need for the establishment of business information centre/incubators and Trading Houses.

Recommendation

100. The Committee recommended that guidelines incorporating best practices for establishing trading houses and affirmative action for participation of women in export promotion be developed.

▪ Product and Market Strategy Development

101. The Committee noted the Regional Sector Strategy formulation in managing the cross-border value chain to maximize export opportunities and sector specific trade expansion at regional level. In this regard, branding as a market development instrument was stressed.

102. The meeting was also informed that in designing the overall industrial vision and strategy of COMESA, a survey of firm strategies under the trade liberalization and export led strategy has been organized and work on inventory of production and manufacturing structures was on-going.

103. The meeting also discussed the export of regional strategic raw materials which would be considered under the regional industrial policy.

Programme for Building African Capacity for Trade (PACT) - CIDA/ITC Assistance

104. The Committee took note of the PACT II and the offered assistance programme funded under the Canadian Fund for Africa and implemented in partnership with ITC and the Trade Facilitation office of Canada. The key objective of the programme is to deepen regional integration through trade promotion within a multi-regional programme structure, assistance for the establishment of FEMCOM Secretariat and sector specific approach for enterprise level competitiveness enhancement.

Recommendation

105. The Committee recommended that the ITC be commended 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.

Status Report on the COMESA Simplified Trade Regime (COMESA STR) *(Agenda item 6(v))*

106. A representative of the Secretariat gave an overview of progress made in the implementation of the COMESA Simplified Trade Regime (COMESA-STR). He informed the meeting that Informal cross-border trade is a significant part of the trade within the COMESA and EAC regions. This trade not only provides employment and livelihoods for people engaged in it, but it also promotes food security because cross-border traders act as agents in moving produce from surplus to deficit areas. Additionally studies (such as the one carried out by Uganda recently) suggest that cross-border trade, which goes largely unrecorded, is much higher and if formalized, could greatly increase the value and volume of intra-COMESA trade.

107. He informed the meeting that in line with the directive of the Council of Ministers, the COMESA Secretariat has taken measures to mainstream informal cross-border trade into the ambit of formal trade through the COMESA-STR on a pilot basis. The implementation of the pilot phase is being done on a cluster basis. The two clusters identified in this regard are:

Eastern Cluster: **Burundi, Democratic Republic of Congo (DRC), Ethiopia, Kenya, Rwanda, Sudan and Uganda**

Southern Cluster: **Democratic Republic of Congo (DRC), Malawi, Zambia and Zimbabwe**

108. Meetings for these clusters were held in Kisumu, Kenya and Siavonga, Zambia in August and October 2007 respectively at which detailed Action Plans were adopted.

109. A key feature of the Action Plans was agreement on a coordinated framework for managing the implementation of the STR at national level including designation of a “Lead Agency” and “Focal Contact Person”; establishment of National Working Groups (NWGs), as well as putting in place relevant regulations/statutory instruments and other administrative measures required to make the STR operational; and generally, coordinate activities to do with implementation of the STR at national level such as publicity, training and impact monitoring and reporting.

110. The meetings also agreed that the current list of eligible products which comprises mainly of agricultural products should be amended to include manufactured and industrial products that are COMESA originating and are traded across borders. It was further agreed at the Cluster meetings that all preparatory work at national level and with adjacent countries should be completed by December 2007 to facilitate launch of the pilot system at designated border posts starting in January 2008.

111. In the ensuing discussions, member States welcomed measures being taken to implement the STR.

112. Burundi, DRC, Malawi, Kenya, Sudan, Uganda, Zambia and Zimbabwe gave updates in which they indicated that they had designated Lead Agencies and Focal Points as well as established National Working Groups. Some countries had also prepared lists of eligible products but these were still to be verified with neighbouring countries.

113. Member States requested for budgetary support from the Secretariat to undertake sensitization meetings and consultations with neighbouring countries. The Secretariat responded that resources would be available from the Trading for Peace Programme supported by DFID and the EU funded Regional Integration Support Programme (RISP). In this regard, member States should submit requests for funding to the Secretariat before end of November 2007.

114. On the request by Comoros to be included in the STR, the Secretariat responded that this would be covered within the framework of another COMESA programme, the Agricultural Marketing Promotion and Regional Integration Project (AMPRIP) and that the Secretariat would be liaising with Comoros in this regard.

Recommendations

115. The Trade and Customs Committee recommended that:

- (i) 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 November 2007;

- (ii) 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;
- (iii) 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
- (iv) member States submit requests for funding to the Secretariat not later than end-November 2007 to support the implementation of the STR.

Update on the Regional Payments and Settlements System (REPSS)
(Agenda item 6(vi))

116. The meeting was informed that the design of the REPSS had been completed and the system would be operational by January/February 2008.

ELIMINATION OF NON-TARIFF BARRIERS

Report of the Workshop on Survey of Non-Tariff Barriers on intra-COMESA trade and Report of the meeting on NTB Enquiry Points
(Agenda item 7(i))

117. The Secretariat presented the report of the first workshop on non-tariff barriers held in Nairobi, Kenya in June 2007 to deliberate on the country survey reports on NTBs. The meeting was further informed 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.

118. The Secretariat informed the meeting that for an effective NTB reporting, monitoring and reduction/elimination process, technical assistance and other supportive arrangements would be required at the national and regional level for an effective NTB reporting, monitoring and reduction/elimination process.

119. In regard to the National and Regional Action Plans for the Elimination of NTBs the meeting was informed of the comprehensive country surveys that had been undertaken in eighteen COMESA member states which culminated in the development of a draft matrix on action plans for implementation of a programme and supporting institutional mechanisms for elimination of NTBs.

120. The meeting was further informed that the Secretariat had embarked on the process of developing a repository of trade regulatory measures by

member States and therefore requested for information to finalize the process.

121. The Secretariat also informed the meeting that it was preparing the TORS in order to undertake an impact assessment of NTBs in addition to a dispute resolution and penalty mechanism.

122. The meeting also received Country and regional experiences by Egypt, Kenya and the East Africa Business Council.

123. Egypt raised concern regarding the recurring reports by Uganda on endorsement of commercial documents by the Egyptian Embassy in Kampala and expressed the hope that this issue will not be raised in future meetings as it has been resolved.

124. Malawi reported that it had done away with pre-shipment inspection (PSI) and would be sending official notification to the Secretariat for circulation to other member States.

125. The meeting deliberated on the status of elimination of non tariff barriers and adopted the following recommendations:

Recommendations

126. The meeting recommended that:

- (i) 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 November 2007 detailing the additional information required on each of the reported NTBs;
- (ii) 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;
- (iii) 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;
- (iv) Half yearly meetings for National Enquiry Points for NTBs to be held prior to the Trade and Customs Committee;

- (v) 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;
- (vi) The report of the categorisation of NTBs should be circulated to member States by the end of November 2007;
- (vii) The work programme regarding the NTB reporting form, categorisation, elimination matrix, and the guide be implemented by member States.

Update on the NTBs online reporting and monitoring system (*Agenda item 7 (ii)*)

127. The Secretariat gave a report on the progress made in developing an online reporting mechanism. The meeting was informed that most of the development work on this online reporting system has already been done. The database has the necessary fields/information according to the approved specifications and all reported NTBs have been uploaded onto the system.

128. The meeting was further informed that the website designer is currently adjusting and refining the System according to user friendly measures for the end users both for reporting and generation of standard specified reports. The website designer was also preparing a Users Operational Manual and Guidelines.

Recommendations

129. The Committee recommended that:

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

Report of the First Meeting of Trade and Legal Experts on the Regional Framework Agreement for Trade in Services (*Agenda item 8*)

130. The leader of the Uganda delegation presented the report of the meeting of the Trade and Legal Experts on the Regional Framework for Trade in Services which took place in Lusaka, Zambia from the 3rd to the 5th of October 2007.

131. The meeting was attended by delegates from Burundi, Democratic Republic of Congo, Djibouti, Egypt, Ethiopia, Kenya, Mauritius, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. A representative of the United National Conference on Trade and Development (UNCTAD) also attended the meeting.

132. The meeting re-iterated 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. Following a review of the Draft Framework, member States requested for additional national consultations on other matters relating to the framework. The need for the re-drafting of a number of Articles of the Framework was also identified.

133. It was agreed to use the draft which had drafting improvements by the Legal Committee that had met in May 2007 rather than that used at the Nairobi 2006 meeting. The meeting could not agree on whether the title of the document should be "regulations" or "agreement" hence some member States indicated the need to do further consultations from the capitals on this matter.

134. The meeting deferred consideration of the definitions chapter of the Framework, until all other Articles had been agreed.

135. The meeting agreed to have the Article on Aims and Objectives redrafted so that there are four or five concise aims and objectives and proposed to add universal access to essential services as one of the objectives.

136. Regarding the Article on fundamental principles, the meeting agreed to have the Article redrafted to take account of variable geometry and to reflect that while, in terms of sequencing, it is desirable for member States to fulfill their obligations under these Framework before entering into progressive liberalisation with third countries, member States entering into preferential agreements among themselves or with third countries should not be prejudiced.

137. The MFN concept in the Regulations was treated in the same manner as provided in the COMESA Treaty but some member States felt that the requirement to extend the same preferences offered to a third country to other member States on a reciprocal basis would be problematic for least developed countries who may find it difficult to reciprocate. Some member States still needed to do further consultations so as to avoid a situation where a member State offers more preferential treatment to countries outside the region without giving it to members of the region.

138. It was agreed that the Framework would not deal with subsidies on services and the Article on Government procurement was bracketed for further reflection. With regard to transparency the meeting felt that the requirement for a member State to provide information to other member

States on actual measures that might substantially affect the operation of the Framework was in order but to require the same for proposed measures result in problems.

139. Pertaining to cooperation in services liberalization and development, the meeting emphasized the need for a separate Chapter dealing with development assistance to address services supply side constraints. The meeting stressed that member States shall liberalise in accordance with a positive list approach taking into account their national development objectives.

140. In compliance with GATS and the positive list approach, the meeting agreed that the Annexes of Restrictions would be replaced with GATS type schedules of commitments.

141. The meeting agreed on the need for further internal consultations by Member States, and for a further round of negotiations to finalize the document ahead of the Policy Organs meeting in May 2008.

142. The meeting also noted that there was limited technical capacity within the region in the specialised area of Trade in Services and that inviting UNCTAD and Commonwealth Secretariat to be involved in the regional process would assist member States in making progress in the negotiations. The meeting also agreed that a workshop of experts would be desirable prior to the next round of regional negotiations on Trade in Services.

143. The meeting also noted that the detailed comments made by member States were not submitted to the meeting. The meeting requested the Secretariat that they should be included in the Regional Framework for Trade in Services and circulated to all member States prior to consideration by the technical workshop to be convened in early 2008.

Recommendation

144. The Trade and Customs Committee recommended 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;
- (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.

Progress report on the implementation of the Regional Customs Transit Guarantee (RCTG) Scheme-COMESA Carnet (Agenda item 9)

145. In presenting the status report on the Regional Customs Transit Guarantee/Bond (RCTG) Scheme the Secretariat recalled that the Scheme was launched on 22 September 2006, in Kampala, Uganda, when the institution of the Chain of Surety: the Council of Surety, which oversees the management and operations of the RCTG Scheme was established. The First Meeting of the Council of Surety on the Regional Customs Transit Guarantee/Bond (RCTG) Scheme was then held on 11-13 June, 2007 in Nairobi, Kenya, and made several decisions to expedite the implementation of the RCTG Scheme and the piloting of the COMESA CARNET.

a. Ratification of the RCTG Agreement

146. Burundi, Djibouti, Ethiopia, Madagascar, Malawi, Uganda, Zimbabwe, Kenya, Sudan and Rwanda have ratified the RCTG Agreement.

b. Establishment of RCTG Reinsurance Pool

147. The Council of Surety, decided that a Reinsurance Pool for the RCTG Scheme be established to provide an international guarantee to the overall Scheme and a Clearing House facility for payments between national sureties. Council of Surety also decided that Customs Administrations and other stakeholders submit detailed national information on the management and operations of national customs transit bond/guarantee, using the format developed for the purpose.

Recommendation

148. Trade and Customs Committee recommended that 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 30th November, 2007.

c. RCTG–Management Information System (RCTG-MIS)

149. The RCTG – Management information System (RCTG-MIS), designed and developed with the technical support of East and Central Africa Global Competitiveness Hub (ECA-Hub), was installed and handed over to the COMESA Secretariat in March, 2007. The MIS has been reviewed, following observations made during the trainings of stakeholders on the preparations for the Piloting of the RCTG-Scheme: popularly also known as COMESA CARNET. The MIS website address is: <http://rctg.comesa.com>.

150. The legal instrument to regulate the use and management of the RCTG –MIS will be developed with the assistance of the ECA-Hub and a draft framework would be presented for consideration by the next Council of Surety meeting.

d. Printing and production of COMESA CARNET instruments

151. The Customs Transit Guarantee (CTG), Certificate of Guarantee (CG) and COMESA CARNET (CC) have been printed in English and have been circulated to the national sureties and Customs in Kenya, Uganda, Rwanda and Burundi for the piloting exercises in the northern Corridor.

Recommendation

152. The Trade and Customs Committee recommended 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.

e. Coordinator for RCTG scheme

153. A short term Customs Consultant was recruited in July, 2007, with the financial support of USAID to assist the Secretariat in carrying out the RCTG annual work programme.

Recommendation

154. The Trade and Customs Committee recommended that the issue of recruiting a full time RCTG Scheme Coordinator under the COMESA budget be referred to the Committee on Budgetary and Administrative Affairs for consideration.

f. Piloting of the RCTG - MIS in the Northern Corridor

155. Customs administrators, bankers, insurance companies, clearing agents, exporters and importers from Burundi, Kenya, Rwanda were trained on the operations of the RCTG Scheme and MIS in Lusaka in April, 2007. The RCTG-MIS was deployed/installed in the National Sureties of the four countries in May 2007. The first phase of the pilot would concentrate on issuance of COMESA Carnets in Kenya for goods in transit to Uganda, Rwanda and Burundi. The second phase will focus on issuance of COMESA Carnets in Burundi, Rwanda and Uganda for goods in transit to and through Kenya. The first phase of the piloting commenced on 12 September, 2007 and COMESA Carnets are now being issued for transit goods from Kenya to Uganda, Rwanda and Burundi. The second phase of the piloting will commence in November 2007.

g. The first Meeting of the Management Committee of the RCTG

156. The 1st Meeting of the Management Committee (Board) of the RCTG was held on 17-19 September, 2007, in Harare, Zimbabwe. The Committee reviewed the progress and made the following recommendations with a view to facilitate the piloting of the COMESA CARNET and expedite the commencement of operations of the scheme:

- a) Member states should adopt, at the earliest possible time, the transit document produced at the country of transit commencement (such as T1 under ASYCUDA or TH-12 under SIMBA), as Single Administrative Document (SAD) for regional transit to address the major cause for delays in transit trade, which is the preparation of entries at each and every crossing border point;
- b) Customs Administrations should adopt the concept of "Nominal Bond". The concept of "Nominal Bond" is where the total amount of (general or particularly) bond/guarantee will be subject to maximum risk at any one time that Customs Administration would be exposed. This would reduce premium rates, minimize the amount of collateral required and simplify the bond management by Customs Administrations;
- c) Customs Administration should review their existing national procedures and practices on bond management to adopt the regional system: COMESA CARNET;
- d) Customs Administrations should adopt the RCTG-MIS system to process the cancellation of COMESA CARNET;
- e) The pilot run should continue and be expanded to other member States who are ready to implement the scheme;
- f) Any bond/guarantee called upon by Customs or claim arising during piloting period should be paid/settled by the Carnet issuing primary Surety (bank/insurance company), with the coordination of the claim handling and Issuing National Sureties, until the Reinsurance Pool is established; and
- g) COMESA Secretariat should assist in providing training to bank/insurance experts from Burundi and Rwanda and other member States who have limited or no experience on the operations of Customs General bond/guarantee.

Recommendation

157. The Trade and Customs Committee recommended that the above proposals on customs bonds and documentation should be referred to the meeting of the sub-Committee on Customs in March 2008 for consideration.

IT Application and Transit

158. The meeting noted the importance of having a single document for transit and harmonized regional transit procedures. The meeting also stressed the cardinal role that IT systems played in ensuring the success of the transit system and RCTG in particular.

159. The meeting also discussed the scope for enhancing the IT applications supporting the Scheme through linking of national trade facilitation initiatives with the scheme to allow tracking of consignment, advance lodging of data, pre-clearance. The Mauritian experience in this area was considered as relevant.

Recommendations

160. The Trade and Customs Committee recommended that:

- (a) the Secretariat should provide technical assistance to Djibouti to establish a National Surety under the RCTG Scheme;
- (b) 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.

Report of the Sixth Meeting of the Directors of Customs (*Agenda item 10*)

161. The Chairman of the Sixth meeting of Directors of Customs presented the report of the meeting. In his presentation he gave an overview of the issues that were considered by the meeting of Directors as follows:

Status of implementation of the COMESA integration agenda

162. The meeting was informed that concern had been raised regarding the limited resources that had been mobilized under the adjustment facility of the COMESA Fund to assist member States mitigate revenue losses that may arise from trade liberalization under COMESA Customs Union.

163. It had also been 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.

164. The meeting also agreed that measures on trade controls at borders be referred to as trade remedies instead of trade defence instruments.

165. The meeting again noted the concern that had been raised by Egypt at the Regional Trade Policy in Madagascar 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 the need for customs authorities to address this issue.

Recommendations

166. The Trade and Customs Committee recommends as follows:

- (a) That 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;
- (b) That member States 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

167. The meeting was informed that the Directors had noted the Terms of reference for the Sub-Committee and the mandate of the sub-Committee approved by Council. In this regard, future meetings of Directors of Customs would be reported as meetings of the Sub-Committee.

Free circulation, revenue sharing and information requirements

168. The meeting 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.

169. 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.

170. The meeting was informed that all member States would need to adopt the WTO Valuation Agreement and Harmonized System 2007 and in this regard Comoros requested for technical assistance in this area.

Recommendation

171. The Trade and Customs Committee recommended that members of the Sub-Committee should participate in the discussions of the Fiscal Committee dealing with revenue collection and distribution under a Customs Union.

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

172. The meeting was advised that the Directors meeting had reviewed a study that provided a comparative analysis of the legal and institutional framework for managing various Customs Unions in place in a number of regions of the world that included the European Union, MERCOSUR, CARICOM, SACU, EAC and the Andean Community. This study report had been supplemented by a Secretariat presentation on the mission, functions and staffing of a proposed Directorate for the Customs Union with three directors each responsible for Trade and Economic Integration, Customs and Fiscal /Monetary Affairs.

173. The meeting was informed that the Directors had stressed the need for the Directorate to concentrate its mission and functions on trade and customs union issues. It had also been noted that some of the functions of the Directorate are being fulfilled by the Trade and Customs Division and there is need to re-structure the Division to fulfil its mandate for implementing decisions of Council on the implementation of the Customs Union.

Recommendations

174. The Trade and Customs Committee recommended as follows:

- (a) that the establishment of a Directorate General of the Customs Union be referred to the Administrative and Budget Committee for consideration;
- (b) That the Customs sub-Committee meets at least twice in a year prior to the meetings of the Trade and Customs Committee; and
- (c) That the Secretariat should prepare a paper on the legal and operational modalities of the customs operations in the Customs Union.

Report of the Working Group on Customs Procedures

175. The meeting was informed that the Meeting of Directors had considered the report of 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.

176. The meeting was further informed 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/I/13.

Recommendations

177. The Trade and Customs Committee recommended as follows:

- (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;
- (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.

Trade Facilitation

178. The meeting 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.

Recommendation

179. The Trade and Customs Committee recommended 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

180. The meeting 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. The meeting further emphasized the need for full use of the COMESA customs document to facilitate standardization of data required in the configuration of the database.

Recommendation

181. The Trade and Customs Committee recommends 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.

Update on the implementation of One Stop Border Posts (OSBP)

182. The meeting 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.

183. The meeting 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.

Recommendation

184. The Trade and Customs Committee recommended 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

185. The meeting noted the progress being made in the implementation of Corridor initiative to roll out existing trade facilitation instruments and to test the Aid for Trade financing process that was being implemented by COMESA, SADC and EAC.

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

186. The meeting was informed on the progress of the COMESA Regional ASYCUDA++ Project being implemented in Unions des Comores, Katanga Province of DR Congo, State of Eritrea, Republic of Seychelles and Kingdom of Swaziland.

187. The meeting was further informed that UNCTAD had made an additional presentation on the current status regarding application of ASYCUDA, sustainability of the system in the COMESA regional and on new features that had been incorporated into the system.

Recommendation

188. The Trade and Customs Committee recommended that the Secretariat undertakes a study on the feasibility of establishing a Regional Customs IT Centre and its sustainability.

African Union initiatives in continental harmonization of Customs Management

189. The meeting noted that a representative of the African Union Commission had briefed the Directors meeting on the harmonization initiatives under way in the area of Customs at continental level in the areas of Rules of Origin, Capacity Building and Transit.

Strategic Plan for Customs Administrations under the COMESA Customs Union

190. The meeting 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.

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

Recommendations

192. The Trade and Customs Committee recommended:

(i) that Customs Administrations review the draft Strategic Plan, contained in document number CS/TCM/DC/I/13, and submit comments to the Secretariat by 31st January 2008 to enable the plan to be finalized for submission to the next meeting of the sub-Committee in March 2008; and

(ii) that the Secretariat undertakes a study on the impact VAT and Direct Taxes on Customs Union operations.

Report of the Second Meeting of Directors of Statistics (*Agenda item 11*)

193. The Secretariat presented a report on the Second Directors of National Statistical Offices Meeting which was held at the COMESA Secretariat in Lusaka 10-12 September 2007. Recommendations directed to the COMESA Secretariat were reported to the meeting for noting while salient recommendations from the meeting were presented to the Trade and Customs Committee for consideration and these were:

- (a) Noting the clear role spelt out for the National Statistical Offices (NSOs) in promoting harmonization of regional Information and Communication Technologies (ICT) data, Statistics offices should

get involved and take the lead in elaboration of ICT statistics in Member States.

- (b) Noting 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, it was proposed and recommended that a Committee on Statistical Matters be formed under provisions of Article 15(3) and Article 140 of the Treaty to specifically cater for statistical matters.
- (c) Recognizing the critical and important role played by the African Development Bank (AfDB) in the International Comparison Program (ICP) and specifically in building capacity in price statistics and national accounts, it was recommended that AfDB considers extending its current statistical capacity building initiatives to a second phase and broaden its areas of intervention.

194. In the discussion that followed, the meeting identified the need for National Statistics Offices (NSO's) to be represented at meetings of the Trade and Customs Committee given the critical role trade statistics played in the formulation of trade policy decisions.

Recommendations

195. The Trade and Customs Committee recommended 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) AfDB considers extending its current statistical capacity building initiatives to a second phase and broaden its areas of intervention.
- (d) National statistics offices be represented at meetings of the Committee and communication between the Secretariat and NSO's be channeled through the national coordinating offices.

Report of the COMESA task Force on Foreign Direct Investment (FDI)/Trans National Corporation (TNC) Statistics (Agenda item 12)

196. The Secretariat further presented a report on the Workshop on Foreign Direct Investment/Trans National Corporation (FDI/TNC) Statistics also held at the COMESA Secretariat in Lusaka 5-7 September 2007. The Committee was briefed of the workshops objectives and issues covered in the three day workshop.

197. As a way forward, the meeting 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. In this regard, the need to have comparable FDI statistics in COMESA was recognized.

198. The workshop therefore recommended the establishment of the COMESA Taskforce on FDI/TNC Statistics whose terms of reference were presented to the Trade and Customs Committee for consideration.

The meeting noted the terms of reference for the Taskforce and recommended that the task office expedite its work to have progress reports submitted to the Committee at its next meeting.. Malawi indicated that they would want to be part of the Task Force.

Recommendation

199. The Trade and Customs Committee recommended that the Secretariat offers capacity building to member States that require such assistance to enhance their capacity to compile FDI/TNC statistics.

WTO: Update on the Doha Development Agenda (*Agenda item 13*)

200. A representative of the Secretariat presented an update on the WTO Doha negotiations. He pointed out that for developing countries, what matters in the Doha round was the content of the agreements which 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.

201. He informed the meeting that Brazil and Argentina have recently argued that they needed extra flexibilities in order to preserve the integrity of the Mercosur Customs Union. COMESA could draw a lesson from this approach to speak with one voice in international fora to protect its interests. The credibility of such an approach is strengthened with deeper integration among the countries.

202. He further informed the meeting that the latest issues that came out of the Hong Kong Ministerial meeting in 2005 are duty free, quota free (DFQF) and Aid for Trade. With regard to DFQF, developed countries and developing countries are supposed to extend duty free quota free market access to all products originating from LDCs by 2008 and to apply transparent and simplified rules of origin. Under the Aid for Trade donors would provide

resources for trade related capacity building at policy level, finance trade related infrastructure, etc. COMESA's case was presented at the regional meeting on Aid for Trade held in Dar es Salaam on 1-2 October 2007 and work is already in place to prepare projects under the North-South corridor.

203. The meeting noted the report.

Progress Report on EPA Negotiations (*Agenda item 14*)

204. The meeting was updated on the status and progress on ESA-EC EPA negotiations.

205. The meeting was informed that joint texts have been agreed on trade in goods, development, trade facilitation and rules of origin. Issues which remained outstanding concern the regional list of exclusions of goods. It has been agreed that national lists will now be presented to the EC which will be within 30% limit of exclusions.

206. The meeting was also informed that the EAC will make a separate market access offer within the ESA configuration, due to the fact that EAC member States cannot legally make individual offers as EAC is a Customs Union with legally binding commitments.

207. The meeting was further informed that EC had stressed that EPA are trade oriented and programming under EDF 10 should be de-linked from the EPA process. The meeting noted that the President of the EU and Chair of ESA Council would consult among themselves in the event that negotiations are not concluded satisfactorily.

Report of the Fifth Meeting of COMESA-EAC-SADC Task Force on Cooperation in the areas of Trade and Customs and Infrastructure (for noting) (*Agenda item 15*)

208. The meeting was informed on the activities of the COMESA-EAC-SADC Task Force on Cooperation which was established to harmonise the programmes of the three RECs.

209. 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.

210. The meeting was informed that 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.

211. In the discussion that ensued the meeting requested timely circulation of updates on the activities of the Tripartite Task Force as the harmonization

activities being undertaken had a direct impact on the Trade and Customs agenda.

212. The meeting also proposed that other REC's such as Indian Ocean Commission (IOC) be invited to participate in the activities of the Task Force. The Secretariat undertook to consult SADC and EAC on the participation of the IOC.

Progress Report on the Regional Competition Commission (*Agenda item 16*)

213. In presenting this agenda item the Secretariat informed the meeting that as the integration in the area of trade deepens, the need for a fair, transparent and predictable framework for doing business becomes an economic imperative. The COMESA Council of Ministers had, therefore, invoked the provisions of Article 55 paragraph 3 of the COMESA Treaty and formulated and adopted a regional competition policy for the region.

214. It was noted that while only a few COMESA countries have national competition laws, these are deemed inadequate to deal with cross-border and multi-jurisdictional competition cases and this has resulted in the adoption of the Regional Competition Regulations in line with the provisions of paragraph 3 of Article 55 of the COMESA Treaty.

215. Following a Council Decision in May 2007 in Nairobi, Kenya under which Council delegated its authority to the Bureau to appoint the first team of members of the Board of Commissioners, the Secretariat made a proposal to the Bureau on the appointment of the first group of members of the COMESA Competition Commission.

216. The Bureau appointed the nine (9) nationals of COMESA member States as members of the Board of Commissioners of the COMESA Competition Commission.

217. 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.

218. Concern was raised regarding the composition of the Board of Commissioners as there was an imbalance in terms of the language spoken by the appointees. The meeting expressed concern that there was only one French speaking commissioner among the nine commissioners of the Board out of the list of twelve candidatures submitted. The meeting was informed that this issue would be brought to the attention of the next meeting of the Council of Ministers..

219. The Committee congratulated the appointees and noted the progress report.

UPDATE ON OTHER TRADE RELATED PROGRAMMES

The Africa Growth and Opportunity Act (AGOA) *(Agenda item 17(i))*

220. In introducing this item, the Secretariat recalled that AGOA was signed by the U.S. President in May 2000 to allow eligible sub-Saharan African countries to export their products to the U.S. market duty free.

221. The sixth U.S.-Sub-Saharan Trade and Economic Cooperation Forum, commonly known as the AGOA Forum was held in Accra, Ghana on 17-19 July 2007. Among the issues raised at the Forum were the decline in African apparel exports to the U.S. following the expiry of the MFA in 2005, the expiration of the safeguard quotas for China at the end of 2008 as well as the duty-free, quota-free initiatives for imports from LDCs that pose threats to the African apparel and textile industry.

222. One of the positive developments at the Forum was the unveiling of a new initiative to assist African exporters of agricultural products to comply with U.S. sanitary and phyto-sanitary (SPS) requirements which had been cited as posing an unduly restrictive barrier to such imports.

223. On the policy front, Democratic members of the House Ways and Means Committee continue to discuss the possibility of 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, including apparel from already-competitive Asian LDCs such as Bangladesh and Cambodia.

224. The African Coalition for Trade (ACT) has been engaged in 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. While Bangladesh's apparel exports have shown healthy growth since the end of the MFA, Africa's have decreased by 25%. There is a serious risk, therefore, that if Bangladesh is given DFQF for apparel, its exports will grow at the expense of Africa's. In other words, DFQF will divert trade to Bangladesh from Africa, not from China.

225. In the discussion that ensued Mauritius requested the Secretariat to lobby the US Government to extend the derogation of the third country fabric provision to Mauritius.

226. The meeting was informed that Malawi was the largest exporter of macadamia nuts and fruits to the US under AGOA.

The Regional Agriculture Trade Expansion Support Project (RATES)
(Agenda item 17(ii))

227. A representative of the Secretariat gave a presentation on the status of the Regional Agricultural Trade Expansion Support (RATES) programme. In his presentation, he advised that regional agricultural trade is a catalyst to increased food security; increased agricultural production; development of regional value chains; value added agro-processing and generally, industrialization; employment creation and increased incomes for rural population groups who are the majority in the region, and ultimately, economic growth and improved living standards. He informed the meeting that RATES is a commodity-focused initiative and currently supports four commodity value chains including specialty coffee; maize, rice and beans; cotton and textiles; and dairy.

a) Programme Extension

228. 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 will enable RATES support the region to consolidate gains made over the last five years and build sustainability of existing initiatives as well as plan for a successor programme within the framework of the Comprehensive African Agricultural Development Programme (CAADP).

b) Development of Regionally Harmonized Standards for Dairy and Maize

229. He informed the meeting that variations in product quality standards are in some instances, being used by member States as non-tariff barriers (NTB) to trade. Developing common regionally harmonized standards should therefore enhance intra-regional trade in these commodities thereby stimulating production, employment and incomes.

230. To address this issue, RATES within the framework of COMESA's Standards and Quality Assurance (SQA) programme, have embarked on an initiative to develop regionally harmonized standards starting with key food crops. In this regard, two regional meetings, one on maize and the other on dairy were held in August and September in Entebbe, Uganda and Lusaka Zambia respectively involving key public and private sector stakeholders in the grains and dairy industries leading to defining and adoption of regionally harmonized standards in maize and dairy common to COMESA and EAC.

c) Regional Linkages through Industry Associations

231. As a result of the interventions of RATES, the region now has trade and industry associations with a regional focus and regional mandate in coffee (EAFCA), cotton and textiles (ACTIF), dairy (ESADA) and grains (EAGC). The emergence of these industry associations has helped to create

a regional environment on which the focus is on synergies and complementarities across countries paving the way for healthy rather than harmful competition.

d) Accreditation of EAFCA as a Specialized Agency of COMESA

232. EAFCA has applied to COMESA to be recognized and accredited as a COMESA Agent in line with the provisions of Article 182 of the COMESA Treaty. This development is a logical progression of the operationalisation of the MOU between COMESA and EAFCA signed in February 2006. This will enable EAFCA get institutionally closer to COMESA in terms of providing policy input into the COMESA regional decision-making process on issues affecting the sustainable development of the coffee industry as well as positioning EAFCA to leverage resources from various donors and other funding sources available to COMESA.

233. The Committee noted the following:

- (a) The extension of the RATES Project for a further period of one-year from the earlier terminal date of 30th September 2007 to the new date of 30th September 2008.
- (b) Progress made in policy harmonization and removal of barriers to regional agricultural trade, in particular, development of regionally harmonized product quality standards for maize and dairy common to both COMESA and EAC and the joint collaboration between the two institutions in achieving this;
- (c) Progress in building regional institutional capacity for private sector led initiatives to develop market linkages and regional value chains in coffee; cotton and textiles; dairy; and grains through the respective regional industry associations, EAFCA; ACTIF; ESADA; and EAGC as well as activities being undertaking by these associations at national and regional level which are having a positive impact on the coffee; cotton and textiles dairy; and cereals sectors.
- (d) Emergence of web-based market information systems which have helped to fuel both intra and extra regional COMESA trade as well as the website on trade regulations and procedures in COMESA, www.tradecomesa.com;
- (e) Forthcoming events such as the 5th African Fine Coffee Conference and Exhibition to be held at the Serena Conference Centre in Kampala, Uganda on 14-16 February 2008 and urge stakeholders in the coffee industry in the member States to participate in this major international event.

Recommendation

234. The Trade and Customs Committee recommended the accreditation of 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.

Date and venue of next meeting (*Agenda item 18*)

235. Kenya offered to host the next meeting of the Trade and Customs Committee in Mombasa in April 2008.

Any Other Business (*Agenda item 19*)

236. The representative of the African Union Commission made a statement and he noted the important issues which have been considered by the Twenty-first meeting of the Trade and Customs Committee which would help to deepen regional integration. He further stated that COMESA, as a successful REC is considered by the AUC as a pillar in the building of the African Union. He expressed the wish of the AUC to follow up with the harmonization of the three RECs under the COMESA-EAC-SADC tripartite task force and appealed to COMESA to also put on its agenda the realization of the African Customs Union. In conclusion, he expressed gratitude to the Government and people of Burundi for hosting the recent COMESA meetings.

Adoption of the report and closure of the meeting (*Agenda item 20*)

237. The report was adopted with amendments.

238. The Head of the Djibouti delegation offered, on behalf of all delegations, a vote of thanks to the Chairperson for the able manner he had steered the deliberations of the Twenty First meeting of the Trade and Customs Committee.

239. In closing the meeting, the Chairperson thanked delegates for their active contributions that had facilitated deliberations of the meeting and wished them safe travel back to their respective countries.

Annex I

COUNTDOWN ACTIVITIES TO THE LAUNCH OF THE CUSTOMS UNION

1. Policy Organs Meetings.:

Extra-Ordinary Summit of Heads of State and Government preceded by an extra-ordinary meeting of Council of ministers in December 2008. These policy organs meeting will also be preceded by meeting of senior officials.

2. Information and Publicity:

- (a) An international economic forum on the COMESA Customs Union with the theme "COMESA Customs Union: Deepening integration through value addition". The COMESA Business Council to organize the event.
- (b) A COMESA trade fair with participation of selected exhibitors from member States.
- (c) Publicity materials;
- (d) TV and radio programmes in each member State including regular playing of the COMESA Song;
- (e) Debates and discussion forums;
- (f) Workshops in member States involving public and private sector, women, civil society, youth and academicians;
- (g) An essay Competition on the Customs Union;
- (h) Issuance of commemorative postage stamps in member States;
- (i) Dedicated Website;
- (j) A publication on the opportunities and challenges of the COMESA Customs Union;
- (k) A special magazine;
- (l) COMESA Airlines and other regional sponsors to publicise the Customs union;
- (m) Sports and cultural events, like art exhibition, and music shows;

- (n) COMESA institutions to publicise the Customs Union in their different events and publications.

Annex II

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