

# WORLD TRADE ORGANIZATION

WT/TPR/M/43  
WT/TPR/M/46  
25 February 1999  
(99-0734)

---

Trade Policy Review Body  
18 to 20 November 1998

## TRADE POLICY REVIEW

BURKINA FASO AND MALI

### Minutes of Meeting

*Chairperson: H.E. Mr. Ali Said Mchumo (Tanzania)*

## TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY REMARKS BY THE CHAIRPERSON .....	2
II. OPENING STATEMENT BY THE REPRESENTATIVE OF MALI.....	3
III. OPENING STATEMENT BY THE REPRESENTATIVE OF BURKINA FASO .....	4
IV. STATEMENT BY THE FIRST DISCUSSANT .....	7
V. STATEMENT BY THE SECOND DISCUSSANT.....	9
VI. STATEMENT BY THE THIRD DISCUSSANT .....	11
VII. STATEMENTS BY MEMBERS OF THE TRADE POLICY REVIEW BODY .....	12
VIII. REPLIES BY THE REPRESENTATIVE OF MALI AND THE REPRESENTATIVE OF BURKINA FASO AND ADDITIONAL COMMENTS.....	15
IX. CONCLUDING REMARKS BY THE CHAIRPERSON.....	22
ANNEX I.....	25

## **I. INTRODUCTORY REMARKS BY THE CHAIRPERSON**

1. The first review of the trade policies of Burkina Faso and Mali was held on 18 and 20 November 1998. H.E. Ambassador Ali Said Mchumo (Tanzania) chaired the meeting. The chairperson welcomed the delegations of Mali and Burkina Faso, led respectively by Mr. Harouna Niang, Secretary General of the Malian Ministry of Trade, and Mr. Bihéouan Bertin Teby, Burkina Faso's Director-General of Trade, and their colleagues from Bamako and Ouagadougou. He expressed the hope that the review would be fruitful and that participants could take advantage of discussions with other Members of the WTO Secretariat during their visit. He also welcomed the members of the Trade Policy Review Body, the observer for the West African Economic and Monetary Union (WAEMU), and the three discussants he named.

2. The chairperson recalled that, under Annex 3 to the Marrakesh Agreement, the purpose of the Trade Policy Review Mechanism ("TPRM") was to contribute to improved adherence by all Members to rules, disciplines and commitments made under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, and hence to the smoother functioning of the multilateral trading system, by achieving greater transparency in, and understanding of, the trade policies and practices of Members. Accordingly, the review mechanism allowed regular and joint consideration and evaluation of the full range of Members' trade policies and practices and their impact on the functioning of the multilateral trading system. It was not, however, intended to serve as a basis for the enforcement of specific obligations under the Agreements nor for dispute settlement procedures, nor to impose new policy commitments on Members.

3. The reports by the Governments of Burkina Faso and Mali had been issued under the symbols WT/TPR/G/46 and WT/TPR/G/43 respectively, and the reports by the WTO Secretariat under the symbols WT/TPR/S/46 and WT/TPR/S/43. As usual, the three discussants would speak in their personal capacities, and not as representatives of their respective countries. The main issues they proposed to raise were contained in document WT/TPR/D/26. The Burkina and Malian delegations had received copies of the written questions submitted by four delegations: Hong Kong, China; European Union; Japan; and the United States (Annex I). If it proved impossible to reply to all the questions fully during the meeting, additional written replies would be transmitted subsequently.

## II. OPENING STATEMENT BY THE REPRESENTATIVE OF MALI

4. The representative of Mali, Mr. Harouna Niang, thanked the WTO Secretariat for organizing the first review of Mali's trade policy. For his Government, it provided an opportunity to reaffirm the importance it ascribed to the review and to reiterate his country's attachment to the WTO and the international trade liberalization process as a whole. Mali was a least-developed country in West Africa. Its economy, essentially based on agriculture and trade, had suffered from drought and from the land-locked situation, as well as highly interventionist economic policies that had led to economic and financial imbalances and the minimization of the private sector.

5. Because LDCs faced unfavourable imbalances and trends in global economic development, in 1982, the Government had embarked upon a number of reforms and structural adjustment with strong support from the IMF, the World Bank and the international community as a whole. The goal of these reforms was to restore the macroeconomic balance and improve the management of public finance, establish better conditions for the rapid development of the private sector, and to open up the economy to the outside while simultaneously enhancing its competitiveness.

6. In 1991, these economic reforms had been supplemented by political reforms intended to establish the rule of law based on a multiparty democracy and decentralization principles. The results achieved through these efforts were acknowledged by the international community as a whole to be a good example of a successful democratization process in Africa. In the economic field, the reforms had led to renewed economic growth, whose average over the past three years had exceeded 5 per cent; they had also boosted private investment in the production sector. On average, two enterprises were set up each day and around 34 potential foreign investors contacted the National Investment Promotion Centre every month.

7. Over the past three years, exports had grown at an average rate of 35 per cent each year. Mali had become the leading cotton producer in sub-Saharan Africa, producing over 500,000 tonnes a year, as well as the third largest gold producer in Africa and one of the foremost producers of livestock and meat in the Sahel. The Government was nevertheless aware that these achievements were fragile and it intended to pursue the reforms, on the one hand in order to combat poverty more effectively and on the other to enable it to play a more active role in global trade.

8. In order to achieve these goals, Mali hoped to benefit from the support of the international community so that it could strengthen its human resources to allow it to participate more effectively in the negotiations within the WTO; implement the various WTO measures within the time-limits; restructure its economy in order to take advantage of trade liberalization and prevent marginalization; improve its economic management; and benefit from technological progress that would enhance its competitiveness.

9. The trend towards marginalizing Africa in global trade, increased poverty and the ensuing threat to Africa's security and stability gave considerable cause for concern. The Government nevertheless remained optimistic because it believed that the principles of equity and solidarity that guided the establishment of international trade liberalization mechanisms would ensure that the new system was advantageous to all countries. The Government of Mali would therefore direct its future action to combating poverty, achieving accelerated and sustainable growth, as well as the harmonious integration of the Malian economy within the West African Economic and Monetary Union (WAEMU), the Economic Community of West African States (ECOWAS) and global trade.

### III. OPENING STATEMENT BY THE REPRESENTATIVE OF BURKINA FASO

10. The representative of Burkina Faso, Mr. Bihéouan Bertin Teby, emphasized that his country had shown its interest in the GATT since 1947. Since 1991, there had been sweeping economic reform in Burkina Faso, aimed in particular at opening up the economy within a regional economic integration area whose common currency was the franc of the Communauté financière africaine (African Financial Community) (CFA franc). Open and non-discriminatory trade that took into account the development needs of all of the WTO's Members could help to increase global trade and disseminate economic progress throughout the world.

11. Burkina Faso covered an area of 274,200 km<sup>2</sup> and was one of Africa's least developed countries. The population was estimated to be around 10.5 million and it was growing at a rate of 2.8 per cent a year, more than half the population being under 20 years of age. Burkina Faso had few natural resources, suffered the vagaries of insufficient and uneven rainfall, and was land-locked. The low level of development of its economic structure, transport problems during the rainy season and the lack of energy resources were major handicaps. The main local energy resource was the plant cover; other sources of energy had to be imported at very high prices.

12. Because Burkina Faso was land-locked, the purpose of the major communication arteries was to link the country to the sea. The ports of Abidjan (Côte d'Ivoire), Lomé (Togo), Tema (Ghana), and Cotonou (Benin) were about 800 km. from Burkina Faso's main towns. These ports had the infrastructure to receive and process Burkina's products, for example, covered warehouses, offices and large parking areas. The transport of goods from the ports where they were unloaded to Burkina Faso was not fluid because of the state of the roads and the many checkpoints which increased the price of imported and exported products.

13. Burkina Faso nevertheless had some assets to overcome underdevelopment and launch a process of sustainable growth within the WAEMU and the ECOWAS, whose aim was to establish a subregional common market. The first asset was the political stability and social harmony achieved under the regime of H.E. Mr. Blaise Compaore, President of Burkina Faso, who since 1987 had instituted wide-ranging political and structural reforms constantly guided by the quest for consensus. The second asset was the discipline and legendary hard work of Burkina's population, both within and outside the country.

14. At the institutional level, under the 1991 Constitution (revised in 1997) Burkina Faso was a multiparty democracy. The President of the Republic was elected by universal suffrage for a renewable term of seven years. As the holder of executive power, he defined the broad outlines of State policy. The Prime Minister was head of the Government, which drafted and implemented sectoral development policies. Parliament comprised two houses, a National Assembly, which adopted legislation, and a House of Representatives, which played an advisory role. An Economic and Social Council expressed an opinion on draft legislation, orders and decrees transmitted to it. It could also, on its own initiative, draw to the attention of the President of the Republic any reforms which it believed would promote Burkina's economic and social development. The ombudsman of Burkina Faso was responsible for any conciliation procedures between Government authorities and private individuals.

15. The structural adjustment programmes undertaken since 1991 with the support of the international financial community had helped to improve the economic situation and stabilize public finance. The reforms had made it possible to simplify the customs tariff, eliminate specific import duties and reference prices, and remove some non-tariff barriers (prior special authorization for exports and imports, quotas, licences, price controls and monopolies) for a large number of products.

16. In parallel with the various reform measures, the devaluation of the CFA franc had helped to boost the international competitiveness of some Burkina products. Cattle exports to other countries in the sub-region, especially in the franc zone, had increased sharply. As a result of better world prices and the increase in producer prices, cotton exports had also risen.

17. In 1996, the GDP grew at an estimated rate of 6.2 per cent, the highest since 1991. In 1997, the rate was 5 per cent due to unfavourable climatic conditions. The rate of inflation fell from 6.1 per cent in 1996 to 2.3 per cent in 1997. The satisfactory performance of public finance during the initial years of implementation of the structural adjustment programme had yielded a primary budget surplus of 1.7 per cent of GDP in 1996 and 1.1 per cent in 1997. This slight decrease could be explained by overspending on self-financed investment, which amounted to CFAF 10 billion in 1997.

18. Budgetary recovery was made possible through an improvement in fiscal and customs revenue, which rose from 11.5 per cent of GDP in 1996 to 12 per cent in 1997. A prudent policy was followed as regards expenditure, particularly on the civil service payroll. Domestic spending, excluding foreign-financed investment, decreased from 15 per cent of GDP in 1993 to 12.8 per cent in 1997. Non-priority spending was reduced and adequate budgetary allocations were made to priority sectors such as health and education.

19. In the area of foreign trade, exports, in particular cotton, live animals and by-products and non-traditional products (fruit and vegetables), rose by 50 per cent for cotton and around 20 per cent for the other products. The deficit in the balance-of-payments current account, excluding grants, fell from 13.4 per cent of GDP in 1996 to 12.6 per cent in 1997 due to strong growth in imports of capital and semi-processed goods. The demand for monetary revenue rose by 14 per cent in 1997, compared with estimates of 7 per cent, mainly due to financing needs during the cotton season.

20. Eighteen of the forty-two enterprises covered by the privatization programme had already been privatized; thirteen were in the process of being privatized, eight had been wound up, and three others had been withdrawn from the programme. Two other enterprises had been transferred to the Minister for Secondary and Higher Education and Scientific Research for the purposes of research.

21. In the context of regional integration within the WAEMU, the Government had ratified the directives on harmonization of budgetary systems and had adopted the draft Common External Tariff, which should enter into force by stages in 1999-2000. The customs duties adopted were 0 per cent, 5 per cent, 10 per cent and 20 per cent for the four categories of products that were presently being classified, and a 1 per cent statistical fee. Fiscal duties and the maximum customs duty had been fixed at 25 per cent with effect from July 1998. The statistical fee remained at 4 per cent while the special intervention tax had been abolished. The maximum import duty had thus been reduced from 37 per cent to 29 per cent.

22. The macroeconomic objectives for the period 1998-2000 were to achieve minimum GDP growth of 5.5 per cent, limit annual inflation to 2.5 per cent, and bring the external current account deficit, excluding grants, down to 9 per cent of GDP. Primary sectors, which accounted for at least 30 per cent of the GDP, would continue to be the source of Burkina's growth. The continued competitiveness of the economy would allow the potential for growth in exports of commodities such as cotton and livestock products to be developed and would increase non-traditional production and exports such as fruit and vegetables.

23. The mining sector could also expand as a result of the renewed interest created by the adoption of the new Mining Code. The development of other sectors of activity had been boosted by a much more attractive Investment Code. These new texts providing incentives for investors gave

domestic and foreign enterprises, the same rights and obligations as well as freedom to transfer capital and wages and freedom of employment for foreign natural or legal persons.

24. The application of the provisions in the WAEMU treaties on the formulation of common rules on competition, anti-dumping, quality and certification standards, on the one hand, and the provisions of the Organization for Harmonization of Business Law (OHADA) on the other, should lead to a revision of the texts governing trade and investment in Burkina Faso and bring them more into line with Burkina's commitments under the WTO Agreements.

25. In the Uruguay Round, Burkina Faso had made several commitments binding import duties and modes of supply of certain services. It granted at least most-favoured-nation treatment (MFN) to all its trade partners. Burkina Faso had benefited *inter alia* from the preferential and differential treatment given to LDCs, particularly in the form of exemptions or delayed application of certain provisions, and it should derive particular benefits from the strengthening of the rules and disciplines under the multilateral trading system in the agricultural and livestock sectors.

26. Burkina Faso hoped that the integrated assistance programme initiated by the WTO and other organizations at the high-level meeting held in Geneva in 1997 would go beyond its technical assistance objectives. Burkina Faso's main concern was to increase and diversify production so that it could take greater advantage of the current opportunities and those that would follow continued multilateral liberalization.

#### IV. STATEMENT BY THE FIRST DISCUSSANT

27. The first discussant, Mr. Mohamed Bentaja, congratulated Burkina Faso and Mali on their efforts towards economic liberalization and integration within the multilateral trading system, despite the long period of drought and serious financial problems, including the external debt. Before it acceded to the WTO in June 1995, Burkina Faso had taken stabilization measures, introducing a structural adjustment programme in 1991 in order to encourage the opening up of the economy to the private sector and another adjustment programme in the transport and livestock sectors. In addition, the devaluation of the CFA franc from CFAF 50 to 100 against the French franc had allowed Burkina Faso to improve its international competitiveness and boost the production of certain products for export such as cotton and cattle.

28. Mali had been a Member of the WTO since May 1995 and since 1998 it had been implementing structural adjustment programmes with support from the IMF and the World Bank in order to strengthen the role of the private sector, particularly the agricultural sector, and limit the State's role in economic activity so as to reduce inflation and increase exports. This reform had yielded positive results; the devaluation had boosted domestic production and exports, which rose from CFAF 18 billion in 1993 to CFAF 157 billion in 1994, an increase of 82 per cent. Mali's external trade deficit fell from 18 per cent of GDP in 1994 to 15 per cent in 1995, and the budget deficit decreased from 13.7 per cent of GDP to 10.5 per cent. After reaching a peak of 23.2 per cent in 1994, inflation had fallen to 7 per cent.

29. In general, the adjustment programmes had allowed Mali to lay the bases for sustainable growth and improve the management of its public finance. The customs tariff had been simplified, specific import duties and reference prices abolished and non-tariff obstacles eliminated, including monopolies, price controls and special prior export authorizations.

30. Nevertheless, the economies of both countries remained vulnerable. Exports centred on three major products (cotton, livestock products and gold) and only covered around 50 per cent of imports despite the substitution effects caused by the devaluation of the CFA franc in favour of products from the WAEMU. The measures to promote and diversify exports were taking time to bear fruit. The deficit in public finance, particularly in Burkina Faso, remained high despite the services of a preshipment inspection company and the imposition of many high duties and taxes. He asked what measures the two Governments intended to take in order to sustain growth and economic diversification, particularly in view of the discouraging outlook for global cotton prices and the frequent droughts that were an obstacle to agricultural exports.

31. Despite the devaluation of the CFA franc, which had helped to boost exports, Burkina Faso's external trade balance still showed a structural deficit. During the period 1993-1997, there had also been a deficit in the main components of the services account. He would therefore like to know what approach the two Governments would take to confront these problems and what measures were envisaged in order to lower the cost of air transport and limit the State's monopoly of the supply of certain basic services.

32. There had been a 25 per cent increase in investment since 1995 following the devaluation of the CFA franc, which had led to the creation of 1,000 jobs in Burkina Faso and 3,025 in Mali in 1997. In Burkina Faso, however, there had been delays in implementing the privatization programmes. From 1985 until 1994 in Mali, the flow of foreign direct investment had been very low in comparison with the average in sub-Saharan Africa (0.14 per cent of GDP as against 0.58 per cent for the group). The absence of a basic infrastructure and its high cost were an obstacle to increased investment in Mali.

33. The discussant then asked how the two countries intended to develop a community investment code within the framework of the WAEMU that would be attractive from the legal point of view and provide flexible and rapid procedures. In particular, what conclusions had the Government of Mali drawn from the workshop held in 1998, which had concluded *inter alia* that a national project study fund and project coordination were lacking. Bearing in mind that Burkina Faso and Mali had been Members of the GATT for a long time and of the WTO since 1995, and were also members of the WAEMU and the ECOWAS, he asked what results were expected from this economic integration and more specifically from the establishment of the customs union within the WAEMU as far as the economies of Burkina Faso and Mali were concerned.

34. Burkina Faso was the only country in Africa that had benefited from a pilot programme to reduce emission of greenhouse gases. He asked whether this experience had encouraged the use of fuels other than wood and whether the two countries had received financing from the International Fund for Agricultural Development in order to implement domestic reforestation programmes to combat the encroachment of the desert.



## V. STATEMENT BY THE SECOND DISCUSSANT

35. The second discussant, Mr. Thomas Antoine, focused in particular on the question of trade agreements. In his view, the simultaneous review of the trade policies of Burkina Faso and Mali was justified for several reasons: the two neighbouring countries in West Africa belonged to the category of least-developed countries (LDCs), had a fairly similar ecological and economic profile and were partners to the same regional and multilateral trade agreements. The WTO provided the ideal forum for reviewing these countries' participation in global growth as a result of the liberalization of trade. In order to ensure that no country was marginalized in the interplay of trade based on comparative advantages, the most vulnerable economies needed ancillary measures (technical assistance) and capacity building. These countries' commitment to the WTO should be encouraged through the assistance programme that had emerged from the high-level meeting held in October 1997, initiated by the WTO and other institutions, one of whose objectives was to increase and diversify production. He noted that Burkina Faso and Mali had only shown a low level of commitment at the multilateral level in the area of goods and services and their notification obligations had only been met in part.

36. Regional agreements could be the seedbed for multilateral disciplines and allowed land-locked countries with restricted domestic markets situated within a similar cultural context to achieve considerable economies of scale. As founder members of the WAEMU and the ECOWAS, Mali and Burkina Faso had embarked upon a project for integration, interdependence and solidarity. In this connection, he would like to know the difference between the ECOWAS, set up under the treaty of 28 May 1975, and the WAEMU, established on 11 January 1994, both of which advocated economic, monetary and customs integration, and he underlined the importance of avoiding any overlapping or divergences between the two agreements.

37. The ECOWAS agreement provided for a gradual reduction in import duties, but the timetable did not appear to be respected. The measures taken by the countries under review to incorporate community law into their legislation should be examined. One of the effects of the WAEMU was the establishment of a Common External Tariff (CET) based on the customs convergence and harmonization plan, and it had to be ensured that the tariff was consistent with the undertakings within the WTO and with bilateral agreements. The tariff should come into effect in the year 2000. The conformity of the future customs union with the requirements of Article XXIV of the GATT and Article V of the GATS should also be examined; in particular, the union should focus on basic trade and not lead a reduction in trade with external partners.

38. As the CET would reduce customs tariffs, its introduction could lead to a decrease in Burkina Faso's customs revenue, so the tax base would then have to be broadened in order to keep earnings at the same level or temporary assistance would be needed. In the context of the introduction of the CET and domestic fiscal harmonization, he asked what would happen to the 1 per cent levy by Burkina Faso on the f.o.b. value of goods subject to the prior import declaration introduced under a decree of 30 March 1998, which meant that importers paid preshipment inspection fees even for products that were not inspected.

39. With reference to Mali, he asked whether the registration fees differed for each tranche of imports, for such measures could raise the levels of protection. Had a list of sensitive products to be protected during a transitional period been drawn up? What were the bases for the degressive protection tax and the short-term import tax? Lastly, were the dispute settlement bodies envisaged under the ECOWAS and WAEMU agreements consistent with the Dispute Settlement Body?

40. The Fourth Lomé Convention between the European Union and the 71 ACP countries exempted exports of products originating in Mali and Burkina Faso from duty when imported into the European market, with the exception of products covered by the Common Agricultural Policy. Both

countries also benefited from the trade preferences granted by other developed countries under the Generalized System of Preferences. Lastly, both countries had signed the Agreement on the Global System of Trade Preferences (GSTP) concluded among developing countries. He wondered to what extent the countries under review derived benefits from these mechanisms because of their narrow export base. Had Mali and Burkina Faso introduced programmes to increase and diversify production?

41. Growth in production capacity in both Mali and Burkina Faso also depended on foreign direct investment. The Lomé Convention contained principles for protecting European investment in the ACP countries. Yet the WAEMU also had a draft community investment code that gave tariff or fiscal incentives for investment; was there any difference in treatment, depending on whether or not the investment came from a WAEMU member country? He also wondered what had been the impact on Burkina Faso and Mali of their ratification of the Convention Establishing the Multilateral Investment Guarantee Agency.

## VI. STATEMENT BY THE THIRD DISCUSSANT

42. The third discussant, Mrs. Marie Gosset, considered that the review of the trade policies of Burkina Faso and Mali highlighted their commitment to the multilateral trading system, despite the drawbacks of their situation as LDCs and the absence of a permanent delegation to the WTO. The many liberalization and economic promotion measures taken included the simplification of customs tariffs, the abolition of certain import and export duties, the elimination of some non-tariff barriers, and privatization programmes. Their firm commitment to a liberal economy could, however, be jeopardized if some precautions were not taken, which was why the review was particularly relevant.

43. Burkina's tariff regime imposed rates that were among the highest in the West African Economic and Monetary Union. The simple arithmetical average of duties was 31 per cent, with a minimum of 6 per cent and a maximum of 37 per cent. In addition to import duties and taxes, an additional tax of 7.5 per cent was imposed on imported sugar, thus making sugar the most protected product. The domestic tax on tobacco, cigars and cigarettes was 13 per cent for local products and 95 per cent for imports, which appeared contrary to the GATT principle of national treatment.

44. Mali's tariff regime showed an arithmetical average of 22 per cent, with a minimum of 3 per cent and a maximum of 35 per cent, to which had to be added a short-term import tax (TCI) of 55 per cent, which made the level of import duties and taxes on sugar 75 per cent. Further details on the TCI were required. She noted that there was no legislation on safeguard measures or laws on anti-dumping or countervailing measures and wondered whether the TCI did not fulfil this role and whether the authorities in both countries intended to introduce domestic legislation in conformity with the relevant WTO agreements.

45. Burkina Faso and Mali had only bound a very limited number of tariffs. Moreover, the Service Provision Contribution (CPS) did not appear on the list of other duties and taxes bound by Mali. She also noted that in Mali a domestic tax called the ISCP (Special Tax on Certain Products) was included in the VAT assessment basis. This would appear to indicate that the impact of any reduction in customs duties might be constrained by excessive application of other duties and taxes.

46. Regarding export measures, in Burkina Faso the export of raw sheep and goat hides and skins was banned, even though local industries could not process all those produced. Exports of shea nuts and cereals required special authorization. A special contribution was imposed in the livestock sector both on exports and domestic sales. Such practices did not appear to encourage the export of these products, for which the country had a comparative advantage.

47. In the case of Mali, the multiplicity of categories of rights and the State's free holding of at least 10 per cent of the capital of mining enterprises constituted barriers to foreign investment. The ban on the export of unprocessed precious substances, the special authorization for the export of hides and skins, the taxation of exports of gold and fish, the stamp duties on the intention to export gold and cotton were also contrary to Mali's objective of promoting exports.

48. She then asked what were the reasons that had led Burkina Faso to reduce the number of products subject to technical standards from 40 to 10. As there were problems of counterfeiting and smuggling both in Mali and Burkina Faso, despite the existence of the Bangui Agreement on intellectual property, she also wondered what measures had been taken or were planned to combat such violations.

## VII. STATEMENTS BY MEMBERS OF THE TRADE POLICY REVIEW BODY

49. Members welcomed the liberalization and reform measures taken by Burkina Faso and Mali and noted the important role played by the WAEMU since its creation in 1994 in the area of trade liberalization and regional integration. They also welcomed the attachment shown by the two countries to their obligations within the WTO and underlined the latter's role in opening up trade systems, and consequently in investment and economic development.

50. The representative of Hong Kong, China sought clarification on the preferences granted by Burkina Faso to domestic enterprises and value added in relation to Government procurement and called on the Government to open up this area to all suppliers and make the procedures more transparent. As to Mali, he noted the complex structure of import duties, although he acknowledged that they had been simplified since 1991. He had asked in writing whether Mali intended to simplify these tariff structures further. He noted that import duties ranged from 3-35 per cent with an average of 22.1 per cent. He encouraged Mali to lower and if possible eliminate these tariffs. Noting that the commitments of both countries under the GATS were limited, he called on their Governments to take a more active part in the multilateral trading system and to envisage liberalizing other services sectors.

51. The representative of Japan said that his country strongly supported the economic and social development of African countries and their peoples and, together with the United Nations, it had organized the second Tokyo Conference on African Development, which had adopted the Tokyo Agenda for African Development in the 21<sup>st</sup> Century, based on the dual principles of ownership and global partnership.

52. The steps taken by Burkina Faso and Mali to open up their economies and strengthen the role of the private sector had had positive results. The two countries had also made efforts to abide by the WTO Agreements and liberalize their trade regimes. For example, Burkino Faso had made a number of notifications and had filled in the annual questionnaire under the Agreement on Import Licensing Procedures. Mali had dismantled its non-tariff barriers to trade and abolished export taxes on the majority of products. It had also greatly simplified the structure of import duties. He nevertheless joined other speakers in drawing attention to the complex nature of the customs regimes and asked for clarification.

53. He would like to receive further details on Burkina Faso's new competition policy and its application. He then asked why the privatization programme was delayed in Burkina Faso and noted that the restructuring of State-owned enterprises would lead to greater efficiency and development in the sectors concerned. Regarding intellectual property rights, he asked what measures Mali had taken to combat piracy and counterfeiting. Underlining the importance of liberalization and promoting the services sector for more rapid development, he asked Burkina Faso to explain Government intervention in banking services and sought further details on the creation of an independent regulator in the telecommunications sector.

54. The representative of the European Union emphasized that, as least-developed and land-locked countries, Burkina Faso and Mali encountered many problems and their participation in the multilateral trading system had to be assessed accordingly. The trade policy reforms carried out in Burkina Faso and Mali within the framework of the WAEMU should lead both to a strengthening of the region and more harmonious integration into the global economy. The structure of the WAEMU Common External Tariff, to be introduced in the year 2000, was simple and transparent (four rates applicable to four categories) and its level reflected a desire to open up trade to the rest of the world. Burkina Faso's budgetary situation was, however, fragile and its industrial fabric was not very competitive. In this connection, the implementation of reform would require large-scale adjustment.

Although Mali's public finance situation was somewhat more comfortable, its economic fabric was also vulnerable to competition from outside.

55. The two countries could nevertheless derive practical benefits from greater integration and better integration in the global economy. To achieve this and support structural reform in Burkina Faso and Mali, the EU had initiated a programme to support the WAEMU and was drawing up a new programme more directly addressed to the Member States of the WAEMU based on three axes: (i) support for the effective application of reform; (ii) support for fiscal reform; and (iii) support for the private sector to help it occupy a better place in the regional market.

56. The representative of Canada said that Canada had excellent economic relations with Burkina Faso and Mali, based on common membership of the French-speaking community and bilateral assistance and development cooperation agreements. In Burkina Faso, the new Mining Code adopted in 1997 would facilitate operations by mining companies, particularly in relation to prospecting and investment. The unpredictability of the customs administration and the lack of clarity in labour legislation nevertheless continued to cause problems in relation to imports. Some mining companies had experienced problems in importing goods, even though they were covered by an agreement signed with the Government, while other companies had also been faced with variable customs valuation scales according to the case and she called on the Burkina Government to find solutions to such problems.

57. In Mali, the business interests of Canadian companies focused on the telecommunications, energy, water treatment and mining sectors, especially gold mines. She expressed the hope that Canada's trade with Mali would increase following the introduction of the Common Customs Tariff. In her view, however, the customs administration lacked qualified personnel and clear and consistent internal procedures. Canadian investors also faced disconcerting labour practices and outdated labour legislation which hindered satisfactory performance by officials. She called on the Government of Mali to examine these problems in order to facilitate trade. In general, the sweeping reforms and liberalization measures taken by the two countries should promote their more effective participation in the multilateral trading system and help to boost economic growth in the long term.

58. The representative of the United States congratulated Burkina Faso and Mali on the substantial progress made in economic and trade reform. In the early 1980s, both countries had abandoned their planned economy regimes involving a high level of State participation through State-owned enterprises and they had shown impressive success in undertaking comprehensive structural adjustment programmes.

59. Under the "Partnership for Economic Growth and Opportunity for Africa", the United States was working together with African countries, and the WAEMU, to develop trade and investment links and improve their integration into the global trading system. Discussions currently related to the creation of a forum for collaboration and further dialogue on trade and investment and technical assistance relating to the operation of the WTO and the GSP.

60. The representative of Australia joined previous speakers in congratulating the two countries on their economic adjustment and trade liberalization efforts. She encouraged Burkina Faso to eliminate barriers to export and other factors likely to hamper sustainable economic growth.

61. The representative of Cuba referred to UNCTAD's 1998 Trade and Development Report, which showed that there had been some progress in sub-Saharan Africa. However, he also noted that this progress had not been sufficient to diminish poverty or meet the 6 per cent growth target fixed by the United Nations. Moreover, Africa's future was jeopardized by recurring conflict and its ongoing large external debt. Despite a substantial trade deficit, both Mali and Burkina Faso had pursued their

economic and financial reforms, which would help to improve the well-being of their populations, particularly in the areas of health and education. The two countries had also made commitments on import duties and certain services. He hoped that they would be able to benefit to the full from the special and differential treatment to which they had a right, including the integrated assistance programme for Africa.

62. The representative of Côte d'Ivoire hoped that the results of the review would have a positive effect on the trade relations of Côte d'Ivoire and the of subregion. Burkina Faso and Mali had made efforts to adjust their economies, putting into effect programmes for reform, privatization and tariff harmonization at the regional level, and as Members of the WTO they had undertaken commitments. He appealed to the international community to show solidarity and assist the two countries and help them to increase the inflow of foreign investment. He noted that postal services, telecommunications, electricity and water were still 100 per cent monopolies and asked why the authorities had not extended privatization to these sectors. He also wondered how Burkina Faso intended to achieve its objective of 5 per cent annual growth up to the year 2010.

63. In the case of Mali, the fact that imported industrial products were not taxed as heavily as domestic industrial products, for example, clothing, could make the domestic products less competitive. This appeared to be a contradiction for a country that needed to sell in order to earn revenue to finance its development.

64. The representative of Senegal commented that review before the TPRB often led to greater awareness that allowed the country concerned to conform more closely to the rules and disciplines of the WTO. Senegal was also a member of the WAEMU and the ECOWAS, and it had almost completed the process of renegotiating its tariff concessions that appeared on the former lists inherited from the colonizing power, an experience that could prove useful when the WAEMU undertook the same process.

65. In Mali, a stable political, economic and legal environment was in his view more likely to attract investors than a reduction and binding of customs duties. In this connection, developments within the OHADA should be mentioned. Economic liberalization was irreversible, but it should take into account the level of economic and social development in each country. The lack of information on the WTO should be remedied by increased technical assistance. He wondered whether technical assistance to Mali had recently seen positive developments. He then asked whether there had been developments in trade among member countries of the WAEMU and whether the authorities in Burkina Faso and Mali had taken measures to combat unlawful trade, for example, the abolition of customs duties among member countries and the integration of the informal sector into economy. He wondered whether there were national WTO-UNCTAD-ITC committees in each country and what the follow-up to the high-level meetings had been.

66. The representative of India agreed that the TPRB allowed members to study the complex details of the trade policies of the countries reviewed and this was particularly useful for small countries such as Burkina Faso and Mali. The two LDCs had expressed concern at the marginalization of Africa within the global economy. He was therefore in favour of increased technical assistance to help them fulfil their obligations to the WTO and he encouraged them to make use of the provisions in the WTO Agreement on special and differential treatment. He also noted that the two countries had only bound a few tariffs and that the Malian Mining Code was complex.

### **VIII. REPLIES BY THE REPRESENTATIVE OF MALI AND THE REPRESENTATIVE OF BURKINA FASO AND ADDITIONAL COMMENTS**

67. The Chairperson called on the representatives of Burkina Faso and Mali to reply to the questions under three headings: (i) the macroeconomic and structural environment; (ii) regional and multilateral arrangements; (iii) trade measures and sectoral policies.

#### **Macroeconomic and structural environment**

68. The representative of Mali acknowledged that import fiscality played a major role in the structure of fiscal revenue, thus reflecting the weakness of domestic production and the relative ease with which import duties could be collected. In order to reverse this trend, the Government intended to increase and diversify domestic production, expand the tax base and improve the rate of collection of domestic taxes.

69. The measures to diversify production and exports included the promotion of private initiatives, the implementation of a policy for different sectors that would allow them to improve their competitiveness within the framework of a State-private sector dialogue; the upgrading of enterprises, especially with a view to exports; the fostering of a spirit of enterprise; and the dissemination of new technology.

70. The Government's policy was State withdrawal from all production and trade sectors. The privatization programme had therefore been extended to the services sector (telecommunications, banking, insurance, etc.). The absence of a capital market, was, however, a major obstacle to more rapid privatization. In 1992, the Government adopted a law on competition and free pricing. The law guaranteed freedom to fix prices and prohibited understandings or abuse of a dominant position and it was currently being revised as part of the harmonization of instruments under the WAEMU and the OHADA.

71. The Community Investment Code being discussed among member countries of the WAEMU did not discriminate between regional and non-regional investors. This Code, the customs union, the harmonization of indirect domestic taxation, the regional financial market and the harmonization of legislation were all areas for reform and would replace compartmentalized small-scale domestic markets by a common regional market able to attract a much larger flow of investment. In order to lessen the regional disparities within the Union, the WAEMU integration scheme provided for the creation of structural funds for the balanced development of the community, including a regional integration support fund and the implementation of common sectoral policies. At the national level, political stability and the progress made in democratization were assets that needed to be reinforced by reform that would give investors the legal and judicial security needed to make their investment profitable.

72. At 30 June 1998 the outstanding medium-term and long-term public debt was estimated to be CFAF 1,707 billion, of which 61.2 per cent was multilateral debt and the remainder bilateral debt. At 30 June 1988, debt servicing payments were estimated at CFAF 21 billion (of which the principal accounted for CFAF 15.8 billion and the interest CFAF 5.4 million). There was no rescheduling and debt servicing subject to a moratorium (Russia and China) amounted to CFAF 11.9 billion. Mali was pursuing its efforts to control indebtedness and it had no external debt servicing arrears. In March 1998, Mali was declared eligible for the joint IMF/World Bank Heavily Indebted Poor Countries Debt Initiative, a mechanism that had been set up to reduce multilateral debt. The figures on foreign direct investment would be communicated to the WTO Secretariat subsequently.

73. The African Intellectual Property Organization was revising the Bangui Agreement. At the end of November 1998, a meeting of member States would be held in Nouakchott to harmonize the revised text with that of the WTO. Despite its limited resources, the Government of Mali was taking action to combat infringement, which had a noticeable impact on performers. Mali had set up a Ministry of the Environment and the Government had recently adopted an environmental protection policy which had an anti-desertification component. Measures were also being taken under the programme for the management of natural resources and the national environmental action programme.

74. The representative of Burkina Faso indicated that implementation of the WAEMU Treaty would lead to a drop in Burkina Faso's fiscal revenue. In order to make good this fall in revenue, the Government intended to enhance the efficiency of the fiscal system by expanding the tax base and improving the performance of the fiscal and customs authorities. In order to resolve the debt problems that jeopardized Burkina's development, the Government would try to reach rescheduling agreements with creditors that were not members of the Paris Club. Appropriate measures would be taken in order to implement the initiative on reducing the debt of highly indebted poor countries.

75. Burkina Faso had adopted a strategy for the development of sectors. Twelve sectors had been identified, including cotton, cereals, mining and fruit and vegetables. In order to improve both the quantity and quality of production and thus expand the export base, support and advisory services would be provided. With that aim in view, a national standardization and quality control structure had been established. Furthermore, the new Investment Code included special benefits to promote the development of exports.

76. The delay in carrying out the privatization timetable was due to the difficulty of finding buyers with sufficient financial capacity and also to the need for transparency in privatization operations, which meant lengthy analyses of each case. The objectives of privatization were to improve the management of enterprises and support the development of the private sector. The level and timetable for the liberalization of some public monopolies (telecommunications, water, electricity, postal services, etc.) would be defined in a law.

77. Burkina Faso had adopted a Law regulating competition and consumption and had set up a National Competition and Consumption Commission, which had been operating since January 1998 and enjoyed financial autonomy. The provisions of the aforementioned Law gave the members of the Commission an advisory role. However, the material and financial resources, as well as the equipment and training given to the Commission were not sufficient. Petroleum products were sensitive consumer products for which the Government had established a structure to review prices every two months in order to take into account global price trends. Petroleum companies participated in the structure.

78. With regard to intellectual property rights, Burkina Faso applied the AIPO's regulations. In order to combat infringement, the Burkina Copyright Office had recently taken measures to protect artistic and literary works. Burkina Faso had a national environmental action plan and a forestry code for the management of environmental resources. Campaigns were carried out to promote awareness and inform and educate the population. In addition, the National Environmental Management Council and the National Land Management Programme were already operational in the area of environmental management.

79. The first discussant, Mr Bentaja, asked what measures had been taken by the two countries in relation to Article VII, which should be applied before the year 2000, and recalled that Japan had expressed its willingness to assist the two countries in this respect. Regarding privatization, he asked



whether it was intended to set up a regional stock exchange and whether there were programmes for the promotion and education of women.

80. In reply, the representative of Mali stated that the regional stock exchange had just commenced operations in Abidjan and in Mali there was a ministry responsible for the promotion of women, children and the family. Mali was reviewing its customs code so as to adapt it to the community provisions and the GATT Valuation Code, but application could be deferred until the year 2000. The representative of Burkina Faso said that its customs administration was doing everything possible to implement the Customs Valuation Agreement by the year 2000. The role played by women in Burkina society was very important, especially in the informal sector, which was a major component of the economy.

81. The third discussant, Mrs Gosset, pointed out that there were only two years left until the Customs Valuation Agreement had to be applied. The representative of the WAEMU Commission had indicated that the Commission had taken measures to ensure that the Customs Valuation Agreement was in fact applied by the eight member countries as from 1 January 2000 and that a draft customs code had been drawn up for this purpose.

#### Multilateral and regional agreements

82. The representative of Mali, also speaking on behalf of Burkina Faso, noted that, in the context of the implementation of the WTO's integrated plan of assistance for the LDCs six organizations (IMF, ITC, UNCTAD, UNDP, World Bank and the WTO) had jointly responded to the evaluation of the needs expressed by Mali. Those assistance needs pertained to the strengthening of human resources; information and sensitisation; institutional support; and the improvement of basic infrastructure. This integrated framework of technical assistance had not yet been implemented in the case of Mali.

83. WAEMU had been established in January 1994 to act as a proper foundation for the common currency, the CFA franc, and to speed up the process of economic integration in West Africa. The aim behind the devaluation of the CFA franc and the creation of WAEMU by the Heads of State of the West African Monetary Union (WAMU) had been to enhance the competitiveness of the economies of the Member States on a lasting basis, particularly from the standpoint of the entry into force of the Uruguay Round Agreements. The WAEMU approach had not been inconsistent with ECOWAS. The objectives were very similar, but the pace at which they were achieved was different. The liberalization of intra-WAEMU trade was spread over three and a half years (01/01/96 to 31/12/99), whereas the national tariff structures were programmed to converge in the CET over a period of a year and a half (01/07/98 to 21/12/99). The timetables for dismantling the tariffs, both internal and external, had been respected by the Member States and, accordingly, WAEMU had unquestionably helped to speed up the integration process in West Africa and to reinforce the action taken by ECOWAS.

84. The West African States had agreed that ECOWAS would ultimately be the sole economic integration organization in the region. Meanwhile, the risks of inconsistency in the reforms were completely under control. For example, in preparing the customs union scheme, WAEMU had taken account of ECOWAS's achievements in that regard: a tariff and statistical nomenclature, harmonization of foreign trade statistics, a single customs document, and so on. Conversely, the ECOWAS/CET would take the WAEMU/CET data into account. Furthermore, dialogue had been instituted between the ECOWAS Executive Secretariat and the WAEMU Commission.

85. The reforms implemented within the framework of adjustment programmes and WAEMU were intended to make the national economies more competitive because of the increased competition

stemming from the implementation of the deferred measures of the WTO Agreement. Support from the international community was needed in implementing reforms, which created transitional costs, both budgetary and economic. Substantial resources were needed to support programmes for the restructuring and repositioning of the private sector. The question of debt relief should also be taken into account. As to competition within the union, a study was underway to prepare community legislation on competitions. A draft anti-dumping code was also under consideration by the Commission.

86. Mali and Burkina Faso were signatories to the Lomé Convention, which would come to an end in February 2000, on the expiry of the waiver of the MFN clause granted by the WTO. A mid-term review had been conducted in 1995 in Mauritius. Since then, various meetings had been held at the African and ACP level and they had pointed to the need to preserve the trade position of the ACP countries so as to prevent them from becoming marginalized.

87. The second discussant, Mr. Antoine, pointed to the erosion of preferential margins that had accompanied the reduction in tariffs. In this regard, he emphasized the importance of concentrating technical assistance on capacity building, so that the countries concerned could improve their aggregate supply. Noting that the environment was crucial to the economic development of both countries, he went on to ask what stage had been reached in ratifying the Basel Convention on Control of Transboundary Movements of Hazardous Wastes and their Disposal, and the 1991 Bamako Convention on the same topic.

88. In reply, the representative of Mali said that the text of the Basel Convention was before the National Assembly and that the law in Mali clearly punished practices of that kind. The Bamako Convention had already been approved and he would indicate in writing whether it was in force. The representative of Burkina Faso undertook to provide written replies to this question and pointed out that the *Société générale de surveillance* was responsible for checking all products entering the country, including recycled products mentioned on the "Green List" of products from the European Union.

#### Trade measures and sectoral policies

89. The representative of Mali said that the streamlining of the number and rates of import duties, initiated by his Government in 1991, had greatly assisted the implementation of the tariff reforms to achieve the WAEMU customs union. The tariff structure and classification of goods adopted for the Common External Tariff had had little effect on those operative in Mali. However, the application of the CET would entail higher import duties on capital goods and the major industrial inputs in Category 1, with a customs duty of 5 per cent as against 0 per cent.

90. The convergence plan for applying the CET as from the year 2000 would be fulfilled. For the period from 1 January to 31 December 1999, the minimum rates per category would be: C0: 0 per cent, C1: 5 per cent, C2: 10 per cent, C3: 25 per cent. In addition to the customs duty and the statistical fee (one per cent for all products, whether or not exempt), taxes and other temporary protection measures (TCI, TDP, reference value) would be handled in keeping with the WTO texts.

91. Mali had no legislation on anti-dumping, safeguard and countervailing measures. However, those matters were covered by the OHADA and WAEMU programmes. Following the Government's decision to withdraw from some services sectors, thought had been given to liberalizing them and it had already been decided to privatize the Mali Telecommunication Company (SOTELMA).

92. Mali stood ready, as did the other WAEMU countries, to implement the Customs Valuation Agreement on 1 January 2000 with the adoption of the Community Customs Valuation Code. The

WTO would be notified of any reservations (continued administrative values, reversal of the order and implementation of certain valuation methods). However, technical assistance from the developed countries was needed promptly. In Mali, the large part played by the informal sector in international trade and the common under-valuation practices warranted the creation of databanks in order to determine minimum values on a temporary basis.

93. The service provision contribution (CPS), regarded as equivalent in effect to a protective duty, would be incorporated in the value added tax (the lowest rate in the Union, with a maximum of 15 per cent) in connection with the reform of domestic taxation. The special tax on certain products (ISCP), levied on goods, was an excise duty (consumer tax) that had no bearing on the origin of the product. Mali would take account of the WAEMU harmonization in order to define the scope and the rates of excise duties. The number of products or groups of products liable to excise duties, apart from petroleum products, could not be more than five. As to petroleum fiscality, the intention was to introduce VAT (deductible for industrial sectors) and a specific tax to safeguard fiscal revenue on petroleum products.

94. Mali had bound the custom duty rate at 60 per cent and other duties and taxes at 50 per cent for agricultural products and products in Chapters 81, 92 and 95, except for products included in Schedule XCIV. France's commitment on behalf of Mali under the colonial regime covered nearly 400 tariff headings; action was now being taken within WAEMU to renegotiate the schedule.

95. In the case of Government procurement there was a single 10 per cent preference valid for study and for work contracts. It was an interim measure that took account of the difference in the capacity between domestic and foreign bidders.

96. Export cotton was subject to a 3 per cent internal tax (CPS). Malian cotton faced difficulties in entering certain markets because of restrictions imposed by the countries concerned. Hides and skins were not liable to any export tax but the Government was concerned to rehabilitate the trade by making exporters more professional. Fish exports were not subject to any tax. However, sales of fish, both internally and externally, were subject to payment of CFAF 7.5 per kg., which amounted to a fee for packaging services. All sales of mining products (particularly gold) were subject to a 3 per cent levy, which constituted the State's main revenue from mining.

97. The representative of Burkina Faso, explained that the exemptions regimes had been reduced and domestic taxation strengthened. The excise duty regime for various products was under review in order to offset import duty losses as a result of the CET. Duties had been simplified in July 1998 and the binding was a maximum of 29 per cent.

98. Burkina Faso had no legislation on anti-dumping, safeguard and countervailing measures. It would require technical assistance for that purpose. The safeguard consisted of a tariff measure that was indispensable for the purposes of privatization of the sugar company.

99. In the transport sector, other than air transport, liberalization was complete and the operating conditions for nationals and foreigners were the same. The air transport sector was governed by the convention between the member countries of Air Afrique and the Agency for Air Navigation Safety in Africa (ASECNA). The establishment of a bank required authorization from the banking commission. No distinction was drawn between nationals and foreigners engaging in banking. Participation by investors was free and the conditions were defined by the WAEMU banking commission. In the telecommunications field, nationals and foreigners received the same treatment and followed the same procedure in obtaining approval.

100. The products subject to the National Compliance Certificate (CNC) were items of mass consumption, but this was to guarantee the safety and health of the population. The prohibitions related solely to raw sheep and goat hides and skins. They were a provisional measure to boost a nascent industry. The measure was now under review. Promotion of social economic development activities in the livestock sector also included the financing of action to improve the animal health and public health situation; support for breeders' initiatives in their activities; and promotion of vocational training. The special export authorisations for grain and shea nuts responded to a need for statistical information and also allowed shea nuts to benefit from STABEX transfers. The authorizations were issued free of charge.

101. The third discussant, Mrs. Gosset, said that energy, transport and telecommunications costs had an adverse effect on economic development and should be reduced in order to boost exports. Moreover, increased dialogue on economic policy was needed between the heads of those services and the heads in other sectors. She then enquired into the intentions of both countries to make specific undertakings in liberalized services. The agricultural tax in Burkina Faso constituted a safeguard clause under Article 5 of the Agreement on Agriculture.

102. The representative of Mali replied that lowering energy costs was a priority for his Government, which intended to do so by means of greater competition. The Government was considering additional services commitments at the forthcoming WTO negotiations in order to encourage foreign investors.

103. The representative of Burkina Faso said that commitments had been made in the transport and the hotels sectors. Other sectors would soon form the subject of further concessions. His country's land-locked position meant that transport costs had to be reduced.

104. The representative of Japan encouraged Burkina Faso to set up independent regulatory bodies in the field of telecommunications services. He also asked whether the Competition Commission encountered difficulties in ensuring that the new law on competition was observed. Further, he asked for clarification on the financing of the import inspection programme.

105. In reply, the representative of Burkina Faso acknowledged that the Commission was in the process of being formed and evaluating the various problems that existed, particularly as a result of globalization. The funding of the import financing programme would be modified in conformity with WTO rules.

106. The representative of the United States said he shared the opinion of the third discussant that the major development constraints on the two countries lay in the cost of energy, transport and telecommunications and he noted the State's withdrawal from these sectors. It was gratifying to see that the Customs Valuation Agreement would be operative as from the year 2000 in Mali and he encouraged both countries to become members to the Agreement on Government Procurement. The second discussant, Mr. Antoine, asked whether the Malian Government did not obtain more than 3 per cent from sales of mining products.

107. In reply, the representative of Mali emphasized the importance of the Agreement on Textiles and Clothing for a country like his own, which was heavily dependent on export markets. Mining countries were compelled to make increasingly greater concessions in order to attract foreign investment. The common code of the WAEMU countries would cut down such competition. The levy was not an export tax.

108. The third discussant, Mrs. Gosset, encouraged both countries to keep up the pace of trade reform and liberalization. She expressed the hope that technical assistance would be available so that they could hold a greater place in international trade.

109. The second discussant, Mr. Antoine, welcomed the trust displayed in the review and the mutual benefit which had made it possible to recognize the specificity of the two countries. Comparative advantages were not static and moved ahead in particular as a result of transfer of information and other forms of technical assistance.

110. The first discussant, Mr. Bentaja, said he too congratulated both delegations on their exhaustive replies and hoped that the review would help to speed up fiscal and customs reforms and privatizations. Export diversification would require technical assistance in many fields.

## IX. CONCLUDING REMARKS BY THE CHAIRPERSON

111. The TPRB made the first review of the trade policies of Burkina Faso and Mali on 18 and 20 November 1988. The following remarks, for which I alone am responsible, endeavour to summarise the main points of the discussion; they are not intended as a full report. The discussion will be set out in detail in the minutes of the meeting.

112. The discussion developed under three main themes: (i) macroeconomic and structural environment; (ii) multilateral and regional agreements; and (iii) trade measures and sectoral policies.

### Macroeconomic and structural environment

113. Members commended Burkina Faso and Mali on the liberalization and economic reforms they had undertaken. These, combined with the devaluation of the CFA franc in 1994, had resulted in steady economic growth, low inflation and improved international competitiveness of some products. However, progress in restoring balance to government finances and the current account had been limited and export competitiveness was, in general, hampered by the high costs of basic utilities supplied by public enterprises. In addition, the external debt was high. Noting that exports, still confined mainly to cotton, livestock products and gold, hardly covered 50 per cent of imports, members sought clarification on measures to diversify both economies, while containing the negative effects of recurring drought. Questions were asked about delays in implementing privatization programmes and about the foreign direct investment (FDI) regimes, with emphasis on discriminatory treatment of non-regional investors under the planned WAEMU Community Investment Code.

114. Members inquired about the implementation of competition policies and the effects the WAEMU Common External Tariff (CET) would have on tax revenues owing to the heavy reliance of both Burkina Faso and Mali on trade taxes. Questions were raised on intellectual property rights and the steps being taken to bring the Bangui Agreement into compliance with TRIPS.

115. There was some concern about price controls that still applied to certain goods in Burkina Faso, and about provisions of its Investment Law that gave preference to jobs for nationals and domestically-owned service suppliers.

116. Noting the relatively low level of FDI in Mali, members asked about measures envisaged by the Government to attract foreign capital.

117. The representative of Mali said that the Community Investment Code would not discriminate against non-regional investors. The Code, in combination with other actions taken to establish the WAEMU customs union, would help to attract foreign capital. Moreover, the WAEMU Treaty provided for structural funds and the implementation of common sectoral projects to compensate for negative effects resulting from participation in the customs union.

118. The representative also indicated that Mali relied on trade taxes both because of the low level of domestic production and because they were relatively easy to collect; however, diversification of production and improved collection of internal taxes were envisaged to reduce reliance on trade taxes. The Government depended on the private sector to diversify its production and its exports. The absence of a capital market in Mali was a major impediment to the implementation of the privatization programme, which would also cover the services sector. Since March 1998, Mali had been eligible for the IMF/World Bank Highly Indebted Poor Countries (HIPC) Debt Initiative. He added that updated data on FDI in Mali would be provided to the Secretariat. National legislation on competition was being amended with a view to bringing it into line with WAEMU provisions in this area. The Bangui Agreement on intellectual property was being revised to bring it into conformity

with TRIPS. Environmental measures were being implemented to deal with the effects of the drought.

119. Confirming that the CET could reduce tax revenue, the representative of Burkina Faso noted that the broadening of the tax base and improved tax collection would contribute to offsetting the losses. He indicated some of the products that would be promoted for diversification purposes, including cotton, cereals and vegetables. A shortage of investors and the need for improved transparency had delayed implementation of privatization programmes. Liberalization would also involve basic utilities. Burkina Faso had been implementing its competition policy since January 1998. However, price controls were maintained on petroleum products as these were sensitive products. On the external debt, he noted that suitable actions would be taken under the HIPC. Moreover, structural adjustment programmes and the move to CET were preparing the economies of WAEMU members for increased competition; support from the international community was necessary. To deal with the drought, environmental action was being taken.

#### Multilateral and regional agreements

120. Members acknowledged the determination of Burkina Faso and Mali to base their trade relations on the principles of the multilateral trading system. Within this context, some members inquired about assistance the WTO could provide to dispel worries about marginalization. Questions were asked about the coherence and coordination of regional agreements, especially WAEMU and ECOWAS, to which both Burkina Faso and Mali were party. It was noted that Burkina Faso and Mali would need to improve intraregional competitiveness of their products to meet the increased competition that would result from the implementation of the CET.

121. Members inquired about the effects of preferential treatment granted to Burkina Faso and Mali under the Lomé Convention and the Generalized System of Preferences, and measures envisaged by these countries to adjust to any reduction of preferences that might result from multilateral liberalization.

122. Recalling the Integrated Programme for least-developed countries, the representatives of Mali and Burkina Faso indicated that they looked forward to its implementation for their countries. On preferential treatment, discussions among African ACP countries had stressed the need for ACP members to maintain their commercial position.

123. Coordination between the ECOWAS Secretariat and the WAEMU Commission contributed to avoiding inconsistencies between these two regional agreements. ECOWAS Members agreed that, in the long run, it would be the only regional agreement in West Africa.

#### Trade measures and sectoral policies

124. Members expressed their appreciation of the considerable progress made by Burkina Faso and Mali in liberalizing their trade regimes. However, participants voiced concerns about the complexity of the tariff structures and the low levels of WTO bindings with respect to non-agricultural products. Members sought clarification on the steps being taken to implement the CET in January 2000. Noting that neither country had legislation on contingency trade remedies, members asked about plans for such legislation. Questions were also raised about the compatibility of restrictions on certain export products and the two countries' objectives to boost exports. It was noted that the countries' unilateral liberalization in the services sector was not reflected in their WTO commitments, and that restrictions on FDI in financial services and telecommunications monopolies were being maintained.

125. Members took note of the fact that, as a safeguard, Burkina Faso was implementing reference prices on sugar. Specific questions were raised regarding local content schemes, other duties and charges, import licensing and State ownership in basic services, especially financial services.

126. Mali was encouraged to sign the Plurilateral Agreement on Government Procurement. Members noted that the special internal tax on certain products (ISCP) was included in the VAT assessment, and the service provision contribution (CPS) was applied although it did not appear in the list of other duties and charges bound by Mali. Concerns were expressed about provisions on State participation in the capital of mining companies.

127. The representative of Mali indicated that tariff rationalization undertaken by Mali since 1991 had prepared it for implementation of the CET. However, implementation would increase tariffs on capital goods and inputs from the current level of zero to 5 per cent. Future imposition of other duties and charges would be in compliance with WTO commitments. Common legislation was scheduled to be introduced within the framework of WAEMU. On customs valuation, he indicated that Mali would apply the "transaction-value" basis from the year 2000. However, technical assistance was needed to familiarize customs agents with the system. An increase in the rate of the VAT would mitigate the reduction in tax revenues which might result from the planned abolition of the CPS. The representative added that the ISCP was a non-discriminatory internal tax. He added that the 3 per cent export tax was the main tax on mining activities. Privatization of public enterprises, including SOTELMA, the telecommunications company, would improve competitiveness.

128. The representative of Burkina Faso noted that its customs tariff was simplified in July 1998 as a first step in the move to the CET. He added that the safeguard action on sugar was to prepare the State-owned sugar company for privatization. The ban on hides and skins was to protect an infant industry; a revision of the ban was under consideration. He indicated that, in general, the services sector was liberalized. He went on to note that the special contribution to the livestock sector (CSE) was collected for livestock development purposes, while special authorization was required for the export of cereals and shea nuts for statistical reasons.

129. In conclusion, it is my sense that members welcomed the collective participation by Burkina Faso and Mali in the review process and the significant steps taken by their authorities towards more open and deregulated economic and trade regimes. Members recognized the difficulties of such major adaptation, particularly given the challenges faced by both Burkina Faso and Mali as land-locked least-developed countries, with a small resource base. They strongly encouraged both countries to consolidate and build on the achievements of recent years. I also thought that members were conscious that, if the policies pursued domestically are to achieve the desired results, it is important that they receive support at the regional level and within the multilateral trading system.



## ANNEX I

### Preliminary Written Questions

#### **QUESTIONS BY HONG KONG, CHINA**

##### **Regional agreements**

(WT/TPR/S/43, page 21, paragraph 32)

We note that, according to ECOWAS, the "the timetable for the gradual reduction of import-duty rates is not being respected". We would like to know why the timetable has not been respected and whether there is any revised timetable.

##### **Customs duties and additional duties**

(WT/TPR/S/43, pages 28-29, paragraphs 14-18)

We note that the structure of import duties in Mali is still complex, although it has already been greatly simplified in the context of the tariff reform undertaken since 1991. We would like to know whether Mali intends to simplify the tariff structure still more.

##### **Financial services**

(WT/TPR/S/43, page 64, paragraph 88)

We note that the National Insurance and Re-insurance Fund, a State-owned company, is being privatized. We would like to know what stage has been reached in the process and whether foreign participation will be authorized after privatization.

##### **Telecommunication services**

(WT/TPR/S/43, pages 67, paragraph 97 and 99)

The report indicates that telecommunication services are the monopoly of the Mali Telecommunications Company, but the Government intends to privatize this State-owned company. We would like to have more detailed information on the privatization plan.

#### **QUESTIONS BY JAPAN**

##### **Questions to Burkina Faso**

##### **Customs duties**

Please provide further information on each of the import duties and taxes - customs duty, fiscal import duty, statistical fee, etc. - listed in the Government report (page 10, paragraph 37). What kind of duties and taxes are they? What products fall within each of these categories? Do the rates of duty shown in paragraph 37 apply to all products falling within the categories indicated in that paragraph? What is meant by the "0 per cent" rate applicable in the case of the fiscal import duty?

### **Price regulation and competition policy**

1. The report indicates that goods and services prices are free and are determined solely by market forces, with the exception of prices which are still regulated. Please explain, in the case of petroleum products for example, the reason for maintaining such price control. (Secretariat report, page xiii, paragraph 18, and page 41, paragraph 16).
2. The report indicates that the National Competition and Consumption Commission has been in operation since January 1998. Please provide more information about its activities, and in particular the difficulties it has encountered to date (Secretariat report, page 42, paragraph 61).
3. The report indicates that agreements which may distort competition and the abuse of a dominant position are prohibited. How does Burkina Faso ensure that the prohibition is enforced? Is the National Competition and Consumption Commission competent in this regard? (Secretariat report, page 42, paragraph 62).

### **Investment**

1. Please explain the delay in the privatization programme (Secretariat report, page 10, paragraph 19).
2. The report indicates that enterprises wishing to take advantage of a special regime in the Investment Code must give first preference for jobs to Burkina citizens (Secretariat report, page 17, paragraph 19). Please provide information on this "special regime".

In addition, please provide some details on the above-mentioned condition, (i.e., job priority for Burkina citizens).

Is the investment possibility for foreign enterprises subject to the condition mentioned in this paragraph?

3. Please explain the difference in status or treatment between the signatory countries of the Lomé Convention or bilateral investment conventions and third countries in regard to investment in Burkina Faso (Secretariat report, page 25, paragraph 44).
4. Are the local content requirements mentioned in the Secretariat report, page 37, paragraph 39, notified to the WTO?

Please explain how these measures are consistent with the TRIMs Agreement.

### **Import licensing regime**

1. The Government report states in paragraph 22 on page 8 that 1 per cent of the f.o.b. value of goods is levied to cover the cost of the import verification programme. Please give more details.

Article VIII(1)(a) of GATT 1994 stipulates that "All fees and charges of whatever character (other than import and export duties and other than taxes within the purview of Article III) imposed by contracting parties on or in connection with importation or exportation shall be limited in amount to the approximate cost of services rendered". Is not the above-mentioned measure inconsistent with this Article? Does Burkina Faso intend to review its mechanism in order to observe this provision of the GATT?

2. Burkina Faso has not made any notification under Article 5 of the Agreement on Import Licensing Procedures. Have licensing procedures been established or have changes been made in such procedures to date?

### **Services**

1. Financial Services (Secretariat report, page 62, paragraph 72)

The report states that the State is the sole shareholder of the Trade and Investment Financing Bank of Burkina (BFCI-B) and that its share ranges from 20 per cent to 50 per cent in four other banks. Is the State's large share in these banks provided for by law?

Are there any restrictions on participation by foreign investors in these banks?

2. Basic Telecommunications (Secretariat report, page 65, paragraph 83)

The report says that the National Telecommunications Office (ONATEL) has a monopoly on telecommunications and all related activities, and it is responsible for applying the relevant legislation. Although Burkina Faso has not made any commitment in telecommunications services, it is important for it to have an independent body to ensure that the sector is liberalized, as provided for in the Reference Paper. Does Burkina Faso intend to do this? If so, please indicate the time-frame for establishing this body.

### **Questions to Mali**

#### **Determination of customs value (Secretariat report, page 27, paragraph 10)**

According to the report, pursuant to the provisions of Article 20 of the Agreement on Implementation of Article VII of the GATT 1994 Mali has delayed the move to transaction value, which it will apply only from the year 2000. Is preparation of the move to transaction value on course? If there is any delay, please state the reasons.

### **Import duties**

1. According to the report, a fiscal import duty, a service provision contribution, a community solidarity levy and a community levy are added to the import duty. Please provide clarification of each of these duties. What type of duty are they? What products are liable to them? What are the applicable rates?

(Secretariat report, page 28, paragraph 14).

2. Although Mali has introduced the 1996 version of the Harmonized System (HS), it seems that 49 per cent of tariff headings were not used in 1996. Please specify under which chapter, in particular, the tariff headings were not used (Secretariat report, page 28, paragraph 15 and 17).

3. According to the report, the average import duty, calculated on the tariff headings used, is 21.7 per cent. Does this include duties other than the customs duty and the internal taxes mentioned in paragraph 14 (page 29, paragraph 17)?

4. The Secretariat report says in paragraph 21, on page 31, that a Special Tax on Certain Products (ISCP) is levied on a number of goods such as alcohol and petroleum products. Is the ISCP additional to the duties and taxes enumerated in paragraph 14?

5. Under the Uruguay Round, Mali bound the customs duty rates applicable to the products coming under Chapters 44, 81, and 92 of the Harmonized System (page 32, paragraph 22) and the tariff duty rates on most industrial products are not bound. Please explain why the tariff duties applicable to most industrial products are not bound.

### **Intellectual property rights**

Despite legislation on intellectual property rights, piracy and counterfeiting still take place. Please specify the measures taken by the Malian Government to combat such piracy and counterfeiting in conformity with Part III of the TRIPS Agreement (Secretariat report, page xiii, paragraph 20 and page 43, paragraph 74).

### **REMARKS AND QUESTIONS BY THE EUROPEAN UNION**

Burkina Faso and Mali form part of two regional organizations in West Africa – WAEMU and ECOWAS – and they pursue the same objectives of economic and monetary integration. Ultimately, Burkina Faso's and Mali's trade policies will essentially be decided by at the Community level by one organization or the other. The risks of inconsistency relate less to the objectives than to the means of attaining them.

How do Burkina Faso and Mali intend to settle the problems of inconsistency that might arise where the paths followed by each organization diverge? Do Burkina Faso and Mali intend to play a major role in both organizations in order to make the means and the objectives compatible?

In the WAEMU context, monetary union was achieved more than 30 years ago. The economic side to integration has been very dynamic since the signing of the new Treaty in January 1994 and the first Conference of Heads of State in May 1996, with orientations that form the basis of the WAEMU Commission's work programme. They are geared to the following (see annexed table):

- Coordination and monitoring of macroeconomic policies;
- introduction of a customs union and free circulation of persons and capital;
- harmonization of legislation and the preparation of a community investment code;
- formulation of common sectoral policies.

The incorporation of the resulting community law and its implementation by Burkina Faso and Mali will call for considerable work by the national authorities and will have a major impact on economic and trade activities.

What arrangements have Burkina Faso and Mali made to ensure the incorporation and implementation of community law? For example, have the authorities concerned been sufficiently acquainted with the decisions already taken on a customs union? How will private operators be associated with them and kept informed? Do Burkina Faso and Mali need assistance in this regard?

The customs union should be introduced in accordance with the following time-frame:

CET Structure	Cat. 0	Cat. 1	Cat. 2	Cat. 3
Customs duty (1/1/99 - 31/12/99)	0%	5%	10%	25%
Customs duty (from 1/1/2000)	0%	5%	10%	20%
Statistical fee (FS) (from 1/1/2000)	1%	1%	1%	1%
Degressive protection tax (TDP) (to be defined)				
Short-term import tax (TCI) (to be defined)				
Internal dismantling				
- 80% from 1/1/99 – 31/12/99				
- 100% (free circulation) as from 1/1/2000				

With the adoption of the categorization and the Tariff and Statistical Nomenclature by the Council of Ministers on 2/3 July 1998, the conditions are now right to move on to the next stage in the customs union, from 1 January 1999. Furthermore, the WAEMU Commission has been conducting studies on the harmonization of customs legislation, namely "rules of origin", "customs value", "Anti-Dumping Code" and "Customs Code, Books I and II". The WAEMU Commission has already secured the adoption by the Council of Ministers of a regulation (No. 6/98) establishing the Compensation Fund for reduced customs revenue in order to offset fiscal losses caused by internal dismantling. Again, the President of the Conference of the Heads of State of WAEMU (President Eyadema) was duly authorized to sign Additional Act No. 1/98, establishing the Structural Fund (aid fund for regional integration of WAEMU member States) on 17 February 1988. With these two decisions, the WAEMU Commission has the requisite instruments to call on solidarity between the Member States and to engage in action to diminish the adverse effects of the reforms. Decisions still have to be taken on the Degressive Protection Tax (TDP) and the Short-Term Import Tax (TCI), and they should be taken in December 1998.

By 1 January 2000, the rates will be ceiling rates, which means that the countries will have to devise a convergence plan to arrive at final adoption of the CET on 1 January 2000. Burkina Faso has already been engaged in reforms since 1 July 1998. Mali was not concerned with the first stage of the reform, which was to start on 1 July 1998, because it already observed the 30 per cent ceiling on import duties.

Have Burkina Faso and Mali already prepared a convergence plan for the CET for the year 2000? What problems have been encountered in categorizing products? Are there any "sensitive" products which radically change the category as a result of the application of the WAEMU categorization? Will the effects be felt by consumers or by producers?

How does Burkina Faso intend to settle the question of differentiated excise duties for cigarettes according to origin (local production or imported)? What will be the impact on Burkina producers of stiffer competition from producers in other WAEMU countries?

All studies show that Burkina Faso is one of the countries most affected by the CET, in terms both of fiscal revenue and of production. What measures will Burkina Faso and Mali be taking to offset customs revenue losses consistent with the spirit of Article 58 of the WAEMU Treaty, which calls on every Member State to gradually introduce a new base and a new structure for its fiscal revenue? How will the losses be offset over the short term?

Mali had embarked on a reform of customs taxation so as to favour industry by applying low customs duties on imports of capital goods. How has the new categorization based on the product-processing principle affected this policy?

Mali is one of the WAEMU countries, along with Burkina Faso, that depends most on intra-WAEMU trade. What accompanying measures have already been identified to help the production sector position itself better on the regional market?

The European Commission provides substantial support for the implementation of the WAEMU. The EU has made an enormous contribution to preparing the reforms under way. It is ready to help the countries to implement the reforms and, if necessary, bear the net transition costs under a multi-stage programme, the PARI (Regional Support for Integration Programme).

The EU has already provided support for Burkina Faso and the Structural Adjustment Facility (FAS) in their integration endeavours. The EU is now preparing a further PARI stage that should help the WAEMU States in three ways:

- Assistance in the implementation of reforms;
- transitional compensation for fiscal losses;
- support for restructuring of the economy.

#### **SPECIFIC QUESTIONS POSED BY THE UNITED STATES**

A list of specific questions, comments and matters of concern is to be found below.

##### **Questions to Burkina Faso and Mali**

What steps have been taken to bring the Bangui Intellectual Property Agreement, signed by both countries, into line with the TRIPS Agreement?

While encouraging Burkina Faso and Mali to speed up privatization, we urge them to further the process of liberalization and consolidation of regulations on services, particularly financial services, telecommunications, professional services and distribution.

We encourage both countries to improve their legal system, the training of law officers and impartial application of the law. Emphasis should be placed on creating a trade environment suited to private initiative by liberalizing trade, opening both countries up more to investment and moving ahead in regional economic integration.

##### **Questions to Burkina Faso**

We welcome the fact that Burkina Faso intends, by 1 January 2000, to adopt a common external tariff with a maximum import duty of 21 per cent. What stage has been reached in introducing the common external tariff?

It is apparent from the Secretariat report, that, despite price liberalization for most goods and services, the prices for a number of goods – including petroleum products, tobacco and cotton – and public utility charges are still regulated. Is the intention to lift these controls and, if so, when?

Why has Burkina Faso introduced a special safeguard clause for sugar, when it did not reserve that right under Article 5 of the Agreement on Agriculture?

Burkina Faso's GATS commitments do not include many services which have been unilaterally liberalized under adjustment programmes. Accordingly, Burkina Faso does not fully

benefit from the liberalization of these services. Does it intend to extend its GATS commitments to those services?

When will the Business Promotion Centre be fully operational?

Why has Burkina Faso suspended exports of raw sheep and goat hides and skins, when its production of raw hides and skins exceeds its processing capacity?

The high cost of energy, transport and telecommunications still puts a brake on Burkina Faso's competitiveness. In recent years, a large number of WAEMU trading partners have, through privatizations, engaged in wide-ranging reform of these sectors, which will lead to lower costs and increased productivity. Apart from the "strategic" sectors in which the Government has reluctantly started to envisage partial privatization, the State's withdrawal from other semi-public activities – airline, sugar company and textile factory – is moving slowly. Any further delay would lead to worse competitiveness for Burkina Faso in WAEMU.

We urge Burkina Faso to tackle the problem of high energy, transport and telecommunications costs by resolute in privatization and by stepping up the regional cooperation effort. The plans for the development of electricity connections with Côte d'Ivoire and for creating an oil pipeline with Ghana should be implemented without delay.

Furthermore, we note with satisfaction that Burkina Faso has adopted a more liberal Mining Code, has deregulated the marketing of mining products and abolished non-tariff barriers to imports of such products. The customs duties Burkina Faso applies to the mining sector are also among the lowest in its customs tariff. It is, therefore, perhaps no coincidence that more than CFAF 25 billion have been invested in mining prospection in Burkina Faso since 1995, which, as far as mining investment is concerned, places the country in third position in Africa, after South Africa and Ghana.

Lastly, please indicate the progress in the draft law on copyright and neighbouring rights.

### **Questions to Mali**

We commend Mali for deciding to lower its import duties to a maximum of 30 per cent in July 1998, following the WAEMU timetable for introducing a regional customs union by 1 January 2000.

We note that public institutions grant to Malian companies a preferential margin of 15 per cent on prices of supplies. We encourage Mali to sign the WTO Agreement on Government Procurement.

Mali has unilaterally liberalized a large number of services sectors, but this effort is not shown in the country's limited GATS commitments. Does Mali envisage making more commitments in the services field under the GATS?

When is Mali thinking of privatizing the Malian Telecommunications Company (SOTELMA)?

---