



**ORGANIZATION OF  
AFRICAN UNITY**

Secretariat  
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**ORGANISATION DE L'UNITE  
AFRICAINNE**

Secretariat  
B. P. 3243

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OM/757 (XXVII)

Annex III

COUNCIL OF MINISTERS

TWENTY-SEVENTH ORDINARY SESSION

Port Louis, Mauritius, 24-29 June, 1976

DECLARATION AND PLAN OF ACTION ON AFRICAN  
ECONOMIC CO-OPERATION



CMC/2 (IV)

DECLARATION AND PROGRAM OF ACTION ON THE PROMOTION  
OF INTRA-~~AFRICAN~~ TRADE AND DEVELOPMENT OF CO-~~OPE-~~  
RATION AMONG AFRICAN COUNTRIES.

DECLARATION

The African Trade Ministers meeting in Algiers from 24 to 29 November, 1975, in accordance with the decision taken by the Assembly of Heads of State and Government of the OAU at the Kampala Summit (in August 1975) examined in depth the problems of trade and economic development of African countries in the light of the resolutions adopted at the Seventh Special Session of the General Assembly of the United Nations on Development.

The African Trade Ministers reaffirm their adherence to the provisions of the OAU Charter and the solemn declaration of the Heads of State of the OAU of May 1973 on Co-operation, Development and Economic Independence, and the objectives and principles adopted by the 4th Conference of Non-Aligned countries in Algiers and the Dakar Conference of developing countries on raw materials held in February 1975.

The African Trade Ministers, concerned at the little progress made in the field of intra-african trade and co-operation, as well as the continued deterioration of the position of Africa in the system of international economic relations, reaffirm their determination to rely primarily on themselves through conformity with the principle of self-reliance of developing countries.

They recognise that the present situation of intra-African trade is characterized by a very small volume in comparison with Africans share in world trade, restricted to a very limited range of products. Indeed, in 1974, while the total volume of Africans external trade stood at 68 billion dollars, intra-African trade was 1,460 million dollars or 2.6% of this volume. Furthermore, this rate shows an alarming regression if one considers that it was 5.5% in 1970, 4.2% in 1972 and 3.8% in 1973.

This situation is to be attributed essentially to the economic structures inherited from the colonial era, based on exploitation and domination. This has given rise to extraverted economies characterised by vertical trade with former colonial

powers to the detriment of the interests of Africa.

Thus most of the exports from African countries were primary products particularly agricultural and mineral items. The exploitation and marketing of these goods often use the channels of foreign firms established in Africa, which direct the trade flow towards the former administering powers. Besides, the exclusion of African countries from the fixing of prices and the disastrous effects of inflation further contributed to the deterioration of the terms of trade, thus increasing the net transfer of resources from African countries to developed countries and in this way reducing the former's development ability.

In order to check such trend, and consolidate the negotiating power of African countries, the co-operation among African countries should be strengthened and measures introduced with a view to ensuring a genuine economic decolonisation. At the trade level, this implies co-operation efforts to create markets, in order to facilitate a better application of the principle of the recovery of national resources, local processing and marketing the resultant products.

Furthermore the least developed countries, furthermore land-locked countries, island countries and newly independent countries are facing specific difficulties in the pursuit of harmonious and integrated development of intra-African trade.

One of the major obstacles to the development of intra-African trade lies in the difficulties in forwarding goods, resulting from the inadequacy or the unsuitability of the infrastructure and the means of transport as well the disparities between the various national regulations.

In a number of African countries, external trade is still partially or completely controlled by transnational corporations which, through restrictive practices, direct trade to their exclusive

benefit. There is therefore need for the African countries to establish increased and effective controls at the level of both production and marketing.

In view of the highly positive role of information in the development of trade, and considering its present inadequacy, it has become necessary to organize, at the level of a data bank, the collection/<sup>of</sup> dissemination of statistical and other information related to the economic activities of African countries, including production, consumption, foreign trade and prices.

7. On attaining independence, African countries erected tariff barriers either to protect their economies or to obtain government revenues or both, and at the same time, continued links with the former colonial powers led to the conclusion of preferential agreements with countries or economic groupings outside Africa.

In order to achieve such objectives, the African Trade Ministers believe that measures should also be taken by the international community for improving the international economic environment through the establishment of a New World Economic Order, and adopt the following resolution and programme of action.

PROGRAMME OF ACTIONPREAMBLE

The Conference of Trade Ministers of the OAU Member states at its 4th Session held in Algiers from November 24 - 28, 1975,

Having examined the problems facing the expansion of intra-African trade and the possibility of creating an African Common Market,

Guided by the African Declaration on the Co-operation, Development and Economic Independence, (CM/ST.2) adopted by the OAU Heads of State and Government in May 1973, in particular Section BI concerning intra-African trade,

Recalling the Resolution of the 3rd Conference of African Ministers of Trade meeting in Dar-es-Salaam, which inter-alia requested the fourth Session of African Ministers of Trade to (a) "study the machinery to be set up in order to fulfill the objectives of African Unity including the implementation of an African Common Market",

Recalling further Resolution CM/Res/437 (XXV) adopted by the OAU Council of Ministers <sup>at</sup> its 25th Session in June 1975,

Conscious of the low volume of intra-African trade which constituted in 1974 about 3,8 per cent of the total African trade,

Concerned by the continuous decline in the percentage share of intra-African trade in the total trade of African countries which accounted for 5.5 per cent, 4.6 per cent, 4.2 per cent and 3.8 per cent of the total African trade in 1971, 1972, 1973, and 1974 respectively,

Convinced that the volume of intra-African trade can be increased substantially on the basis of existing complementarity,

Agreeing that the ultimate objective of African countries is to attain complete unity by among other things intensifying intra-African trade and economic co-operation among themselves and particularly by elaborating and implementing whenever possible a form of economic integration such as an African Common Market,

Agreeing further that measures have to be taken and a programme has to be established in order to expand and promote intra-African trade and co-operation through bilateral, sub-regional and regional approaches, which in the long run would lead to the realization of the ultimate objective of an African Common Market,

Determined to identify all the obstacles which hinder or retard the growth of intra-African trade and to seek adequate ways and means to overcome them,

Convinced of the need for continuous dialogue among African countries in the search of solutions to problems facing intra-African trade and co-operation and of the need to have a permanent institution for such consultations,

Adopts the following Programme of Action.

#### PROGRAMME OF ACTION

1.0 - The present poor state of infrastructure, transport and communications constitutes one of the major obstacles to the promotion of intra-African trade. The difficulties are mainly due to the insufficiency and inadequacy of infrastructures and means of transport and communications. In order to remedy this situation, African countries undertake among other things to:

- 1.1 - Develop transport infrastructure and communications networks;
  - 1.2 - Ensure improved utilization of existing African facilities in the fields of transport and communications;
  - 1.3 - Prepare a model intergovernmental agreement relating to all forms of transport, including a draft international convention on road and rail transport;
  - 1.4.- Encourage the establishment of African transport companies at the bilateral, sub-regional and regional levels;
  - 1.5 - Encourage the creation of African Liner Conferences and consultations in order to defend African interests, namely by the establishment of an African Shippers Council;
  - 1.6 - Grant mutual opportunities and facilities in matters of transport and related operations, such as transit, storage facilities etc.
- 2.0 - The vertical orientation of the pattern of trade inherited from the colonial period aggravated by the control of extra African multinational corporation on the distribution circuits made the African economy extraverted. In these conditions and in order to re-direct and promote intra-African trade, African countries should, among other things, endeavour to:
- 2.1 - Promote the establishment of their own distribution networks and companies and control the activities of transnational companies;
  - 2.2 - Establish direct trade relations and avoid triangular operations.
- 3.0 - The absence or inadequacy of information and the difficulties in exchanging information between various countries are often responsible for the paucity of intra-African trade.



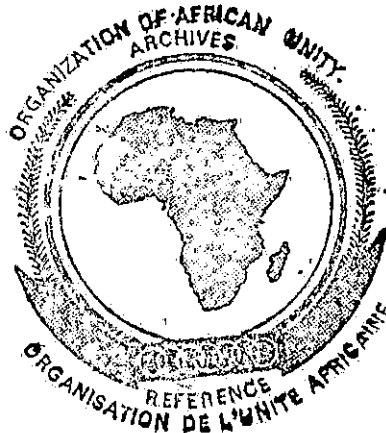
To contribute effectively towards a better exchange of information, African countries undertake to:

- 3.1 - Collect and disseminate statistical data on
  - production;
  - exports and imports;
  - prices.
- 3.2 - Supply African countries with regulations governing external trade including customs and taxation regulations,
  - exchange control regulations;
  - regulations relating to financial transactions;
  - trade regulations;
- 3.3 - Provide information on:
  - respective development policies;
  - investment programmes and policies.
- 4.0 - Since tariff barriers often constitute an obstacle to the development of intra-African trade, the following measures should be adopted:
  - 4.01 - Granting African countries at least the same favourable terms as those granted to countries outside Africa;
  - 4.02 - Reducing and progressively eliminating heavy customs duty in intra-African trade in respect of a minimum list of goods in which trade can be rapidly increased;
  - 4.03 - Eliminating all fiscal measures which might constitute disguised tariff protection;
  - 4.04 - Harmonizing tariff nomenclatures.
- 4.1.0 - Provisions relating to the implementation of these measures should include an appropriate clearing system safeguard clauses and any other necessary provisions in order to avoid disruption of the economies of African countries.

- 5.0 - Non-tariff in the same way as tariff barriers hamper trade development. Consequently they should be removed by:
- 5.1 - eliminating the restrictive business practices of trans-national corporations based in African countries;
  - 5.2 - gradually eliminating quantitative restrictions;
  - 5.3 - increasing flexibility and harmonization of regulations and procedures governing foreign trade and related activities.
- 6.0 - Hence, it is necessary to elaborate a trade promotion programme by:
- 6.1 - Preparing a list of products for various sectors (mining, industry, agriculture) on the basis of complementary studies and drawing up trade programmes for these products at the bilateral, sub-regional and regional levels;
  - 6.2 - Model contracts for sales and purchases to protect outlets and supplies;
  - 6.3 - Increasing trade promotion activities, particularly through:
    - exchange of trade missions;
    - participation in African fairs and exhibitions;
    - setting up of joint chambers of commerce at sub-regional levels;
    - active support and use of the Association of African Trade Promotion Organizations;
  - 6.4 - Establishing an African multilateral payments system to facilitate commercial transactions on the basis of the work accomplished by the Association of African Central Banks;
  - 6.5 - Examining the possibility of establishing a harmonized system of credit insurance.

- 7.0 - Given that the different levels of development in African countries and the lack of harmonization in planning and economic development policies reduce the degree of complementarity of African economies; and considering that the various existing trade structures favour vertical relations to the detriment of intra-African trade; it is necessary to adopt long term-measures, in the context of the global strategy of Third World countries with a view to achieving the economic integration of the African continent. Such measures should include:
- 7.1 - formation where possible of associations of commodity producers and exporters by constituting buffer stocks whenever necessary and establishing a Finance Fund at the African level;
  - 7.2 - systematic exchange of information and experiences in planning, with regard to development policies;
  - 7.3 - implementation of joint economic projects in particular those aiming at reinforcing the complementarity of African economies;
  - 7.4 - strengthening the existing sub-regional African groupings and the establishment of new ones where none exist;
  - 7.5 - establishment of an African trade and development organization within the framework of the OAU; the establishment of such an organization should however be preceded by a detailed study taking into account existing institutions and defining, inter alia, its structure, role and financial implications;
  - 7.6 - the institutionalization of the Conference of Trade Ministers of Member States of the OAU;

- 7.7 - Reorienting and strengthening the activities of the OAU Secretariat in particular its Economic and Social Department and also the need for the ECA and other economic regional organizations in Africa to intensify their collaborative activities with the OAU so as to make them more responsive to the needs of African countries in the field of trade and economic development.
- 7.8 - Practical steps towards the establishment of an African Common Market, on the basis of the various experiences of the African sub-regional groupings, call for a definite programme of action including, inter-alia studies by OAU, ECA, ADB, AACB, IDEP and bilateral sub-regional organizations of the structure of an African Common Market to be followed, if desired, by a meeting of experts to draw up a time table for the establishment of an African Common Market.
- 7.9 - The creation of an Inter-governmental committee of experts entrusted with the task of:
- (i) following up of the establishment of the African Trade and Development Organization as well as the implementation of the resolutions adopted at the Conferences of African Ministers of Commerce;
  - (ii) serving as a driving and guiding force to OAU and ECA activities which aim at the realization of the above-mentioned objectives and in particular the African Common Market.



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# Declaration and Plans of Actions on African Economic Co-operation

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