



MINISTRY OF TRADE, INDUSTRY AND COOPERATIVES

**Report of the COMESA Policy Organs Meetings Held In Kinshasa Democratic Republic of
Congo: 16th-27th February 2014**

1.0 Background

The Ministry of Trade, Industry and Cooperatives is the coordinating Ministry for all the Common Market for Eastern and Southern Africa (COMESA) programmes and activities in Uganda. Uganda last hosted 16th COMESA Summit in 2012 and was elected by acclamation to take up the Chairmanship of COMESA. The Kampala Summit held under the theme **“Enhancing Intra-COMESA Trade through Micro, Small and Medium Enterprise Development”** which was maintained for the 17th Summit in Kinshasa, D R Congo.

The COMESA Policy Organs Meetings and the 17th Summit of COMESA Heads of State and Government were held in Kinshasa D. R Congo on 16-27th February 2014. The delegation to the 17th Summit of the COMESA Heads of State and Government was led by H.E Y. K. Museveni, President of the Republic of Uganda and outgoing Chairman of the COMESA Authority.

The delegation to the 32nd Meeting of Council of Ministers was led by Hon Amelia Kyambadde, Minister of Trade, Industry and Cooperatives and outgoing Chairperson of the Council of Ministers. The Council of Ministers Meeting was also attended by Hon Abraham Byandala Minister of Works and Transport.

The delegation to the Intergovernmental Committee Meeting was led by Ambassador Julius B Onen, Permanent Secretary of the Ministry of Trade, Industry and Cooperatives while the delegation to the 32nd Meeting of the Committee on Administrative and Budgetary Matters was led by Mr. Silver Ojakol, Commissioner External Trade Department, Ministry of Trade, Industry and Cooperatives.

The meetings attracted Uganda representation from the Ministry of Trade, Industry and Cooperatives, Ministry of Foreign Affairs, Ministry of Information and Communication Technology, Office of the President, Uganda Bureau of Statistics and Central Bank of Uganda

The Bureau for the Meetings was constituted as follows;

	Position	Old Bureau	New Bureau
1.	Chair	Uganda	D.R Congo
2.	Vice-Chair	D.R Congo	Ethiopia
3.	Rapporteur	Malawi	Uganda

2.0 Uganda's achievements as Chair of the Outgoing Bureau

The 16th Summit of COMESA held in November 2012 in Kampala, identified three priority programme areas to be addressed during Uganda's tenure as Chair, these were

- i. Mobilisation of resources for regional infrastructure development
- ii. Development of a framework for Micro, Small and Medium Enterprises Development
- iii. Strengthening Gender mainstreaming in Regional Integration

2.1 Mobilisation of Resources for Regional Infrastructure Development

2.1.1 A High Level Infrastructure Conference was organised in Uganda in September 2013. The objective of the conference was to show case projects at the Member State and regional level that were ready for financing in order to attract potential funding for these projects. Development Partners and other potential partners took note of the projects ready for implementation. Follow up with the relevant stakeholders and further consultations for financing the projects is on-going.

2.1.2 We submitted Regional Infrastructure projects to the leaders of the BRICs. The Presidents' leadership in this area influenced the agreement by the BRICS leaders to establish a development bank for mobilizing resources for infrastructure and sustainable development projects.

2.1.3 Infrastructure projects were submitted to the COMESA-Dubai Business Forum held in Dubai in May 2013. The projects were well received and the Dubai Investments Park, a subsidiary of Dubai Investments expressed interest to help develop urban infrastructure in the region.

2.1.4 COMESA participated in the Tokyo International Conference on African Development (TICAD) V which agreed to accelerate infrastructure development. The TICAD V agreed

that to bolster the bases for growth, focus will be on hard infrastructure, human infrastructure, and knowledge infrastructure. They recognized the need for closer synergy between the TICAD process and Programme for Infrastructure Development in Africa (PIDA) to accelerate the development of key hard infrastructure, especially energy, transport and water, in both urban and rural areas, including through greater use of Public Private Partnerships (PPPs).

- 2.1.5 Studies are being undertaken on operational modalities to establish a regional infrastructure bond for Member States. This will be one of the Special Purpose Vehicles to mobilize resources for the development of infrastructure so as to enhance competitiveness and lower the cost of doing business in the region.
- 2.1.6 The PTA Bank took over the Management of the COMESA Infrastructure Fund and is mobilizing funding for projects valued at US\$ 6.6 billion. The Bureau of Council and the Secretary General of COMESA have agreed to closely follow up the implementation and progress of the various decision and programmes under infrastructure development. At the domestic level my proposal is to work with Cabinet colleagues handling infrastructure, Finance, and Foreign affairs so that we can follow-up with PTA Bank, the TICAD process, African Development Bank to leverage our infrastructure projects.

2.2 Development and Financing of Micro, Small and Medium Enterprises

- 2.2.1 We have spearheaded the development of a draft Regional Micro, Small and Medium Enterprises Strategy. The COMESA Council of Ministers approved the Strategy. The strategy focuses on four key areas of intervention of access to finance, business development services, improving productivity through better technology, access to markets and market information services and improving the legal and regulatory environment.
- 2.2.2 As a result of the development of the MSME strategy the Secretariat is undertaking a study in the Member States, the objective of which is to develop a support mechanism for the MSMEs. The support mechanism will include the establishment of a COMESA MSME Fund. When completed the study findings and the proposed fund are to be considered by the meeting of the Ministers of Finance and Central Bank Governors.

2.3 Strengthening Gender mainstreaming in Regional Integration

2.3.1 The COMESA Gender Mainstreaming Strategy and action plan which ended in 2012 is being reviewed to align it with the AU Gender Policy and international best practices.

2.3.2 We have developed a proposal to introduce a COMESA Youth Desk at the Secretariat to address the youth issues. And this proposal was approved by Council of Ministers and endorsed by the COMESA Summit..

3.0 Key Decisions and Discussions by the COMESA Policy Organs Meetings

3.1 Status of Transposition/Domestication of COMESA Decisions, directives and regulations

It was noted that as Council, has made over 200 decisions since the establishment of COMESA. However, the implementation of some of these decisions has not been effected due to a number of reasons.

Decisions

Council:

- i. Directed the Secretariat to provide a compendium of all decisions regulations and directives for implementation by Member States not later than 31 March, 2014;**
- ii. Urged Member States to domesticate the COMESA Treaty and all Protocol and submit the instruments to the Secretary General not later than 31 December 2014;**
- iii. Urged Member States to domesticate all outstanding regulations by 31st December 2014;**
- iv. Urged Member States that are not in position to comply with these decisions on domestication of the COMESA Treaty, all Protocols and instruments and all outstanding regulations to notify the Secretary General of their respective positions, with justifications why they cannot do so**

3.2 Trade and Customs

Council was informed that the existence of the COMESA FTA since 2000 has seen trade grow from US\$ 3.1 bn in 2000 to US \$ 19.3 bn in 2012 reflecting a 523 percent growth over the period.

It was further noted by Council that global trade from COMESA countries in 2012 grew by 9 per cent from US \$ 240bn in 2011 to US4 262bn in 2012.

Intra-COMESA trade remains low at 6.7 % attributed mainly to low trade complementarity among COMESA countries as a result of the low levels of industrialisation.

Decisions

Council

- i. Directed the Secretariat to prepare a paper on the Common industrialisation policy to advance the industrialisation of the COMESA region by 30th June 2014**
- ii. Directed the Secretariat in collaboration with Member States to ensure that COMESA trade statistics reflect the actual trade done under COMESA Trade Regime taking into consideration multiple memberships in different RECs; and**
- iii. Directed the Secretariat to work with Member States to assess the constraints to increasing intra-COMESA and global trade and recommend appropriate solutions not later than 30 September 2014;**

3.2.1 Participation in the FTA

The meeting received an update on the Member States participation in the FTA

Council decided that Republic of Uganda, D R Congo and Ethiopia should deposit their instruments of accession to the FTA by December 2014.

3.2.2 Non Tariff Barriers

The NTB on-line reporting and monitoring mechanism had by December 2013 report 461 NTBs out of which 378 (representing 82%) have been resolved whereas 83 (representing 18%) still remain unresolved. NTB regulations have been developed and are to be submitted in 2014 to the committee of legal experts and Ministers of Justice/Attorneys General for finalisation.

Council directed that:

- i. The draft NTB regulations should be adopted by the Trade and Customs Committee before being submitted to the Legal Drafting Sub-Committee.**

- ii. The Secretariat should carry out an audit and impact assessment of existing NTBs by 31 August, 2014 and prepare a schedule for immediate removal and**
- iii. Secretariat should lead all future NTB verification missions to member States and submit reports.**

3.2.3 Electronic Certificate of Origin

Council noted the Trade and Customs Committee had also considered and accepted a proposal to replace the manual certificates of origin with the electronic certificates of origin in a bid to speed up the process of certification as well as facilitate trade in real time.

Council:

- i. Urged member States that are ready to accept and use the electronic certificate of origin by 31 July 2014**
- ii. Urged member States whose legal systems do not provide for e-Cos should enact enabling laws as soon as possible; and**
- iii. Directed the Secretariat to ensure that an additional section of Payment through REPSS is inserted in the COMESA e-Certificate of Origin by 30 May 2014**

3.2.4 Simplified Trade Regime

Council noted that the Simplified Trade regime has been put in place between contiguous Member States in order to enable small scale cross-border traders to benefit from the COMESA trade preferences. Uganda is one of the seven COMESA countries where the simplified trade regime is being implemented. The passenger cargo manifest system (PCMS) had been piloted between Zambia and Zimbabwe.

Decisions:

Council:

- i. Directed member States to apply a processing fee of a maximum \$1 for all STR transactions by 31 December 2014**
- ii. Directed the Secretariat to prepare an expanded list of commonly traded products by 30th June 2014**
- iii. Urged Member States to raise the STR threshold to a minimum of \$2000 by 31 December, 2014**
- iv. Directed Member States to implement the newly introduced Passenger and Cargo Manifest System by 30th October 2014**

3.2.4 COMESA Customs Union

Council noted that since the COMESA Authority launched the Customs Union in June 2009 and agreed on a three –year transition period in which member States were to prepare for the implementation of the Customs Union. To date not a single Member State has domesticated the Customs Union legislation with the result that the COMESA Customs Union has not commenced.

The Authority in 2012 noted the pending work and the transition period for a further two years to June 2014 to enable the member States to domesticate the Customs Union legislation.

Council noted that the Fourth Meeting of the Committee on Customs Union reviewed the status of implementation of the Customs Union and finalised the draft COMESA CTN/CET transposition from HS 2007 to HS 2012.

Decisions

Council:

- i. Adopted the revised draft COMESA CTN/CET HS 2012 and the draft regional specific and general exemptions;**
- ii. Directed that Industrial exemptions should be discussed separately; and**
- iii. Urged Member States to domesticate the COMESA Customs management Regulations (CMR) and the Common tariff Nomenclature (CTN) that were approved by the COMESA Summit in June 2009.**

3.3 COMESA MSME Policy

Council was informed that the COMESA MSME Policy was formulated to meet the COMESA Treaty need for Member States to formulate and implement an industrial strategy focused on facilitating the development of MSMEs, including supply chain linkages between larger firms and MSMEs to enhance competitiveness and leverage economies of scale.

The Council was informed that the Secretariat undertook a study on the funding and support mechanism for Micro, Small and Medium Enterprises (MSMEs) in selected COMESA member States including Uganda.

Decisions

Council directed:

- i. The Secretariat to complete the survey in the remaining Member States by 30th August 2014;**
- ii. The Secretariat to submit the Report to the Joint Committee of Ministers of Finance and Central Bank Governors for their action and decision by 2014.**

- iii. **Council considered the guidelines for the operation of the COMESA MSME Fund and directed that the proposed COMESA MSME Fund be submitted to the Committee on Monetary and Fiscal Affairs in 2014, and thereafter to the Joint Meeting of Ministers of Finance and central Bank Governors to examine and finalise the structure of the Fund.**

3.4 Infrastructure Development in the Region

The meeting agreed that Member States should develop innovative financing instruments such as infrastructure bonds, preference shares, guarantees and structured financing. Member States are urged to implement the various decisions and policies aimed at infrastructure development, road transport facilitation programmes, ICT and energy development.

3.4.1 Civil Aviation

Council decided that;

- i. **Member States should implement the COMESA single air transport services market under the Tripartite framework based on full implementation of the YD**
- ii. **Strengthen the air transport statistics database/Observatory at the COMESA Secretariat**
- iii. **Review the principles and thresholds on ownership effective control and the right of establishment regimes in Africa and the COMESA in context of implementing the YD and the COMESA Legal Notice 2.**
- iv. **Formulate a policy document on the establishment of a single African air transport services market to conform to the African Civil Aviation Policy (AFCAP), in harmonisation with Tripartite and AU.**

3.4.2 River Nile Corridor development

Council decided that;

- i. **Egypt should make a formal proposal on the use of the River Nile Inland water transport to the secretariat**
- ii. **Directed that a steering Committee be constituted comprising representatives from the seven riparian states to oversee the development of the waterway**

3.4.3 Great Lakes Railway Project

Council urged the concerned Member States to continue coordinating in planning for new railway projects so as to interface with the Great Lakes railway and maximize on regional railway network integration.

3.4.4 The COMESA Carrier Licence

Uganda is already implementing the COMESA Carrier License. Council urged all the member States that are not implementing the COMESA Carrier License to do so.

3.4.5 Axle Loads Limits and Vehicle Overland Control

Council directed that;

- i. The Secretariat should finalise the module of overload control to be integrated in the CVTFS by 30th June, 2014 and**
- ii. The Secretariat should present the CVFTS which include the overload module to a workshop of officials from Ministries responsible for Infrastructure, Transporters and regional and national transport operators, Freight Forwarders and Revenue authorities by October 2014.**

3.4.6 Management and Maintenance of Road Infrastructure

Council directed that

- i. The Secretariat should carry out a review of existing national roads funds and procure a report on how at the national and COMESA level the monies collected by the Road Funds could be securitised and leveraged to enable a significant funding for the maintenance of existing infrastructure by 30th June 2014**
- ii. The Secretariat in collaboration with the PTA bank and other partners should convene a joint meeting of officers from National Roads Authorities and Ministries of Finance to consider the study findings and make recommendations on how Road Funds could be transformed into innovative means of infrastructure financing by 30 September 2014.**

3.4.7 Railways Operations and Management

Council urged Member States to take appropriate measures to revamp the operations of railways.

3.4.8 Corridor development and management

Council directed the secretariat to;

- i. Prepare and submit corridor briefs to Member States, development banks and cooperating Partners by 30th June 2014**
- ii. Urged Member States to adopt and speed up the application of One Stop Border Posts (OSBPs) at their border posts;**

3.5 Financing regional integration in COMESA

Member States noted that our integration programmes rely heavily on development / cooperating partners to fund our integration activities. The development partners are funding 82% of the programmes of COMESA integration. For example out of a total of \$80.12 million financial estimates for 2014, \$65.9 million is from the development partners, with the member states contributing \$14.22 million. Such a situation is not sustainable in the long run, least of all with the changing attitude of the development partners. Therefore we must find innovative ways for financial sustenance of our integration.

The Secretariat was directed to prepare a detailed paper on innovative ways of funding the regional integration programmes in COMESA.

3.6 Use of the natural resources for transformation

Africa and the COMESA region in particular is richly endowed with natural resources and in particular minerals. The rest of the world and in particular Europe has exploited these resources for their own development and returned only a pittance to Africa. There is a need to develop policies to ensure that we receive a fair value of minerals and natural resources.

The Secretariat was directed to prepare a paper on harmonisation of COMESA member States on resource utilization and mineral beneficiation.

The meeting commended the Secretariat for the MOU signed between COMESA and the Government of Western Australia on Cooperation in the field of Mineral and petroleum resources, agriculture, vocational training and capacity building.

3.7 Kenya sugar safeguard

Council granted Kenya an extension of safeguard measures on sugar under Article 61 of the COMESA Treaty. The extension will be from 1st March 2014 to 28th February 2015 with a quota of 350,000MT and a levy of 5% import duty will apply to out of quota imports.

Kenya Government have continuously blocked our sugar exports by denying and/or delaying issuance of import licenses to Ugandans.

The blockage of our sugar seems to be politically perpetuated and needs to be resolved politically. Consultations with the industry indicate that they are able to supply up to 100,000 tonnes without affecting domestic sugar supply and prices. This is based on the current production as follows:

Kakira Sugar Works	150,000 tonnes
Kinyara Sugar	120,000 tonnes
Lugazi Sugar	55,000 tonnes
Kaliro Sugar	40,000 tonnes
Others	20,000 tonnes
Total	385,000 tonnes

This is against our estimated national consumption of about 300,000 tonnes.

Our proposal is for you to engage bilaterally with your counterpart in order to agree on Uganda to supply part of the sugar quota and to make the issuance of import licences more transparent.

3.8 Revised of the Financial Rules and Regulations and the manual

Council endorsed the revised financial rules and regulations and the application manual. The Secretariat should be directed to ensure that there is full adherence to the rules in accordance with the established structure. The Bureau should also be tasked to monitor compliance of these rules on a quarterly basis.

3.9 Brussels Liaison Office (BLO)

Council approved the COMESA BLO as a full time COMESA established position after the expiry of the EU support and its operation be taken over fully under COMESA budget and their staff be treated as COMESA staff on the same terms and conditions.

3.10 COMESA Court of Justice

The completion of the COMESA Court Justice premises has remained impeding. Republic of Sudan has several assurances in the past to have the facilities for the Court ready for use but missions to the court indicate that the facilities are not yet ready for use.

The Secretariat was directed to carry out a mission with architectural and engineering experts to determine the level of preparedness of the court and give a report to the Bureau.

3.11 COMESA Innovation Awards

The Summit welcomed the launching of the COMESA Innovation Awards which recognises and celebrates individuals and institutions that have excelled in innovations. Africa and the region is endowed with hundreds of very talented young men and women whose creativity which if fully tapped can become one of our major resource base for development. While we welcome this first COMESA innovation award programme and congratulate the winner, we should that the future programmes receives adequate publicity in all Member States and involvement of as many youth as possible. The products coming out of these innovations should be aggressively promoted for mass development for the benefit of all COMESA Countries. COMESA should also create a mechanism for ensuring that innovations are patent to protect intellectual property so that out innovators can benefit from their innovation.