

But it is noteworthy to emphasise that there is already widespread agreement on the requirements of regional integration among PTA members. In this regard can be recalled their joint measures in transport, industry and agriculture. They have already agreed on the establishment of more regional institutions which would be designed with specific measures of economic co-ordination of the sub-region. But these require implementation in order to demonstrate the value of unification and lay the basis for broadening its scope. In this way, less convinced states in the PTA would be attracted to participate more as the value of unification would take practical shape.

One of the strides that the clearing house has already scored in practical terms is the creation of a regional clearing and payments facility aimed at facilitating Intra-PTA trade. If properly managed, this could create greater monetary autonomy and promote more trade among them, but as we pointed out above, it has not been fully utilized mainly due to lack of political will among member states.

Another achievement is the reduction of tariffs among member states on selected goods in the common list, but this again, has not been without problems. Members have stalled in implementing this, underscoring their political indecisiveness in the matter. Full and effective implementation of the PTA will require a lot of political 'concessions' by member states to the ideals of sub-regional unity. This is important for the region because as Nyerere said,

'the problems which threaten to overwhelm us individually become containable in a wider context. The people of Africa are the only justification for African Unity and they are the only means ^{be} through which it can/attained.'

On a closer analysis, the PTA which has now been in existence for nearly five (5) years, is little nearer its broad objectives of economic integration than it was when it was founded. Instead, individual states are now even more pre-occupied with their own debt payments and drought problems than, say, they were at the formation of the Treaty.

The PTA is in competition with bilateral treaties and joint permanent commissions many of which are working far more effectively for their members than the unwieldy PTA set-up. These Intergovernmental organizations which have proliferated among PTA Member States with the wordening of their economic systems have similar aims and objectives to the PTA, resulting in duplication of duties. However, these other groupings have comparatively gone some way in tackling the fundamental weakness of all trade liberalization schemes which is something the PTA is talking about, but has so far signally failed to do.

ADVANTAGES OF INTEGRATION AMONG PTA COUNTRIES

By permitting the unrestricted flow of goods produced within the area, of the co-operating countries, the PTA will permit specialization along the lines of comparative advantages, implying in turn more effective use of resources. In international trade law,

this is referred to as 'trade creation' effect of the customs union, since the absence of internal tariffs permits additional specialization and trade.

The extension of the Eastern and Southern African Market may also permit economies of scale to be tapped where the small size of the national market restricts output below the reasonable levels. At the level of individual national development, there may be only room for one fertilizer plant or bicycle or tractor assembly plant because of the small size of the market. Although countries like Zambia and Kenya may be big geographically, the size of the market here refers to purchasing power.

A large market like that envisaged under the PTA arrangement, is necessary not only for established large factories to be able to operate at efficient levels of output but for creation of new industries in the region. Intra-state investment could be attracted to the area.

The other benefit PTA countries are likely to derive from a larger market is the advantage from increased competition. This is normally the case when there are two or more competitive plants if these do not produce like products.

Important benefits could also accrue from agricultural produce with the implementation of the Protocol on co-operation in Agriculture though here, in contrast, economies of scale will not be so important. But where natural and climatic conditions differ between two countries such as that between Zambia and Malawi, there should be possibilities for trade on the basis of comparative costs. Infact, even if one member state is so much more fertile than the

other that it could produce more per acre of any agricultural product, opportunity-costs would still apply to make specialization and trade more desirable.

If the arrangement countries of Eastern and Southern Africa are evolving succeeds, a number of other benefits would accrue to them such as advantages arising out of unitary monetary system and operation of common services e.g. railways, air traffic etc.

As regards the former, separate currencies normally result in balance of payments difficulties particularly in a case where one country in the arrangement pursues a much more expansionary policy than the others. Zimbabwe here presents a homely illustration. Balance of payments difficulties could compel other member states to impose free movement of intra-state capital. With advantages of operating common services of the type already described above are basically those of economies of scale. Railways or Air traffic once harmonized could be more efficiently operated as a single system than in smaller separate units. Large public corporations can attract loan funds more easily and probably more cheaply than small ones.

The Problems of Integration

In view of advantages outlined above, it may be asked why regional economic integration particularly in Africa has been so difficult to achieve or maintain. Over the course of time, it has become clear that this has been so because of economic and political reasons. These are because economic integration may involve costs as well as benefits for participating countries and because the

distribution of benefits and costs from integration may be uneven, benefiting some partners more than the others. This proved to be the main problem among the partner states of the East African Community. Although it is not desirable that partners in a regional arrangement follow too narrow or nationalistic views, it is equally true that governments must pay regard first to the interests of their own citizens and a particular government must ensure that its citizens obtain a 'fair' share of the benefits and do not pay too much of the costs of integration. Already, Zimbabwe is enjoying an undue share of the arrangement while other countries like Zambia, are perpetual net-debtors in the PTA. In the East African community, Tanzania obtained less benefits than Kenya although they were all required to contribute 'fairly' to the costs of the community.

The second problem characteristic of regional integration is its trade diversion effect. Because of the requirement to create a common tariff wall against third parties, who may be producing similar commodities as those produced in the arrangement, Member states would now be compelled to buy not from the most efficient producer but from the region to avoid high import duties levied on the cheaper products of the third party. This is more so particularly among developing countries such as those in the PTA who normally impose protective tariffs to protect a whole range of infant industries. Participating member states will be importing high-cost products from the region which they could have imported more cheaply from outside the area. A corollary of this problem is that by importing duty free products from the arrangement, Member States will

suffer loss of revenue. The PTA Member States therefore should ensure that the costs of protection are evenly borne and each Member State gets its share of protected industries. The loss of customs revenue should be taken into account in calculating the distribution of benefits.

Another major problem of integration PTA Member States need to guard against is that of industrial development in a Common Market, whether assisted by protection or not, tends to be uneven, and frequently tends to concentrate in one partner state. We have already observed how industrial development in the East African Community polarized in Kenya. When this happens, the country which succeeds in attracting the greater share of new activity will enjoy added income and employment. This tendency for industry in a region to concentrate in one state makes it more difficult to convince each state that it is benefiting appropriately from the existence of the Common Market.

Regarding Common Service in the region, it is difficult to ensure that costs and benefits from their operation are fairly distributed among partner states. These services include employment and income opportunities. Member States of the PTA will, notwithstanding these potential problems, ensure the success of the arrangement because its overall benefit will outweigh the problems it may experience in the short-run.

A N N E X E S

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2. ANNEX 2 ADDITIONAL LIST OF COMMODITIES NEGOTIATED
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COMMODITIES IN THE COMMON LIST TO BE TRADED WITHIN
THE PREFERENTIAL TRADE AREA FOR EASTERN AND
SOUTHERN AFRICAN STATES

ANNEX I

Group I: Food (Excluding Luxury Goods)
Reduction in tariffs and in other charges of equivalent effect: 30%

Serial No.	Customs Tariff Heading No.	Commodity Description
1.	01.02	Live animals of the bovine species
2.	01.05	Live poultry, that is to say, fowls, ducks, geese, turkeys and guinea fowls
3.	ex.02.01	Meat of bovine animals
4.	02.06	Meat and edible meat offals (excluding poultry liver), salted in brine, dried or smoked
5.	03.01	Fish, Fresh (live or dead), chilled or frozen
6.	03.02	Fish, dried, slted or in brine; smoked fish, whether or not cooked before or during the smoking process
7.	03.03	Crustaceans and Molluscs, whether in shell or not, fresh (live or dead), chilled, frozen, salted, in brine or dried crustaceans, in shell, simply boiled in water
8.	04.02	Milk and cream, preserved, concentrated or sweetened
9.	04.03	Butter
10.	04.04	Cheese and Curd
11.	ex.04.05	Eggs in shell
12.	04.06	Natural honey
13.	07.01	Vegetables, fresh or chilled
14.	07.04	Dried, dehydrated or evaporated vegetables, whole, cut, sliced, broken or in powder, but not further prepared
15.	07.05	Dried leguminous vegetables, shelled, whether or not skinned or split
16.	08.01	Dates, bananas, coconuts, Brazil nuts, cashewnuts, pineapples, avocados, mangoes, guavas and mango-steens, fresh or dried, shelled or not
17.	08.02	Citrus fruit, fresh or dried
18.	08.07	Stone fruit, fresh
19.	ex.09.01	Coffee
20.	09.02	Tea
21.	09.04	Pepper of the genus "piper"; pimento of the genus "capsicum" of the genus "pimenta"
22.	ex.10.05	Maize
23.	ex.10.07	Sorghum
24.	10.06	Rice
25.	ex.11.01	Maize flour
26.	ex.11.02	Maize meal
27.	15.07	Fixed vegetable oils, fluid or solid, crude, refined or purified

Serial No.	Customs Tariff Heading No.	Commodity Description
28.	15.08	Animal and vegetable oils, boiled, oxidised, dehydrated, sulphurised, blown or polymerised by heat in vacuum or in inert gas, or otherwise modified
29.	ex.15.13	Margarine and shortenings
30.	16.01	Sausages and the like, of meat, meat offal or animal blood
31.	16.02	Other prepared or preserved meat or meat offal
32.	16.03	Meat extracts and meat juices; fish extracts
33.	17.01	Beet sugar and cane sugar in solid form
34.	ex.17.02	Artificial honey (whether or not mixed with natural honey)
35.	18.01	Cocoa beans, whole or broken, raw or roasted
36.	ex.19.02	Infants food preparations
37.	ex.19.07	Bread, ships' biscuits and other ordinary bakers' wares, not containing added sugar, honey, eggs, fats, cheese or fruit
38.	19.08	Pastry, biscuits, cakes and other fine bakers' wares, whether or not containing cocoa in any proportion
39.	20.01	Vegetables and fruits, prepared or preserved by vinegar or acetic acid, with or without sugar, whether or not containing salt, spices or mustard
40.	20.02	Vegetables prepared or preserved otherwise than by vinegar or acetic acid
41.	ex.20.05	Jams and marmalades
42.	20.06	Fruit otherwise prepared or preserved, whether or not containing added sugar or spirit
43.	20.07	Fruit juices (including grape must) and vegetables juices, whether or not containing added sugar, but unfermented and not containing spirit
44.	ex.21.06	Natural yeast (active or inactive)
45.	ex.23.01	Animal feed stuffs

Group IIA: AGRICULTURAL RAW MATERIALS

Reduction in tariffs and in other charges of equivalent effect: 50%

1.	12.01	Oil seeds and oleaginous fruit, whole or broken
2.	12.03	Seeds, fruit and spores, of a kind used for sowing
3.	ex.13.02	Gum Arabic
4.	14.01	Vegetable materials of a kind used primarily for plaiting (for example, cereal straw, cleaned, bleached or dyed, osier, reeds, rushes, rattans, bamboos, raffia and lime bark)
5.	ex.24.01	Unmanufactured tobacco
6.	41.01	Raw hides and skins (fresh, salted, dried, pickled or limed), whether or not split, including sheepskins in the wool

Serial No.	Customs Tariff Heading No.	Commodity Description
7.	41.02	Bovine cattle leather (including buffalo leather) and equine leather, except leather falling within heading NOs 41.06 or 41.08
8.	41.03	Sheep and lamb skin leather, except leather falling within heading Nos 41.06 or 41.08
9.	53.05	Sheep's or lambs' wool or other animal hair (fine or coarse), carded or combed
10.	55.01	Cotton, not carded or combed
11.	55.03	Cotton waste (including pulled or garnetted rags), not carded or combed
12.	ex.57.03	Jute and other textile bast fibres

Group IIB: NON-AGRICULTURAL RAW MATERIALS

Reduction in tariffs and in other charges of equivalent effect: 60%

1.	ex.25.01	Common salt
2.	25.03	Sulphur of all kinds, other than sublimed sulphur, precipitated sulphur and colloidal sulphur
3.	ex.25.07	Bentonite clay
4.	ex.25.15	Marble (unworked)
5.	25.20	Gypsum; anhydrite: calcined gypsum, and plasters with a basis of calcium sulphate, whether or not coloured, but not including plasters specially prepared for use in dentistry
6.	25.21	Limestone flux and calcareous stone, commonly used for the manufacture of lime or cement
7.	25.22	Quicklime, slaked lime and hydraulic lime, other than calcium oxide and hydroxide
8.	ex.26.01	Copper concentrates
9.	ex.27.01	Coal

Group III: INTERMEDIATE GOODS

Reduction in tariffs and in other charges of equivalent effect: 65%

1.	ex.13.03	Pyrethrum extracts
2.	ex.15.02	Tallow
3.	15.11	Glycerol and glycerol lyes
4.	ex.15.15	Beeswax and other insect waxes, whether or not coloured
5.	15.16	Vegetable waxes, whether or not coloured
6.	ex.25.15	Marble (worked)
7.	25.24	Asbestos
8.	ex.28.42	Soda Ash
9.	ex.32.01	Tanning extracts of vegetable origin
10.	ex.32.03	Synthetic organic and inorganic tanning substances

Serial No.	Customs Tariff Heading No.	Commodity Description
11.	35.06	Prepared glues not elsewhere specified or included; products suitable for use as glues put up for sale by retail as glues in packages not exceeding a net weight of 1 kg
12.	36.02	Prepared explosives, other than propellant powders
13.	39.01	Condensation, polycondensation and polyaddition products, whether or not modified or polymerised, and whether or not linear (for example, phenoplasts, aminoplasts, alkyds, polyallyl esters and other unsaturated polyesters, silicones)
14.	39.02	Polymerisation and copolymerisation products (for example, polyethylene, polytetrahaloethylenes, polyisobutylene polystyrene, polyvinyl chloride, polyvinyl acetate, polyvinyl chloroacetate and other polyvinyl derivatives, polyacrylic and polymethacrylic derivatives, coumarone - indene resins)
15.	39.03	Regenerated cellulose; cellulose nitrate, cellulose acetate and other cellulose esters, cellulose ethers and other chemical derivatives of cellulose, plasticised or not (for example, collodions, celluloid); vulcanised fibre
16.	39.04	Hardened proteins (for example, hardened casein and hardened gelatin)
17.	39.05	Natural resins modified by fusion (run gums); artificial resins obtained by esterification of natural resins or of resinic acids (ester gums); chemical derivatives of natural rubber (for example, chlorinated rubber, rubber hydrochloride, oxidised rubber, cyclised rubber)
18.	39.06	Other high polymers, artificial resins and artificial plastic materials, including alginic acid, its salts and esters; linoleum
19.	44.17	"Improved" wood, in sheets, blocks or the like
20.	44.18	Reconstituted wood, being wood shavings, wood chips, sawdust, wood flour or other ligneous waste agglomerated with natural or artificial resins or other organic binding substances, in sheets, blocks or the like
21.	48.01	Paper and paperboard (including cellulose wadding) in rolls or sheets
22.	48.03	Parchment or greaseproof paper and paperboard and imitations thereof, and glazed transparent paper, in rolls or sheets
23.	48.03	Parchment or greaseproof paper and paperboard and imitations thereof, and glazed transparent paper, in rolls or sheets
24.	48.05	Paper and paperboard, corrugated (with or without flat surface sheets); creped, crinkled, embossed or perforated, in rolls or sheets

Serial	Customs Tariff Heading No.	Commodity Description	-
1.	48.07	Paper and paperboard, impregnated, coated, surface-coloured, surface-decorated or printed (not constituting printed matter within chapter 49), in rolls or sheets)	
2.	48.08	Filter blocks, slabs and plates, of paper pulp	
3.	51.01	Yarn of man-made fibres (continuous), not put up for retail sale	
4.	56.01	Man-made fibres (discontinuous), notcarded, combed or otherwise prepared for spinning	
5.	59.04	Twine, cordage , ropes and cables, plaited or not	
6.	ex.69.08	Ceramic tiles	
7.	ex.73.10	Bars and rods of iron or steel	
8.	73.13	Sheets and plates, of iron or steel, hot-rolled or cold-rolled	
9.	73.14	Iron or steel wire, whether or not coated, but not insulated	
10.	ex.73.18	Tubes and pipes of iron or steel	
11.	74.01	Copper matte; unwrought copper (refined or not); copper waste and scrap	
12.	ex.74.03	Copper rods	
13.	ex.74.10	Copper cables	
14.	76.01	Unwrought aluminium waste and scrap	
15.	76.02	Wrought bars, rods, angles, shapes and sections, of aluminium; aluminium wire	
16.	76.03	Wrought plates, sheets and strip, of aluminium	
17.	ex.78.01	Lead ingots	
18.	ex.78.02	Lead bars	
19.	ex.83.15	Welding rods and electrodes	

Group IVA: DURABLE CONSUMER GOODS (EXCLUDING COMMODITIES IN GROUPS IVC AND IVD)

Reduction in tariffs and in other charges of equivalent effect: 40%

1.	69.10	Sinks, wash basins, bidets, water closet pans, urinals, baths and like sanitary fixtures
2.	73.24	Containers, of iron or steel, for compressed or liquefied gas
3.	ex.73.36	Stoves not electrically operated
4.	ex.83.01	Locks and padlocks and parts thereof
5.	ex.84.15	Refrigerators and deep freezers
6.	87.05	Bodies (including cabs), for the motor vehicles falling within heading Nos 87.01, 87.02, or 87.03
7.	87.06	Parts and accessories of the motor vehicles falling within heading Nos 87.01, 87.02, or 87.03
8.	87.10	Cycles (including delivery tricycles), not motorised
9.	94.01	Chairs and other seats (other than those falling within heading No. 94.02), whether or not convertible into beds, and parts thereof

Serial No.	Customs Tariff Heading No.	Commodity Description
10.	94.02	Medical, dental, surgical or veterinary furniture (for example, operating tables, hospitalbeds with mechanical fittings); dentists' and similar chairs with mechanical elevating, rotating or reclining movements; parts of the foregoing articles
11.	94.03	Other furniture and parts thereof
12.	94.04	Mattress supports; articles of bedding or similar furnishing fitted with springs or stuffed or internally fitted with any material or of expanded, foam or sponge rubber of expanded, foam or sponge artificial plastic material, whether or not covered (for example, mattresses, quilts, eiderdowns, cushions, pouffes and pillows)
<p>Group IVB: NON--DURABLE CONSUMER GOODS (EXCLUDING COMMODITIES FALLING UNDER GROUPS IVC AND IVD)</p> <p>Reduction in tariffs and in other charges of equivalent effect: 35%</p>		
1.	ex.32.09	Varnishes and lacquers; distempers: prepared water pigments of the kind used for finishing leather; paints and enamels
2.	32.10	Artists' students' and signboard painters' colours, modifying tints, amusement colours and the like, in tablets, tubes, jars, bottles, pans or in similar forms or packings, including such colours in sets or outfits, with or without brushes, palettes or other accessories
3.	32.12	Glaziers putty; grafting putty; painters' fillings; non-refractory surfacing preparations; stopping, sealing and similar mastics, including resin mastics and cements
4.	32.13	Writing ink, printing ink and other inks
5.	34.01	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes or moulded pieces or shapes, whether or not combined with soap
6.	ex.34.02	Washing preparations
7.	ex.34.05	Polishes and creams
8.	39.07	Articles of materials of the kinds described in headings Nos 39.01 to 39.06
9.	ex.40.11	Rubber tyres and inner tubes for motor vehicles and bicycles
0.	ex.47.01	Unbleached wood pulp
1.	ex.48.18	Registers, exercise books, albums
2.	48.21	Other articles of paper pulp, paper, paperboard or cellulose wadding
3.	62.03	Sacks and bags, of a kind used for the packing of goods
4.	ex.66.01	Umbrellas
5.	68.11	Articles of cement (including slag cement), of concrete or of artificial stone (including granulated marble agglomerated with cement), reinforced or not

Serial No.	Customs Tariff Heading No.	Commodity Description
16.	68.12	Articles of asbestos-cement, of cellulose fibre-cement or the like
17.	68.13	Fabricated asbestos and articles thereof (for example, asbestos board, thread and fabrics, asbestos clothing, asbestos jointing), reinforced or not other than goods falling within heading No. 68.14; mixtures with a basis of asbestos and mixtures with a basis of asbestos and magnesium carbonate, and articles of such mixtures
18.	ex.69.07	Tiles
19.	ex.69.09	Laboratory ware
20.	ex.69.11	Tableware
21.	69.12	Tableware and other articles of a kind commonly used for domestic or toilet purposes, of other kinds of pottery
22.	73.26	Barbed iron or steel wire
23.	ex.73.27	Wire netting
24.	ex.73.31	Nails and tacks
25.	ex.73.32	Bolts, nuts and screws of iron or steel
26.	ex.73.38	Domestic utensils including sanitary ware of iron or steel
27.	74.17	Cooking and heating apparatus of a kind used for domestic purposes, not electrically operated, and parts thereof, of copper
28.	74.18	Other articles of a kind commonly used for domestic purposes, sanitary ware for indoor use, and parts of such articles and ware, of copper
29.	76.15	Articles of a kind commonly used for domestic purposes, sanitary ware for indoor use, and parts of such articles and ware, of aluminium
30.	76.16	Other articles of aluminium
31.	ex.82.01	Matchets, pangas and hoes
32.	ex.82.13	Articles of cutlery
33.	85.03	Primary cells and primary batteries
34.	85.04	Electric accumulators
35.	85.20	Electric filament lamps and electric discharge lamps (including infra-red and ultra-violet lamps); arc-lamps; electrically ignited photographic flashbulbs
36.	ex.90.03	Spectacle frames
37.	ex.80.04	Spectacles
38.	ex.98.01	Buttons, studs, cuff-links and press fasteners
39.	98.02	Slide fasteners and parts thereof
40.	ex.98.03	Fountain pens, stylograph pens and pencils
41.	ex.98.05	Pencils
42.	ex.98.08	Typewriter and similar ribbons, whether or not on spools
43.	ex.98.11	Smoking pipes and pipe bowls

GROUP IVC: HIGHLY COMPETING CONSUMER GOODS
Reduction in tariffs and in other charges of equivalent effect: 30%

Serial No.	Customs Tariff Heading No.	Commodity Description
1.	55.06	Cotton yarn, put up for retail sale
2.	55.07	Cotton gauze
3.	55.09	Other woven fabrics of cotton
4.	61.01	Men's and boys' outer garments
5.	61.02	Women's, girls' and infants' outer garments
6.	61.03	Men's and boys' under-garments including collars, shirt-fronts and cuffs
7.	61.04	Women's girls' and infats' under-garments
8.	61.05	Handkerchiefs
9.	61.06	Shawls, scarves, muffers, mantillas, veils and the like
10.	61.07	Ties, bow ties and cravats
11.	61.09	Corsets, corset-belts, suspender-belts, brassieres, braces, suspenders, garters and the like (including such articles of knitted or crocheted fabric), whether or not elastic
12.	61.10	Gloves, mittens, mits, stickings, socks and sockettes, not being knitted or crocheted goods
13.	61.11	Made up accessories for articles of apparel (forexample, dress shields, shoulder and other pads, belts, muffs, sleeve protectors, pockets)
14.	62.01	Travelling rugs and blankets
15.	62.02	Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles
16.	62.04	Tarpaulins, sails, awnings, sunblinds, tents and camping goods
17.	62.05	Other made up textile articles (including dress patterns)
18.	64.01	Footwear with outer soles and uppers of rubber or artificial plastic material
19.	64.02	Footwear with outer soles of leather or composition leather; footwear (other than footwear falling within heading No. 64.01) with outer soles of rubber or artificial plastic material
20.	64.03	Footwear with outer soles of wood or cork
21.	64.04	Footwear with outer soles of other materials
22.	64.05	Parts of footwear (including uppers, in-soles and screw-on heels) of any material except metal
23.	64.06	Gaiters, spats, leggings, puttees, cricket pads, shin-guards and similar articles, and parts thereof

GROUP IVD: CONSUMER GOODS OF PARTICULAR IMPORTANCE TO ECONOMIC
DEVELOPMENT (OTHER THAN CAPITAL GOODS)

Reduction in tariffs and in other charges of equivalent effect: 70%

Serial No.	Customs Tariff Heading No.	Commodity Description
1.	25.23	Portland cement, cement fondu, slag cement, super-sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinker
2.	27.10	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing not less than 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations
3.	30.01	Organo-therapeutic glands or other organs, dried, whether or not powdered; prgano-therapeutic extracts of glands or other organs or of their secretions; other animal substances prepared for therapeutic or prophylactic uses, not elsewhere specified or included
4.	30.02	Antisera, microbial vaccines, toxins, microbial cultures (including ferments but excluding yeasts) and similar products
5.	30.03	Medicaments (including veterinary medicaments)
6.	30.04	Wadding, gauze, bandages and similar articles (for example, dressings, adhesive plasters, poultices), impregnated or coated with pharmaceutical substances or put in retail packings for medical or surgical purposes, other than goods specified in note 3 of Chapter 30
	30.05	Other pharmaceutical goods
	31.01	Guano and other natural animal or vegetable fertilisers, whether or not mixed together, but not chemically treated
	31.02	Mineral or chemical fertilisers, nitrogenous
	31.03	Mineral or chemical fertilisers, phosphatic
	31.04	Mineral or chemical fertilisers, potassic
	31.05	Other fertilisers; goods of Chapter 31 in tablets, lozenges and similar prepared forms or in packings of a gross weight not exceeding 10kg
	ex.38.11	Insecticides and fungicides
	ex.85.19	Electrical apparatus for making and breaking electrical circuits

GROUP V: CAPITALGOODS (INCLUDING TRANSPORT EQUIPMENT)

Reduction in tariffs and in other charges of equivalent effect: 70%

86.06	Railway and tramway rolling-stock, the following: workshops, cranes and other service
86.09	Parts of railway and tramway locomotives and rolling stock

Serial NO.	Customs Tariff Heading No.	Commodity Description
3.	ex.87.02	Motor vehicles, excluding passenger motor-cars designed for the transport of less than 10 persons (including the driver)

GROUP VI: LUXURY GOODS

Reduction in tariffs and in other charges of equivalent effect: 10%

1.	17.04	Sugar confectionery, not containing cocoaz
2.	ex.18.06	Chocolate confectionery
3.	ex.22.05	Wine
4.	ex.22.09	Alcoholic beverages
5.	ex.24.02	Cigarettes
6.	ex.33.01	Essential oils
7.	ex.33.04	Flavouring materials
8.	ex.33.06	Perfumery

ADDITIONAL LIST OF COMMODITIES TO BE INCLUDED IN THE
COMMON LIST BASED ON MATCHING OF IMPORT AND EXPORT
INTERESTS EXCLUDING ITEMS WHICH ARE ALREADY CONTAINED
IN THE COMMON LIST

Additional List of commodities to be included in the PTA Common List

Serial No.	Customs Tariff Heading No.	Commodity Description	Country with Import Interest	Country with Export Interest	Proposed reduction in tariffs and other charges of equivalent effect
1	07.06	Cassava	Zimbabwe	Rwanda	30%
2	09.06	Cinamon and Cinnamon tree flowers	Lesotho	Tanzania	"
3	09.07	Cloves (whole fruit, cloves and stems)	Lesotho	Tanzania	"
4	09.08	Nutmeg, mace and cardamoms	Lesotho	Tanzania	"
5	09.09	Seeds of arise badian, fennel, coriander, cumin, caraway and juniper	Lesotho	Tanzania	"
6	09.10	Thyme, saffron and Bayleaves; other spices	Kenya	Ethiopia, Malawi, Tanzania	"
7	ex11.01	Wheat flour	Lesotho Zimbabwe Burundi Tanzania Lesotho	Malawi	"
8	ex.11.04	Cassava flour	Zimbabwe	Kenya, Rwanda	"
9	ex.16.04	Canned fish	Kenya, Zimbabwe	Somalia	"
<u>GROUP IIA: (Agricultural Raw Materials)</u>					
1	ex.12.07	Cinchoma (Quinine) peel	Zimbabwe	Burundi	50%
2	ex.13.02	Myrrreh and oppoponax gum	Zimbabwe	Ethiopia, Somalia	"
3	ex.40.01	Natural rubber	Tanzania Zimbabwe	Malawi	"
4	44.03	Wood in the rough, whether or not stripped of its bark or merely roughed down	Zimbabwe	Malawi, Zambia Swaziland, Tanzania	

Serial No.	Customs Tariff Heading No.	Commodity Description	Country with		Proposed reduction in tariffs and other charges of equivalent effect
			Import Interest	Export Interest	
GROUP IIB: (non-Agricultural Raw Materials)					
1	25.07	Clay (for example, kaolin and bentonite), and alusite, kyanite and sillimanite, whether or not calcined, but not including expanded clays falling within heading no.68.07; mullite; chamotte and dinas earths	Zimbabwe	Tanzania, Zambia, Zimbabwe	60%
2	ex.25.19	Natural magnesium carbonate (magnesite)	Zimbabwe	Kenya	"
3	ex..25.31	Felspar leucite, nepheline and nepheline Syenite	Zimbabwe	Kenya	"
4	ex.26.01	Cassiterite	Rwanda Zimbabwe	Burundi	"
GROUP III: (Intermediate Goods)					
1	11.07	Malt, roasted or not	Burundi Malawi Zambia	Kenya Zimbabwe	65%
2	17.03	Molasses	Zimbabwe	Malawi, Somalia, Swaziland, Zambia	"
3	23.04	Oilcake and other residues (except dregs) resulting from the extraction of vegetable oils	Zimbabwe	Burundi	"
4	ex.27.14	Oxidised bitumen (blown)	Burundi, Zimbabwe	Kenya	"
5	27.16	Bituminous mixtures based on natural asphalt, on natural bitumen, on petroleum bitume, on mineral tar or on mineral tar pitch (for example, bituminous mastics, cut-backs)	Burundi Swaziland Zimbabwe	Kenya Zambia	

<u>Serial No.</u>	<u>Customs Tariff Heading No.</u>	<u>Commodity Description</u>	<u>Country with Import Interest</u>	<u>Country with Export Interest</u>	<u>Proposed reduction in tariffs and other charges of equivalent effect</u>
6	28.04	GROUP III (Cont'd) Hydrogen, rare gases and other non- metals	Zambia	Zimbabwe	658
7	ex.28.13	Carbon dioxide	Zambia	Tanzania	"
8	28.19	Zinc oxide and zinc peroxide	Zimbabwe	Kenya	"
9	ex.28.45	Sodium silicate	Zambia	Kenya	"
			Zimbabwe		
10	ex.29.14	Carboxylic acids	Zimbabwe	Kenya	"
11	ex.32.08	Frits, enamel and other	Zambia	Tanzania	"
12	ex.32.09	Wood preservatives (clear colour) stain mukwa	Zimbabwe	Zambia	"
13	ex.38.03	Carbolenium black	Zimbabwe	Zambia	"
14	ex.38.11	Pine disinfectants	"	"	"
15	ex.40.02	Synthetic rubber	Tanzania	Malawi	"
16	ex.40.08	Plates, sheets and strip of unhardened vulcanised rubber	Zimbabwe	Kenya	"
17	44.01	Briquetted sawdust	Swaziland	Malawi	"
18	44.16	Cellular wood panels whether or not faced with base metal	Burundi	Zimbabwe	"
19	ex.51.04	Tyre cord fabric of continuous synthetic or regenerated textile materials	Kenya	Zimbabwe	"
20	73.17	Tubes and pipes, of cast iron	Ethiopia	Zimbabwe	"
21	73.20	Tube and pipe fittings (for example joints, elbows, unions and flanges) of iron or steel	Ethiopia	Kenya, Zambia, Zimbabwe	"

<u>Serial No.</u>	<u>Customs Tariff Heading No.</u>	<u>Commodity Description</u>	<u>Country with Import Interest</u>	<u>Country with Export Interest</u>	<u>Proposed reduction in tariffs and other charges of equivalent effect</u>
<u>GROUP III (Cont'd)</u>					
22	73.21	Structures and parts of structures (for example hangars and other buildings, bridges and bridge-sections, lock-gates, towers, lattice, masts, roofs, roofing frameworks, door and window-frames, shutters, balustrades, pillars and columns), of iron or steel; plates, strips, rods, angles, shapes, sections, tubes and the like prepared for use in structures, of iron or steel	Burundi	Zambia Zimbabwe Kenya Tanzania	65%
23	ex.73.27	Welded fencing; reinforcing mesh	Burundi Swaziland	Malawi	"
24	ex.74.07	Brass tubes	Kenya	Zimbabwe	"
25	ex.76.03	Aluminium plates, sheets and circles	Zambia	Tanzania	"
26	ex.78.01	Lead alloys	Zimbabwe	Kenya	"
27	80.01	Unwrought tin, tin waste and scrap	Kenya	Rwanda	"
28	ex.83.02	Hinges of base metal	Malawi Zimbabwe	Kenya	"
29	ex.83.09	Hooks and eyes	Zambia	Zimbabwe	"
30	84.61	Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats and the like, including pressure reducing valves and thermostatically controlled valves	Burundi	Zambia Zimbabwe	

<u>Serial No.</u>	<u>Customs Tariff Heading No.</u>	<u>Commodity Description</u>	<u>Country with Import Interest</u>	<u>Country with Export Interest</u>	<u>Proposed reduction in tariffs and other charges of equivalent effect</u>
1	73.22	GROUP IV A: Durable Consumer Goods (Excluding Commodities in Groups IV C and IV D)	Swaziland	Zimbabwe	40%
		Reservoirs, tanks, vats and similar containers for any material (other than compressed or liquefied gas), of iron or steel, of a capacity exceeding 300 L, whether or not lined or heat-insulated, but not fitted with mechanical or thermal equipment			
2	ex.85.12	Electric space heating apparatus	Zambia	Zimbabwe	"
		GROUP IV B: Non-Durable Consumer Goods (Excluding Commodities in Groups IV C and IV D)			
1	27.11	Petroleum gases and other gaseous hydrocarbons	Malawi Burundi Lesotho Swaziland Zimbabwe Zambia	Zambia	35%
2	ex.40.07	Elastic thread and cord		Zimbabwe	"
3	40.10	Conveyor belting of vulcanised rubber	Malawi, Zambia	Zimbabwe	"
4	ex.40.12	Baby feeding teats	Zimbabwe	Kenya	"
5	40.14	Rubber erasers; stoppers and rings for bottles; disc washers and joints	Zimbabwe	Kenya Malawi	"

<u>Serial No.</u>	<u>Customs Tariff No.</u>	<u>Commodity Description</u>	<u>Country with Import Interest</u>	<u>Country with Export Interest</u>	<u>Proposed reduction in tariffs and other charges of equivalent effect</u>
<u>GROUP IV B: (Cont'd)</u>					
6	48.15	Other paper and paperboard, cut to size of shape	Lesotho Malawi Zambia	Burundi Kenya Rwanda	35%
7	ex.48.16	Boxes, bags and other packing containers of paper or paper board	Burundi Lesotho	Kenya Mauritius Zimbabwe	"
8	ex.59.16	Conveyor belting of textile material, whether or not strengthened with metal or other material	Zambia	Zimbabwe	"
9	68.14	Friction material (segments, discs, washers, strips, sheets, plates, rolls and the like) of a kind suitable for brakes, for clutches of the like with a basis of asbestos, other mineral substances or of cellulose, whether or not combined with textile or other materials	Zambia	Kenya Malawi	"
10	73.23	Casks, drums, cans, boxes and similar containers, of sheet or plate iron or steel, of a description commonly used for the conveyance or packing of goods	Swaziland Ethiopia	Zimbabwe Kenya Tanzania	
11	73.38	Articles of a kind commonly used for domestic purposes, sanitary ware for indoor use, and parts of such articles and ware of iron or steel; iron or steel wool; pot scourers and scouring or polishing pads, gloves	Swaziland	Zimbabwe Tanzania	

<u>Serial No.</u>	<u>Customs Tariff No.</u>	<u>Commodity Description</u>	<u>Country with Import Interest</u>	<u>Country with Export Interest</u>	<u>Proposed reduction in tariffs and other charges of equivalent effect</u>
<u>GROUP IV B: (Cont'd)</u>					
12	82.01	Hand tools, the following: spades, shovels, picks, hoes, forks and rakes axes, bill hooks and similar hewing materials, scythes, sickles, hay knives, grass shears, timber wedges and other tools of a kind used in agriculture horticulture or forestry	Malawi	Ethiopia Malawi Rwanda Zimbabwe Zambia	35%
13	ex.82.04	Charcoal irons, irons (flat or sad) fencing strainers; automatic gripping vices and clamps for the servicing of borehole equipment	Zambia	Zimbabwe	"
14	82.06	Buffing blades (coarse type retreading)	Burundi	Zimbabwe	"
15	82.09	Knives with cutting blades, serrated or not (including pruning knives), other than knives falling within heading no. 82.06, and blades thereof	Lesotho Swaziland	Zimbabwe	"
16	82.11	Razor blades including disposable razors	Zambia	Kenya	"
17	ex.83.07	Fluorescent lighting fittings	Zambia Zimbabwe	Kenya Tanzania	"
18	ex.84.54	Stapling machines	Swaziland	Tanzania	"
19	ex.85.15	Radios	Burundi Kenya	Malawi Rwanda Tanzania	"

Serial No.	Customs Tariff Heading No.	Commodity Description	Country with		Proposed reduction in tariffs and other charges of equivalent effect
			Import Interest	Export Interest	
20	ex.85.18	GROUP IV B: (Cont'd) Electrical capacitors, fixed	Kenya	Zimbabwe	35%
21	ex.85.23	Insulated electric wire and cable	Lesotho	Mauritius	"
22	85.25	Insulators of any material	Zambia	Zimbabwe	"
23	91.01	Pocket watches, wrist-watches, and other watches including stop-watches	Kenya	Malawi	"
24	91.02	Clocks with watch movements (excluding clocks of heading no. 91.03)	Swaziland Kenya Swaziland	Malawi	"
25	ex.91.04	Wall clocks, other	Swaziland	Malawi	"
26	97.06	Appliances, apparatus, accessories and requisites for gymnastic or in sports and outdoor games (other than articles falling within heading no. 97.04)	Burundi Zimbabwe	Ethiopia Kenya Malawi Mauritius	"
<u>GROUP IV C:) (Highly Competing Consumer Goods)</u>					
1	51.04	Woven fabrics of man-made fibres (continuous), including woven fabrics of monofil or strip of heading No. 51.01 other than tyre cord fabric	Lesotho Swaziland	Burundi Tanzania Zambia Zimbabwe	30%

<u>Serial No.</u>	<u>Customs Tariff Heading No.</u>	<u>Commodity Description</u>	<u>Country with Import Interest</u>	<u>Country with Export Interest</u>	<u>Proposed reduction in tariffs and other charges of equivalent effect</u>
		<u>GROUP IV C (Cont'd)</u>			
2	56.07	Woven fabrics of man-made fibres (discontinuous or waste)	Lesotho Swaziland	Burundi Kenya Tanzania Zambia Zimbabwe	30%
3	58.09	Laces, in the piece, in strips or in motifs	Zambia	Zimbabwe	"
4	58.10	Embroidery in the piece, in strips or in motifs	Zambia	Zimbabwe	"
5	ex.59.01	Sanitary towels, tampons	Burundi	Malawi Rwanda Zimbabwe	"
6	ex.59.08	Textile fabrics impregnated, coated, covered or laminated with preparations of cellulose derivatives or of other artificial plastic materials	Kenya Zimbabwe	Malawi	"
7	59.13	Elastic Braids	Zambia	Zimbabwe	"
8	60.01	Knitted or crocheted fabric, not elastic nor rubberised	Zambia Swaziland	Burundi	"
9	60.03	Stockings, under stockings, socks, ankle-socks, sockettes and the like, knitted or crocheted, not elastic or rubberised	Swaziland	Burundi Ethiopia Kenya	"
10	60.04	Undergarments, knitted or crocheted, not elastic nor rubberised	Burundi Swaziland	Ethiopia Kenya Zimbabwe	"

<u>Serial No.</u>	<u>Customs Tariff No (Heading)</u>	<u>Commodity Description</u>	<u>Country with Import Interest</u>	<u>Country with Export Interest</u>	<u>Proposed reduction in tariffs and other charges of equivalent effect</u>
11	ex.60.06	GROUP IV C: (Cont'd) Knitted fabrics	Swaziland	Zimbabwe	30%
1.	ex.90.17	GROUP IV D: Consumer Goods of Particular Importance to Economic Development (other than Capital Goods) Disposable medical syringes of plastic	Burundi Tanzania Zimbabwe	Kenya	70%
9		GROUP V: Capital Goods (Including Transport Equipment)			
1	84.01	Steam and other vapour generating boilers (excluding central heating hot water boilers capable also of producing low water steam); super- heated water boilers	Kenya	Zimbabwe	70%
2	ex.84.18	Steam cleaners, industrial dust extractors, oilfilter elements, water purification equipment, complete units ex works; air pollution and cleaning equipment	Kenya	Zimbabwe	"
3	84.22	Lifting, handling, loading or unloading machinery telphers, and conveyors (for example, lifts, hoists, winches, cranes, transporter cranes, jacks, pulley tackle, belt conveyors and teleferics), not being machinery falling within heading No. 84.23	Malawi Zambia	Kenya Zimbabwe	-

Serial No.	Customs Tariff Heading No.	Commodity Description	Country with Import Interest	Country with Export Interest	Proposed reduction in tariffs and other charges of equivalent effect
		<u>GROUP V (Cont'd)</u>			
4	ex.84.24	Harrows and ploughs designed to be drawn by animal power or by animals; other ploughs	Swaziland	Kenya Malawi	70%
5	84.29	Machinery of a kind used in the bread grain milling industry, and other machinery (other than farm type machinery) for the working of cereals or dried leguminous vegetables	Zambia	Zimbabwe	"
6	ex.84.50	Gas operated welding equipment	Zambia	Zimbabwe	"
7	ex.84.56	Stone crushing machines and parts; concrete mixers and parts	Lesotho Zambia	Zambia Zimbabwe	"
8	84.63	Transmission shafts, cranks, bearing housings, plain shaft bearings, gears and gearing (including friction gears and gear-boxes and other variable speed gears), flywheels, pulleys and pulley blocks, clutches and shaft couplings	Zambia	Zimbabwe	"
9	ex.85.01	Electric motors and transformers	Malawi Kenya Zambia	Tanzania Zimbabwe	"
10	ex.87.02	Dumpers and parts thereof; bulk handling, transport vehicles for liquids and petroleum products	Swaziland	Kenya	"

<u>Serial No.</u>	<u>Customs Tariff Heading No.</u>	<u>Commodity Description</u> <u>GROUP VI: Luxury Goods</u>	<u>Country with Import Interest</u>	<u>Country with Export Interest</u>	<u>Proposed reduction in tariffs and other charges of equivalent effect</u>
1	22.03	Beer made from malt	Swaziland	Burundi Ethiopia Malawi Rwanda Swaziland	10%
2	ex.22.07	Banana wine; papaya wine	Swaziland	Kenya Rwanda Uganda	10%
3	ex.71.16	Meerscham ear-rings and necklaces	Malawi	Tanzania	10%

MEMORANDUM OF UNDERSTANDING AMONG BANQUE DE LA REPUBLIQUE DU BURUNDI, BANQUE CENTRALE COMOROS, NATIONAL BANK OF ETHIOPIA, CENTRAL BANK OF KENYA, CENTRAL BANK OF LESOTHO, RESERVE BANK OF MALAWI, BANK OF MAURITIUS, BANQUE NATIONALE DU RWANDA, CENTRAL BANK OF SOMALIA, CENTRAL BANK OF SWAZILAND, BANK OF UGANDA, BANK OF ZAMBIA AND RESERVE BANK OF ZIMBABWE

WHEREAS our respective Member States have signed the treaty for the establishment of the Preferential Trade Area for Eastern and Southern African States;
AND WHEREAS our respective Member States have undertaken to authorise their Monetary Authorities to act as agents for the Clearing House in their respective territories;
AND WHEREAS the Governors of the respective Monetary Authorities constitute the Committee which may prescribe rules and regulations for the proper operation of the Clearing House;

NOW THIS MEMORANDUM WITNESSES AND THE MONETARY AUTHORITIES MENTIONED HEREINABOVE AGREE AND CONVENANT AS FOLLOWS:

1. Each Monetary Authority named herein above is duly authorised by its Member State to act as an agent for the Clearing House in its Territory.
2. Each Monetary Authority agrees to strictly observe comply and be bound by:-
 - (a) The Preferential Trade Area Treaty and the Protocol on Clearing and Payments Arrangements established under Annex VI.
 - (b) Rules and Regulations (appearing as Appendices to this Memorandum) made by the Payments and Clearing Committee for the Operation of the Clearing House of the Preferential Trade Area for Eastern and Southern African States or any amendments made thereafter.
 - (c) Operational Procedures Manual (appearing as appendices to this Memorandum) dated January 1984 and any amendments made thereafter.

Provided that notwithstanding anything anywise stated hereinabove, where a Monetary Authority is in default of immediate settlement of a debt balance, it shall use its best endeavours and give foremost priority to the aforesaid settlement of indebtedness arising out of these presents.

3. This Memorandum constitutes a legally binding Agreement between each and every Monetary Authority whose signature is appended herebelow.
4. Any Monetary Authority of a Member State of the Preferential Trade Area, who is not a Signatory to this Memorandum of Understanding, shall upon his accendence to this Memorandum of Understanding signified by a duly authorised person, and upon confirmation that such a Monetary Authority accepts to adhere be bound and comply with all the provisions set out above or any amendments thereto, draw all rights, privileges and obligations like any other signatory Monetary Authority.

DECLARATION BY THE PRODUCER

To whom it may concern

For the purpose of claiming preferential treatment under the provisions of Rule 2 of the Protocol relating to the Rules of Origin for products to be traded between the Member States of the Preferential Trade Area for Eastern and Southern African States;

I HEREBY DECLARE:

a) that the goods listed here in quantities as specified below have been produced by this company/enterprise/workshop* whose management and ownership comply with the requirements of the Protocol relating to the Rules of Origin for the Preferential Trade Area for Eastern and Southern African States, and

b) that evidence is available that the goods listed below comply with the origin criteria as specified by the Protocol relating to the Rules of origin for the Preferential Trade Area for Eastern and Southern African States.

List of goods

Commercial description	Quality	Creterion to be claimed
	(Stamp mark) Signature of the PRODUCER

*/ Please delete description not applicable.

1. Exporter(name and office address)	Ref. No.
	<p>PREFERENTIAL TRADE AREA FOR EASTERN AND SOUTHERN AFRICAN STATES</p> <p>CERTIFICATE OF ORIGIN</p> <hr/> <p>3. Country, Group of countries in which the products are considered as originating from</p>
4. Particulars of transport	5. Changes in tariff classification if applicable
6. For official use	7. Marks and numbers: number and kind of packages: description of goods
8. Customs tariff No.	9. Origin criterion (see over leaf)
10. Gross weight of other quantity Z	11. Invoice No.
<p>12. DECLARATION BY EXPORTER/ PRODUCER/SUPPLIER*</p> <p>I, the undersigned, hereby declare that the above details and statements are are correct, that all the goods are produced in</p> <p>.....</p> <p>.....</p> <p>Place, date signature declarant</p>	<p>13. CERTIFICATE</p> <p>It is hereby certified that the above mentioned goods are of</p> <p>.....</p> <p>.....</p> <p>.....origin.</p> <p>.....</p> <p>Certificate of Customs or other Designated Authority</p> <p>STAMP</p>

*Please delete the description
not applicable

FORM FOR VERIFICATION OF ORIGIN

A. REQUEST FOR VERIFICATION, to

Verification of the authenticity and accuracy this
certificate is requested

.....
(Place and date)

STAMP

.....
(Signature)

B. RESULTS OF VERIFICATION

Verification carried out shows that this certificate*

----- was issued by the Customs Office indicated and that the
----- information contained therein is accurate.

----- does not meet the requirements as to authenticity and
----- accuracy.

.....
(Place and date)

STAMP

*/ Insert X in the appropriate box

AGREEMENT BETWEEN THE CLEARING AND PAYMENTS COMMITTEE ESTABLISHED BY ARTICLE 11 OF THE TREATY FOR THE ESTABLISHMENT OF THE PREFERENTIAL TRADE AREA FOR EASTERN AND SOUTHERN AFRICAN STATES (HEREINAFTER REFERRED TO AS "THE COMMITTEE") AND THE RESERVE BANK OF ZIMBABWE

Preamble

In accordance with Article 4 of section I of the Protocol on Clearing and Payments Arrangements, attached to the Treaty as Annex VI (hereinafter "the Protocol") and in accordance with Paragraph 4 of its terms of reference, the Committee is empowered and required to designate a monetary authority of a Member State, on such terms and conditions as the Committee and the designated monetary authority may agree to perform the duties of the Clearing House. The Committee hereby designates the Reserve Bank of Zimbabwe to perform the functions of a Clearing House for an interim period of two years.

Terms of Agreement

1. In accordance with Article 13 of the Protocol, the costs of operating the Clearing House shall be borne by the monetary authorities of the Member States in accordance with a formula to be determined by the Council on the recommendation of the Committee. Accordingly, all expenses incurred by the Reserve Bank of Zimbabwe in accordance with this Agreement shall be debited to an account maintained in the books of the Reserve Bank of Zimbabwe, in the currency of Zimbabwe and in the name of the Committee, earmarked "Clearing House Expenses Account".

2. In accordance with rule 18 of the Rules and Regulations, the cost of administering the Clearing House will be borne by the monetary authorities in terms of a formula determined by the Committee, related to their credit limits, and will be paid in convertible currencies.

2.1 Member monetary authorities will pay the Reserve Bank of Zimbabwe UAPTA 134707,00, as detailed in Annexure I entitled "Clearing House Budget", for administrative and supervisory services, including auditors' fees, it being understood that one half ($\frac{1}{2}$) of this amount will be due and payable by December, 28 1983, in accordance with provisions of Paragraph 2 of Article 6 of the Protocol on Clearing and Payments Arrangements, and the balance will be payable at one month's notice, upon request by the Reserve Bank of Zimbabwe.

2.2 From the contributions so received, the Reserve Bank of Zimbabwe will recover, on a monthly basis for its own account, expenses under A, B and D, of the Annexure entitled "Clearing House Budget", for services listed therein, and will reimburse itself for expenses incurred under C and E of that Annexure.

2.3 Agreed contributions from each monetary authority towards the cost of operating the Clearing House shall be paid to the Reserve Bank of Zimbabwe in a currency acceptable to the Reserve Bank of Zimbabwe and shall be credited to an account maintained in the books of the Reserve Bank of Zimbabwe in the name of the account earmarked "Clearing House Contributions Account" in UAPTA (equal in value to one SDR).

3. The Reserve Bank of Zimbabwe shall employ funds from the Contributions Account with selected banks in interest earning time deposits under the control of the Reserve Bank of Zimbabwe. The Reserve Bank of Zimbabwe will pay

interest on the Clearing House contributions on daily balances, calculated on a quarterly basis at the rate currently allowed by the International Monetary Fund on SDR holdings.

The Reserve Bank of Zimbabwe will draw upon the Contributions Account and upon deposits so placed as and when required to replenish the expenses account. As and when required to meet authorised expenses, the Reserve Bank of Zimbabwe shall make transfers in units of UAPTA 10 000 from the "Clearing House Contributions Account" and credit the equivalent in the currency of Zimbabwe at the rate of exchange then ruling to the "Clearing House Expenses Account".

The Committee will fix the value dates upon which monetary authorities shall pay their agreed contributions to the cost of operating the Clearing House in a currency or currencies acceptable to the Reserve Bank of Zimbabwe. Interest on any late payments shall be calculated by the Reserve Bank of Zimbabwe at a rate of one percentage point per annum above the rate currently allowed by IMF on SDR balances and credited to the Contributions Account.

The Reserve Bank of Zimbabwe shall use its best endeavours to hold expenses within the amounts approved from time to time by the Committee.

IN the event of any unexpected excess of expenditure over contributions received, the Reserve Bank of Zimbabwe will immediately notify all members of the Committee, and request the Secretary-General of the PTA to convene a meeting of the Committee. The Reserve Bank of Zimbabwe will, in terms of this Agreement, present a full report to such a meeting with proposals for necessary remedial action.

The Reserve Bank of Zimbabwe shall pay its own contribution to the cost of operating the Clearing House to the Clearing House Contributions Account on the date fixed by the Committee in accordance with Paragraph 5 above.

The Reserve Bank of Zimbabwe will have no obligation to make payments without covering fund, but will be entitled to recover any adverse balances from the monetary authorities of Member States in accordance with the formula for cost sharing fixed in accordance with Article 13 of the Protocol. The Reserve Bank of Zimbabwe will charge daily interest on any adverse balances at a rate of one percentage point per annum above the rate currently allowed by the IMF on holdings of SDR balances.

The Reserve Bank of Zimbabwe will use its best endeavours to complete all preparations for the operation of the Clearing House to commence on February 1, 1984, and thereafter will operate the Clearing House in accordance with rules and regulations adopted by the Committee.

In particular the Reserve Bank of Zimbabwe will:

10.1 Print a description of operational procedures of the clearing mechanism and circulate them to the PTA Secretariat, all relevant international financial institutions and to all commercial banks within the PTA, through member central banks. All costs will be debited to the Clearing House Expenses Account.

10.2 Draft the standard formula for telex messages before operations begin and forms for book entries and statements, etc.

10.3 Define, in consultation with external auditors, the clearing accounting system, consider the adoption of additional mechanical and electronic aids, and draft proposals recommending the capital investment that may be required for this purpose, for consideration by the Committee.

- 10.4 Bring to the attention of the Committee any remaining obstacles to the early commencement of clearing operations and recommend remedial action.
11. This agreement shall remain in force for a period of two years from the date of commencement of clearing operations.
12. The Chairman of the Committee, in consultation with the Reserve Bank of Zimbabwe, shall appoint a firm of external auditors who will:
- 12.1 Advise on an appropriate accounting systems for the Clearing House and;
- 12.2 Make interim and annual audits of the accounts of the Clearing House.
13. Within six months before the expiration of this Agreement, the Reserve Bank of Zimbabwe will submit a report to the Committee on how the Clearing House has operated, and on the basis of the report the Committee shall decide whether or not to begin negotiations on an extension of this agreement.

Thus done and signed at Harare, on this 16th day of December, 1983.

For the Reserve Bank of Zimbabwe

For the Clearing and Payments
Committee

.....
General Manager

.....
Chairman

.....
Deputy General Manager

.....
Vice - Chairman

4. OPERATIONAL PROCEDURES

4.1 The clearing mechanism will operate in the manner described hereunder:-

Stage 1

- (a) Exporter in country A invoices goods in his own currency or in UAPTA. (The system can also accommodate transactions invoiced in the import's currency).
- (b) Importer in country B pays his commercial bank in local currency for the imports.
- (c) Commercial bank in country A pays the exporter on the instructions of Commercial bank in country B or in terms of previously established conditions. e.g. against presentation of documents.

Stage II

After off-setting transactions concluded under Stage I, correspondent account balances will require replenishment from time to time. To achieve this:

- (d) Commercial bank in country B replenishes the account by purchasing the currency of country A from the monetary authority in country B, and instructs that the commercial bank in country A be credited accordingly
- (e) Monetary authority in country B requests monetary authority in country A to credit the specified commercial bank in country A with the currency of country A, against credit through the Clearing House in UAPTA, at the rate established according to paragraph 2.3
- (f) Monetary authority in country A pays in its own currency the specified commercial bank in country A and debits the Clearing House in UAPTA.
- (g) Each monetary authority advises the Clearing House of each funding operation.

Stage III

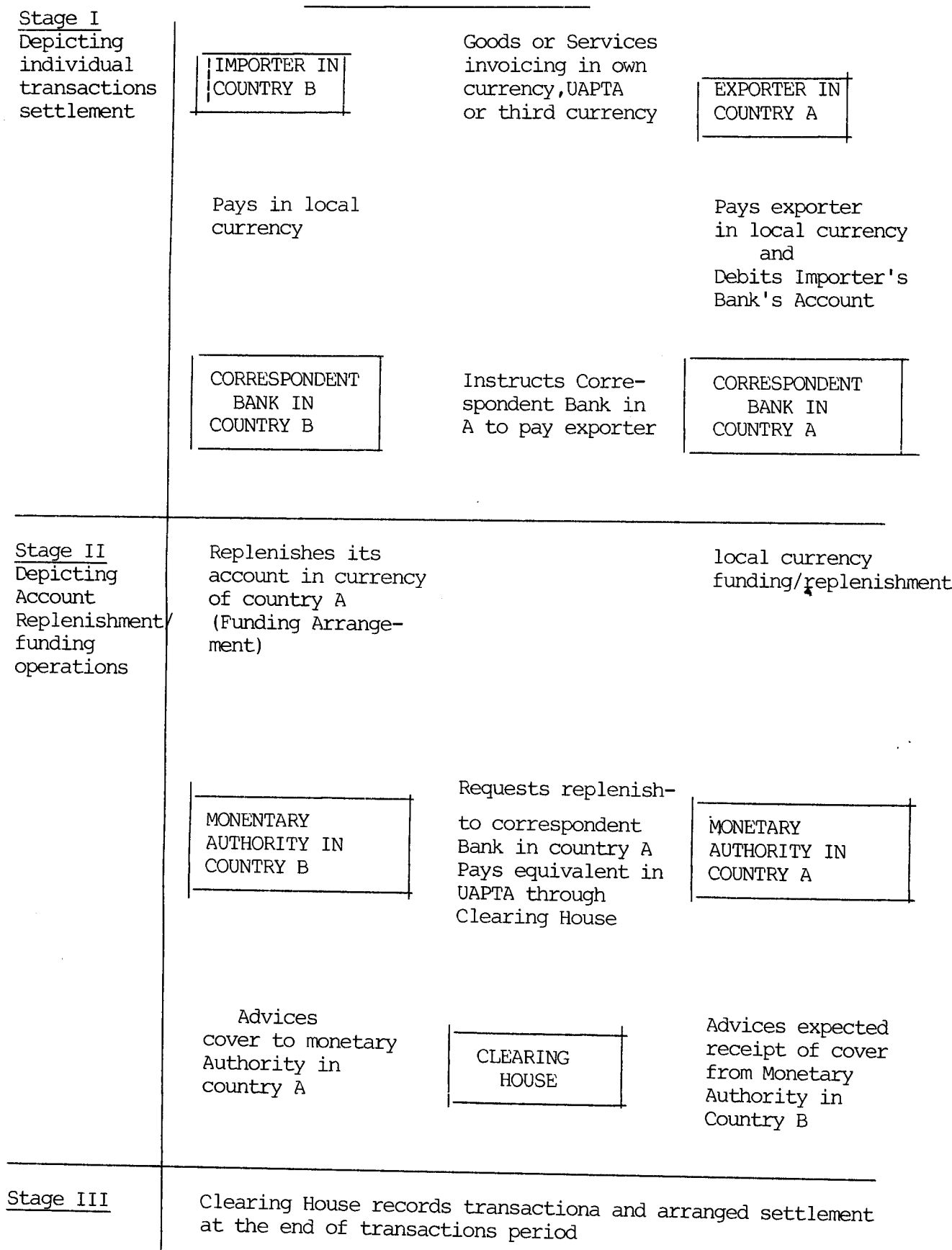
- (h) The Clearing House maintains accounts for each monetary authority and arranges settlements of net debtor balances in favour of holders of net creditor balances at the ~~xxx~~ close of each transactions period.

NOTE

- (i) Such settlements take place in terms of paragraph 2.4

It should be understood that the outlined procedures apply regardless of the type of instrument of settlement, eg. bill of exchange, cheque mail or telegraphic transfer, etc.

4.2 FLOW CHART OF THE OPERATIONAL PROCEDURE FOR THE CLEARING HOUSE



WORKING SHEET FOR PTA TRADE NEGOTIATIONS ON COMMODITIES

ANNEX VII

CODE NUMBERS		DESCRIPTION	CONCESSIONS AGREED BY COUNTRIES		IMPORTING	EDUCATION OF TRADE RESTRICTIONS AGREED BY EXPORTING COUNTRIES*		
CCCN (BTN)	SITC REV. 2 (SITC REV.1)		Tariffs	Non-tariffs restrictions	Temporary Tariffs Exemptions	Non-tariff	Temporary exemptions	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

*Columns (7-9) will be inserted in case the Committee decides that exporting countries should also reduce trade restriction in order to speed up progress towards subregional common market.

Source:- PTA/T/CT/11/4

ANNEX VIII

PTA CLEARING HOUSE

TABLE I

NET CREDIT/DEBT LIMITS (1984)

<u>COUNTRY</u>	<u>CREDIT LIMIT</u>	<u>DEBIT LIMIT</u>
	UAPTA 000'S	UAPTA 000'S
Burundi	5,310	4,248
Comoros	1,110	0,888
Djibouti	13,963	11,170
Ethiopia	9,635	7,708
Kenya	57,183	45,746
Lesotho	0,268	0,214
Malawi	10,280	8,224
Mauritius	4,203	3,362
Rwanda	11,193	8,954
Somalia	4,455	3,564
Swaziland	1,763	1,410
Uganda	28,255	22,604
Zambia	18,528	14,822
Zimbabwe	23,370	18,696

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TABLE 2

NET CREDIT/DEBT LIMITS (1985)

<u>COUNTRY</u>	<u>CREDIT LIMIT</u>	<u>DEBT LIMIT</u>
	UAPTA 000'S	UAPTA 000'S
Burundi	4,490	3,592
Comoros	0,778	0,622
Djibouti	16,273	13,018
Etiopia	9,365	7,492
Lesotho	55,833	44,666
Malawi	11,238	8,990
Mauritius	4,383	3,506
Rwanda	13,355	10,684
Somalia	4,365	3,492
Swaziland	2,445	1,956
Uganda	26,680	21,344
Zambia	21,540	17,232
Zimbabwe	34,025	27,220

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TRANSACTIONS*

TABLE 3

1984	Payments		Net Settlements in forex
February March	2,1 3,5	5,6	1,3
April May	2,8 4,9	7,7	5,4
June July	5,6 4,1	9,7	9,1
August September	4,5 2,0	6,5	6,0
October November	5,1 2,4	7,5	5,9
December January	0,2	5,8	5,0

*UAPTA MILLIONS

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