

ORGANIZATION OF
AFRICAN UNITY
SECRETARIAT
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ADDIS ABABA

ORGANISATION DE L'UNITE
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SECRETARIAT
B. P. 3243

COUNCIL OF MINISTERS
Tenth Ordinary Session
~~1968~~, February 1968

CM/202

Addis Abeba

ECONOMIC
MULTILATERAL CO-OPERATION
IN AFRICA



CM 0202

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1. In its Charter, the Organization of African Unity recommends, as a primary objective, strengthening the unity and solidarity of Member States by co-ordinating and intensifying co-operation in all fields. The OAU Council of Ministers, meeting at Dakar in August 1963, in its First Ordinary Session, adopted a resolution inviting all Member States desiring to constitute regional groupings or sub-groupings to conform to the spirit of the Charter. The resolution further requested Member States to deposit the statutes of the said groupings with the headquarters of the OAU before they come into force. The resolution was an appeal to the regional groupings existing prior to the foundation of the OAU, with a view to their being progressively integrated into the specific framework defined by the Charter. In response to that directive by the Organization, efforts were exerted by the co-operative bodies existing before the OAU to bring about a new orientation of their policies in order to avoid Balkanizing the African Continent and gradually reach overall integration.

2. Unfortunately despite the repeated appeals by the political leaders of the OAU, few of the States which, prior to the foundation of the OAU, had combined a community of interests and bases for concerted development, really associated the General Secretariat, with their efforts. As a result, the knowledge available of their stage of development remains very incomplete and some of the information in the Secretariat's possession, is acquired only via the Press. The deficiencies and shortcomings, which must certainly be apparent in this report, can only be attributed to this lack of precise information. To remedy this state of affairs, the resolution adopted by the Council of Ministers at its last Session at Kinshasa in September 1967, and which was approved by the Assembly of Heads of State and Government again calls upon all Member States of the OAU to promote, by all adequate means, the formation of economic groupings with the ultimate objective of integrating the Continent. In this same resolution the Council called upon Member States to develop exchange of information in this domain through the medium of the General Secretariat of the OAU.

3. Barely six months have elapsed since that last resolution, and a stock-taking of the activities of African multilateral organizations would show that serious efforts have been exerted here and there by individual African States or regional groupings which appear to give concrete shape to the recommendation. It is also gratifying to observe the conclusions already being reached by States grouped into co-operative bodies, the strategy of which is designed to promote their economic welfare through co-ordination of their development plans and their trading policies.

4. Thus the Interim Economic Commission of the East African Economic Community, considering that the absence of any co-ordinated industrial development might provoke an overlapping of efforts and faulty utilization of resources, and that the establishment of industries of some importance require a sub-regional market in order to be operated in a profit-earning manner, recommended joint action by members of the entire sub-region. As a first step, it advised the finalization of a short-listed breakdown of industrial projects of a sub-regional character, to be revised periodically, as well as studies of the viability and location of these industries within the sub-region. These industrial studies must be brought up to date and reconsidered in the light of the recent industrial development of countries of the sub-region and taking into account their respective degrees of development. The Council of Ministers of the Community, therefore, has yet to rule on the commitments which the countries must make in order to ensure conditions for efficient operation of their industries. The lack of information provided on plans to locate industries in the sub-region hampering the completion of industrial studies, it is consequently requested that procedures be agreed upon, according to which industrial projects planned in the countries of the sub-region and which could amend the conclusions of these studies, be pointed out and discussed regularly. The Commission recommends the same form of co-operation in the spheres of transport, agriculture, and research into natural resources, concerted action in the field of trade liberalization and parallel action designed to set up a sub-regional common market.

5. In June 1967, three East African countries, Kenya, Uganda and Tanzania signed an agreement in Kampala setting up the East African economic Community, happy outcome of two years of negotiation. A solid foundation was thereby laid for the establishing of new links between States of the sub-region. It is interesting to note that the new com-

munity which groups about 28 million inhabitants is not exclusive. The Common Market formed by the three countries is open to any other sub-regional country which can freely associate itself with that body. So it was that at the Summit meeting of the 12 Central and East African Heads of State and Government, Ethiopia formally pronounced its adhesion to the East African Community, the headquarters of which are in Arusha, in Tanzania. On this same occasion Somalia, Zambia, Burundi, Rwanda and Congo-Kinshasa also notified the community of their desire to join the movement. This Common Market which already groups five countries of the same region represent an active contribution to the consolidation of African Unity.

6. In West Africa, can be observed the birth of a free trade zone which will prepare the 14-Nation West African Common Market for that region. Despite the serious obstacles, due to the various links which tie the various States of that zone to the British Commonwealth, or to the European Economic Community, a certain number of steps will help facilitate trade liberalization, namely: relaxation of restrictions on the circulation of capital in the two zones; setting up a payments union accompanied by adoption of a coin of account, and the establishment of pools on the lines of the European coal-steel pool, within the framework of which exploitation and trading of certain products could be concerted. If one bears in mind the enormous sacrifices such measures represent to the countries concerned, one can easily gauge that African unity is not an idle term and that Africa's political leaders have realized Africa's tardiness and are now, more than ever before, determined to go ahead in the quest of ways and means which will allow the progress of African economies for the welfare of its peoples.

7. The association between the European Economic Community and the African and Malagasy States, governed by a convention which covers foreign trade, financial and technical co-operation, foundation laws, services, and payments provides for a development fund. The two main points about this convention are preferences in the field of trade relations and the expenses of the development fund.

8. The Council of the 'Entente', insofar as concerns the economic field, co-ordinates the foreign economic policy of Member States as regards taxation, public administration, labour legislation and communications. The group's activities are aimed at eliminating trade barriers, at a joint management of ports, railways and principle highways and at harmonization of economic policies. An inter-dependent fund deposited with a bank of international repute located outside the territories

of the member states by those same States guarantees productive loans contracted abroad through public, semi public or private enterprise institutions for industrial, agricultural or profit earning trading operations and for their related infrastructures.

9. The new Central African Customs and Economic Union which was set up on January 1st 1966, replaces the Equatorial Customs Union established in June 1959, by the eight countries of former French Equatorial Africa (the Central African Republic, the Republic of the Congo, Gabon and Tchad). The Cameroun became an associate-member of the Equatorial Customs Union in 1961, and a Cameroun-ECU committee was constituted in February 1964. The treaty relating to the creation of the Customs Union was presented on December 8th 1964 and adopted at Yaounde on December 13th 1965. This community is working to eliminate trade barriers within the zone. It co-ordinates the apportioning of industries in accordance with a sliding economic scale. Agreements between countries of the zone enable establishment of joint foreign tariff scales, co-ordination of fiscal policies, establishment of a single inland tax on foreign exchange within the zone, pooling of resources for the more costly development projects (infrastructure and education), establishment of a uniform investment code for the zone in such a way as to attract a greater volume of foreign capital. The integration of the economies of the five member countries is facilitated by virtue of their joint membership of one single regional bank of issue and a monetary union. A joint oil refinery is under construction at Port-Gentil (Gabon). Other joint projects are at present being studied.

10. The Maghreb regional economic organization is designed to intensify economic co-operation, with a view to bringing about a Maghreb economic community. It has deliberately adopted a more pragmatic approach (i.e. "brick by brick") and the orientation and tempo of progress depend on the steps that members are prepared to take in the fields covered by the Commissions. To this end, six Commissions stemming from the permanent Consultative Committee concern themselves, respectively, with trade exchange, statistics and national accounting, tourism, industry, transport and communications and posts and telecommunications. An official agreement has been concluded with the ECA as regards research.

At its eighth session the Economic Commission for Africa decided to urge the Executive Secretary to intervene with the United Nations Organization and the Specialized Institutions so that the Council of

Ministers of the Maghreb Economic Organization be recognized as the body entitled to receive direct technical assistance directly from the United Nations Specialized Institutions.

11. Other African multilateral organizations have continued to offer their contributions to this volume of achievements. Economic development bodies for joint exploitation of specific geographical entities (lake basins, waterways) are working at maximum rate in various parts of Africa. Thus, in accordance with the terms of a convention and of a statute, the Tchad Basin Commission pledges Member States to co-operate with a view to developing the resources of the basin. The Commission strives to prevent members from taking unilateral steps which might modify the normal features of the lake. Since October 1966 UNESCO has been carrying out an 18 months study, financed by the UNDP, in order to provide basic information to the Commission on the water sources and other characteristics of the lake.

12. An agreement covering the establishment of a Niger Basin Commission was ratified in December 1965, and allows riparian States to take the steps needed for joint development of the Niger Basin. Various studies are under way; one regarding navigability of the Niger, is to be financed by the Government of the Lowlands and will be carried out by the Dutch NEDECO firm, local expenses being charged to the countries concerned; the other will enable definition of the economic possibilities of developing the full length of the river. These two studies will enable identification of the projects needed to open the river up to navigation between the mouth and the presently navigable stretch located in Malian territory.

13. An inter-state Committee is promoting development of the Senegal Basin for the greater good of all, particularly in the fields of agriculture, power generation, industry and navigation of the River Senegal. The members of this body also consider the committee as a means of developing economic co-operation in Africa, either through establishing links with other riparian commissions (Tchad and Niger), or through expanding, to embrace other countries through which flow rivers with sources in Guinea in the Fouta-Djalou, that is to say the Gambia, Sierra Leone, Liberia and when it becomes independent Portuguese Guinea.

14. Certain major African agricultural crops (coffee, ground-nuts, cocoa) are the subject of agreements between producer countries with an eye to their joint exploitation. The African Ground-nuts Council enables its members to guarantee world markets at remunerative prices for ground-nuts and their by-products, due to joint action. The eight member countries of the African and Malagasy Coffee Organization are

considered as one single member in the International Coffee Organization in which they hold a much more solid position. The Cocoa-producing countries alliance, grouping African countries and Brazil, suppliers of four fifths of the world's cocoa crop makes the adjustments required between production and consumption when the normal market forces are inactive. It prevents excessive price fluctuations, protects foreign exchange earnings of member countries, ensures a satisfactory cocoa supply at prices profitable to the suppliers, facilitates development and consumption of cocoa and consequently regulates production.

15. The joint exploitation of certain trading activities enables a number of African States to offer their contribution towards the realization of African Unity; the Transequatorial Communications Agency maintains land communications between Member States and receives its directives from UDEAC into which it is integrated. Air Afrique, a subsidiary body of OCAM, manages joint regional air services between Member States and also serves West and Equatorial Africa as well as Europe in addition to its quota of seats on Pan American flights between New York and Douala. At present it is serving 23 countries. East African Airways Co-operation operating under the patronage of the East African Joint Services Organization provides air services in East Africa. The service to South Africa was interrupted in 1963. The inter-State African Tourist Office, the joint Locust and Pest Control Organization, the African National Radio and Television Union are all co-ordinating their efforts, each within its own sphere, with a view to promoting the policy of progress in Africa for the well-being of its peoples.

16. The developing countries in general, and the African countries in particular through their trading patterns being practically exclusively linked to the developed countries or to their former metropolitan powers, will of necessity be at the mercy of the economic and trading policies of those latter. The African countries which are already split by political ideologies, must forge for themselves the practical means for negotiation, and together seek out the elements of persuasion. The majority of African countries hold no trump cards at an noteworthy degree, to enable them to negotiation on the economic plane. On the other hand, if groups of states are able to pool their efforts in their capacity as importers or exporters of products essential to numerous industries in the developed countries, they would undoubtedly ensure that far greater

account is taken of their interests; the greater weight carried by the group constituting one of the parties to negotiations, the better trading policy treatment it can hope to get in negotiations with other countries. We already know that a good many of the developed countries are forming groupings (the ECC for example) to strengthen their already enviable position in negotiations. It would not be too much to say that in our time the small African countries can no longer individually penetrate into developed world markets, where the competition is extremely severe and the power of the various enterprises very considerable. Integrated into larger economic groupings, they could thus put themselves into a more advantageous position in order to stand with greater chance of success the competition in the markets of the developed countries or other developing countries, but which have already taken the lead over the African countries. The necessity of a particularly expanded market needed by the newly born industries of most African countries for certain products can never be sufficiently stressed. Expanded market dimensions, considerably reducing production costs, the African States have everything to gain by integrating themselves into these various groupings if they so desire, in order to attain appreciable economies in the long run. The wider a region is, and in consequence the more varied its range of products, the more numerous will be the projects likely to succeed.

17. The establishment of these various joint mechanics of economic policy enabling the African countries to negotiate with the richer countries under very much better circumstances, entails that the leaders must resolutely commit their respective countries to this process which is the only possible course to follow in order to attain an integrated development of the Continent, one of the essential objectives set by the Charter of the Organization of African Unity to realize this harmonious development it will be necessary for the African countries to co-ordinate their customs policies towards the countries of the Third world, to evolve a joint monetary policy and certain elements of taxation and social as well as an investments policies. These joint policies certainly involve difficult negotiations, particularly, as is the case with most African countries, where legislation, political decisions and the degrees of economic development are very different.

18. In order to iron out these difficulties, the Economic Commission for Africa, the United Nations Organization's regional body, set up by the Economic and Social Council in 1958 in the same capacity as three other economic regional commissions promotes and plans economic and social

development of Africa, thanks to co-operative action of Member States at regional level. In 1966, the ECA organized meetings on economic co-operation in each of the four sub-regions of Africa, East, Central, North and West. The creation of the East African Economic Community was the outcome of one of those meetings as was that of the West African Economic Community. Two of the major achievements of the ECA were the establishment of an African Economic Development and Planning Institute, and the founding of the African Development Bank which is now a completely autonomous body. The agreement covering the creation of the Bank was adopted in Khartoum on October 4th 1963, and came into force on September 10th 1964, the date on which the necessary instruments of ratification were deposited. The Bank is designed to finance projects of investment programmes for development, in particular accentuating multinational projects. It provides technical assistance for the examination, preparation and implementation of projects and strives to marshal resources from abroad, as much as from within Africa itself. On July 1st 1966 the Bank formally began receiving requests for loans. In April 1967, two investment authorizations were granted. The ECA has furthermore set up training and statistics centres in Addis Ababa, Yaounde, Dar-es-Salaam and Achimota. It has expert consultants available and undertakes numerous activities in research and planning, mainly from its headquarters in Addis Ababa.

19. Nevertheless the OAU has a role of capital importance to play in its capacity as an African political body. It is in a far better position than any other institution to determine the course to be followed in order to iron out all the difficulties which are for the major part inherited from the colonial period. African political bodies must therefore give all necessary attention to these experiments at regrouping, which would put them in a position to be able to shoulder their responsibilities, by learning to recognize their rights and their obligations in order to be able to find suitable solutions to the problems set by the enormous difficulties which remain to be overcome, in order to strengthen and cement the multinational groupings definitively. However the role of capital importance played by the OAU, the only forum in which African bodies can meet and freely discuss all problems of joint interest to the whole of the African Continent, can never be stressed enough. It would therefore be highly desirable if the Council of Ministers again emphasize the necessity of a form of centralization which would put the Secretariat of the Organization in a position to be able to collect

from the governing bodies of the various multinational groupings, the working documents which it undertakes to circulate to all Member States of the OAU so that the experience gained by one may effectively help all the rest. This will help prevent Balkanization at regional level. The interest which Member States have in this process of regional regrouping must continue to grow so that all may find a sure path leading to the integration of the African Continent as a whole.



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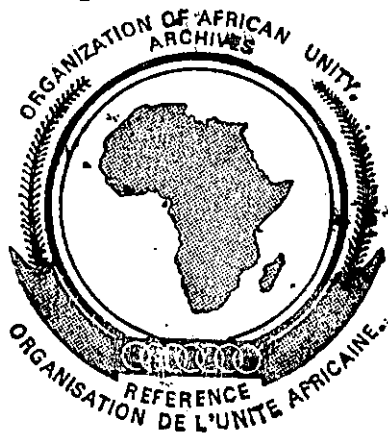


- In document CM/202 please read paragraph 6 to end:

A meeting of Heads of State of the zone will be held in April 1968 in Monrovia to examine possibilities of setting up the Market.

- At the end of paragraph 9:

The Council of Heads of State of UDEAC at its last meeting at Bangui adopted various instruments and took numerous decisions, all designed to consolidate the UNION. Thus it is that a meeting of Ministers of Planning and of Economy from member States, scheduled for June 1968, is to finalise a joint programme for industrialisation of the Union, based on an equitable apportioning of industrial projects to Member States. Because of the shortly-expected commissioning of the joint refinery of Port Gentil, regular studies are being conducted at the level of the Steering Committee for regulation of stores, transport handling and utilisation of liquid fuels, as well as the price structures of the refinery products. The Council also directed a Committee of experts from Member States to collate all information on the social policies of each State and examine problems relating to labour and social security in the Union, particularly insofar as concerns the free movement of man-power. The principle of founding an inter-State Customs School at Bangui was agreed upon. It was also decided to begin a study in order to encourage tourism in all Member States. The Chairman of the Council is to approach the World Bank in order to bring about the establishment of a sub-regional Branch of this body in Central Africa and will also contact the ECA with a view to setting up an industrial development office in Brazzaville for the UDEAC States.



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