

CHAPTER II
ESTABLISHMENT, PRINCIPLES, OBJECTIVES, GENERAL UNDERTAKING
AND MODALITIES

Article 2

Establishment of the Community

THE HIGH CONTRACTING PARTIES hereby establish among themselves an African Economic Community (AEC).

Article 3

Principles

THE HIGH CONTRACTING PARTIES, in pursuit of the objectives stated in Article 4, of this Treaty solemnly affirm and declare their adherence to the following principles:

- (a) Equality and inter-dependence of Member States;
- (b) Solidarity and collective self-reliance;
- (c) Inter-State co-operation, harmonisation of policies and integration of programmes;
- (d) Promotion of harmonious development of economic activities among Member States;
- (e) Observance of the legal system of the Community;
- (f) Peaceful settlement of disputes among Member States, active co-operation between neighbouring countries and promotion of a peaceful environment as a pre-requisite for economic development;
- (g) Recognition, promotion and protection of human and peoples' rights in accordance with the provisions of the African Charter on Human and Peoples' Rights; and
- (h) Accountability, economic justice and popular participation in development.

Article 4

Objectives

- 1. The objectives of the Community shall be:**
 - (a) To promote economic, social and cultural development and the integration of African economies in order to increase economic self-reliance and promote an endogenous and self-sustained development;**
 - (b) To establish, on a continental scale, a framework for the development, mobilisation and utilisation of the human and material resources of Africa in order to achieve a self-reliant development;**
 - (c) To promote co-operation in all fields of human endeavour in order to raise the standard of living of African peoples, and maintain and enhance economic stability, foster close and peaceful relations among Member States and contribute to the progress, development and the economic integration of the Continent; and**
 - (d) To coordinate and harmonize policies among existing and future economic communities in order to foster the gradual establishment of the Community.**
- 2. In order to promote the attainment of the objectives of the Community as set out in paragraph I of this Article, and in accordance with the relevant provisions of this Treaty, the Community shall, by stages, ensure:**
 - (a) The strengthening of existing regional economic communities and the establishment of other communities where they do not exist;**
 - (b) The conclusion of agreements aimed at harmonising and co-ordinating policies among existing and future sub-regional and regional economic communities;**
 - (c) The promotion and strengthening of joint investment programmes in the production and trade of major products and inputs within the framework of collective self-reliance;**
 - (d) The liberalisation of trade through the abolition, among Member States, of Customs Duties levied on imports and exports and the abolition, among Member States of Non-Tariff Barriers in order to establish a free trade area at the level of each regional economic community;**
 - (e) The harmonisation of national policies in order to promote Community activities, particularly in the fields of agriculture, industry, transport and communications, energy, natural resources, trade, money and finance, human resources, education, culture, science and technology;**
 - (f) The adoption of a common trade policy vis-à-vis third States;**
 - (g) The establishment and maintenance of a common external tariff;**
 - (h) The establishment of a common market;**

- (i) The gradual removal, among Member States, of obstacles to the free movement of persons, goods, services and capital and the right of residence and establishment;
- (j) The establishment of a Community Solidarity, Development and Compensation Fund;
- (k) The granting of special treatment to Member States classified as least developed countries and the adoption of special measures in favour of land-locked, semi-land-locked and island countries;
- (l) The harmonisation and rationalisation of the activities of existing African multinational institutions and the establishment of such institutions, as and when necessary, with a view to their possible transformation into organs of the Community;
- (m) The establishment of appropriate organs for trade in agricultural and cultural products, minerals, metals, and manufactured and semi-manufactured goods within the Community;
- (n) The establishment of contacts and the promotion of information flow among trading organisations such as State commercial enterprises, export promotion and marketing bodies, chambers of commerce, associations of businessmen, and business and advertising agencies;
- (o) The harmonisation and co-ordination of environmental protection policies; and
- (p) Any other activity that Member States may decide to undertake jointly with a view to attaining the objectives of the Community.

Article 5

General Undertakings

1. Member States undertake to create favourable conditions for the development of the Community and the attainment of its objectives, particularly by harmonising their strategies and policies. They shall refrain from any unilateral action that may hinder the attainment of the said objectives.
2. Each Member State shall, in accordance with its constitutional procedures, take all necessary measures to ensure the enactment and dissemination of such legislation as may be necessary for the implementation of the provisions of this Treaty.
3. Any Member State, which persistently fails to honour its general undertakings under this Treaty or fails to abide by the decisions or regulations of the Community, may be subjected to sanctions by the Assembly upon the recommendation of the Council. Such sanctions may

include the suspension of the rights and privileges of membership and may be lifted by the Assembly upon the recommendation of the Council.

Article 6

Modalities for the establishment of the Community

- 1. The Community shall be established gradually in six (6) stages of variable duration over a transitional period not exceeding thirty-four (34) years.**
- 2. At each such stage, specific activities shall be assigned and implemented concurrently as follows:**
 - (a) First Stage:**

Strengthening of existing regional economic communities and, within a period not exceeding five (5) years from the date of entry into force of this Treaty, establishing economic communities in regions where they do not exist;
 - (b) Second Stage:**
 - (i) At the level of each regional economic community and within a period not exceeding eight (ii) years, stabilising Tariff Barriers and Non-Tariff Barriers, Customs Duties and internal taxes existing at the date of entry into force of this Treaty; there shall also be prepared and adopted studies to determine the time-table for the gradual removal of Tariff Barriers and Non-Tariff Barriers to regional and intra-Community trade and for the gradual harmonisation of Customs Duties in relation to third States;**
 - (ii) Strengthening of sectoral integration at the regional and continental levels in all areas of activity particularly in the fields of trade, agriculture, money and finance, transport and communications, industry and energy; and**
 - (iii) Co-ordination and harmonisation of activities among the existing and future economic communities.**
 - (c) Third Stage:**

At the level of each regional economic community and within a period not exceeding ten (10) years, establishment of a Free Trade Area through the observance of the time-table for the gradual removal of Tariff Barriers and Non-Tariff Barriers to intra-community trade and the establishment of a Customs Union by means of adopting a common external tariff.
 - (d) Fourth Stage:**

Within a period not exceeding two (2) years, co-ordination and harmonisation of tariff and non-tariff systems among the various regional economic communities with a view to establishing a Customs Union at the continental level by means of adopting a common external tariff.

(e) Fifth Stage:

Within a period not exceeding four (4) years, establishment of an African Common Market through:

- (i) The adoption of a common policy in several areas such as agriculture, transport and communications, industry, energy and scientific research;**
- (ii) The harmonisation of monetary, financial and fiscal policies;**
- (iii) The application of the principle of free movement of persons as well as the provisions herein regarding the rights of residence and establishment; and**
- (iv) Constituting the proper resources of the Community as provided for in paragraph 2 of Article 82 of this Treaty.**

(f) Sixth Stage:

Within a period not exceeding five (5) years:

- (i) Consolidation and strengthening of the structure of the African Common Market, through including the free movement of people, goods, capital and services, as well as, the provisions herein regarding the rights of residence and establishment;**
- (ii) Integration of all the sectors namely economic, political, social and cultural; establishment of a single domestic market and a Pan-African Economic and Monetary Union;**
- (iii) Implementation of the final stage for the setting up of an African Monetary Union, the establishment of a single African Central Bank and the creation of a single African Currency;**
- (iv) Implementation of the final stage for the setting up of the structure of the Pan-African Parliament and election of its members by continental universal suffrage;**
- (v) Implementation of the final stage for the harmonisation and co-ordination process of the activities of regional economic communities;**
- (vi) Implementation of the final stage for the setting up of the structures of African multi-national enterprises in all sectors; and**
- (vii) Implementation of the final stage for the setting up of the structures of the executive organs of the Community.**

3. All measures envisaged under this Treaty for the promotion of a harmonious and balanced development among Member States, particularly, those relating to the formulation of multi-national projects and programmes, shall be implemented concurrently within the time period specified for the attainment of the objectives of the various stages outlined in paragraph 2 of this Article.
4. The transition from one stage to another shall be determined when the specific objectives set in this Treaty or pronounced by the Assembly for a particular stage, are implemented and all commitments fulfilled. The Assembly, on the recommendation of the Council, shall confirm that the objectives to a particular stage have been attained and shall approve the transition to the next stage.
5. Notwithstanding the provisions of the preceding paragraph, the cumulative transitional period shall not exceed forty (40) years from the date of entry into force of this Treaty.