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PROPOSED OUTLINE OF A DRAFT TREATY ESTABLISHING
THE AFRICAN ECONOMIC COMMUNITY



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THE AFRICAN ECONOMIC
COMMUNITY^{1/}

A. PERSPECTIVE

1. The Final Act of Lagos, adopted by the Second Extra-Ordinary Assembly of OAU Heads of State and Government in Lagos, Nigeria, April, 1980, authorised the Secretary-General:

(i) to appoint, as quickly as possible, a Drafting Committee, at ministerial level, to prepare the draft of the treaty establishing the African Economic Community;

(ii) to submit this draft for consideration of the Assembly of Heads of State and Government scheduled for 1981.

2. In carrying out this mandate, the Secretary-General was confronted with certain conceptual, as well as administrative/financial problems. The latter problems, even though were not absolutely insurmountable, arose because the expenditure that was involved, which was in fact considerable, had not been foreseen and provided for in the 1980/81 budget of the Organization. Fortunately the February, 1981 Session of the Council of Ministers approved US\$150,000 for this work.

3. The conceptual problems were in connection with the understanding and interpretation of the intention of the Heads of State and Government in calling for a draft treaty, as well as the nature and objectives of the treaty in relation to the philosophy of the Lagos Plan of Action. Equally important was the fact that the

1/ This document is based on the progress report prepared for the Secretary-General by a Consultant on the African Economic Community.

Final Act had in fact, set out the stages of implementation, involving the strengthening of existing regional economic groupings and establishing new ones in the continent, strengthening sectoral integration and promotion co-ordination and harmonisation among the existing and future economic groupings for a gradual establishment of an African Common Market.

4. In order to abide by the mandate of the Final Act, in terms of preparing a draft treaty for consideration by the 1981 Assembly, while at the same time taking into account the approved stages of implementation, the OAU/ECA Joint Secretariat Commission held a series of discussions which resulted in a clear definition of the tasks involved, the approaches and modalities to be adopted and the terms of reference for consultants.

5. At the level of the General Secretariat, it was felt that the time given to execute this mandate was too short. Since the preparation of even an initial draft treaty for a Community embracing the whole continent, is a very serious and complex matter, it is therefore not possible to present a draft treaty at this stage, to the 1981 Session of the Assembly of Heads of State and Government.

6. Thus, the tasks for the consultant who has been recruited, involve not only the preparation of the first draft treaty but more important, the identification of the basic requirements for an African Economic Community; the relationship between the Community and existing and future regional economic groupings; and a clear work programme, on the basis of above, that would be needed to accelerate movement towards the establishment of the Community.

B. CONCRETE STEPS THAT HAVE BEEN TAKEN

7. Concrete steps that have so far been taken to implement the Final Act include :-

- (a) the setting up of an OAU/ECA Joint Secretariat Commission to define the parameters of work, the approaches and modalities for the drafting of a treaty, as well as its nature and objectives;
- (b) a consultant has been appointed through the assistance of the United Nations Development Programme;
- (c) preliminary discussions have been held in both Addis Ababa and Geneva, with the participation of officials of the OAU, ECA, UNCTAD and GATT;
- (d) a work programme has been developed with concrete organizational and substantive proposals on how the movement towards the African Economic Community is to be accelerated;
- (e) the first draft of the treaty has been drawn up and is currently being discussed by the OAU/ECA Joint Secretariat Commission.

C. REQUIRED ACTIONS, BY MEMBER STATES AND EXISTING REGIONAL ECONOMIC GROUPINGS TO FACILITATE PROGRESS

8. The establishment and operation of the African Economic Community will be considerably facilitated if certain preliminary actions are embarked upon by all Member States and the existing

regional/sub-regional economic groupings, even before the formal conclusion of the treaty. It should be mentioned that some of the existing groupings have embarked on, or are contemplating, similar actions. It is important therefore that new groupings take account of this need so as to prevent the development of incompatibilities.

9. Such actions include :

- (a) harmonization of customs tariff nomenclature and procedures;
- (b) harmonization of trade statistical standards and procedures;
- (c) standardization of rules of origin;
- (d) harmonization of investment code;
- (e) harmonization of labelling and marking rules;
- (f) adoption of a convention on Mutual Customs Assistance.

D. BACKGROUND STUDIES ON VARIOUS ISSUES RELATED TO THE ESTABLISHMENT OF AN AFRICAN ECONOMIC COMMUNITY

10. The aim of the background studies is to provide comprehensive information, analysis and options for policy, on various issues that are likely to be crucial to the realization of the objective of the African Economic Community. These studies would relate to or result in the protocols envisaged for the treaty.

E. ORGANIZATIONAL REQUIREMENTS FOR EFFECTIVE WORK

11. The formal conclusion of a Treaty establishing an African Economic Community will do no more than provide a framework for action in many fields of economic co-operation in which difficult but highly rewarding decisions will have to be made.

12. Indeed, some of the decisions that will need to be made within this new framework, have in fact, been made in the past, but remain largely unimplemented. The Lagos Plan of Action recalls that "the various institutions that have been established, all at the request of African Governments, in fields such as natural resources, science and technology, industry, training and human resources and transport and communications, have all suffered from the ill-effects of lack of follow-up in the implementation of political decisions"^{1/}

13. While the conclusion of the Treaty should provide a new impetus for the implementation of these decisions, it may also be argued that the mobilization of fresh political will to implement some of the decisions that have already been taken, even before the formal conclusion of the Treaty on the African Economic Community, will provide a favourable climate for the conclusion and implementation of the Treaty.

14. It is proposed therefore that, as part of the preparatory work for the conclusion of the Treaty, a High-level Inter-governmental Committee of Experts from Member States should be set up to review all past decisions that have been taken by the OAU and ECA, and suggest ways and means for their effective implementation by all Member States.

^{1/} The Lagos Plan of Action paragraph 259.

15. The Committee should be assisted by a small consultative group of experts to be set up in connection with the preparation of the treaty.

16. Secondly, it is proposed to create a special unit in the General Secretariat to deal exclusively with the work on the African Economic Community, including the provision of technical and administrative support to the proposed High-level Inter-governmental Group of Experts, the Consultative Group of Experts and the Technical Committee on Trade Statistics.

17. In order to advance work on the special actions required to facilitate progress, it is also proposed to set up a Technical Committee on Trade Statistics, Industry and Customs matters and rules of origin with the following terms of reference :-

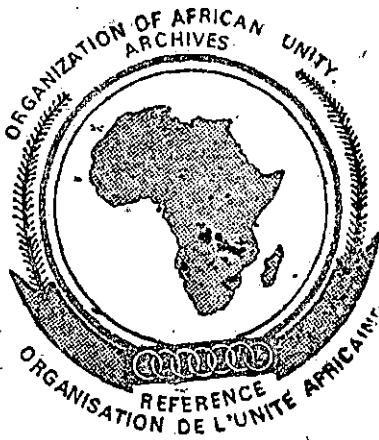
(1) To examine existing practices in African countries and in sub-regional economic groupings on :-

- a) Customs Nomenclature and Procedures;
- b) Standards and procedures in Trade Statistics;
- c) Rules of Origin ;
- d) Investment incentives; and
- e) Industrial Co-operation.

(2) To make recommendations on common approaches that may be adopted by all Member States, even before the formal conclusion of the Treaty.

18. The various options to be considered in these areas can be examined in the light of experience gained by existing regional/sub-regional economic groupings in Africa and elsewhere, and against the background of any recommendations for global standardisation that might have emerged from international discussions.

19. Work on the other areas of needed action will commence after some progress has been made on above and experience gained. Given the serious nature of work involved and the implications of all action contemplated, it would certainly be prudent to proceed with this task step-by-step, on the basis of an established list of priorities.



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