

**REPORT OF THE FOREIGN AFFAIRS STANDING  
COMMITTEE ON CONFERMENT OF DIPLOMATIC  
STATUS AND IMMUNITIES ON AFRICAN  
EXPORT-IMPORT BANK  
(AFREXIMBANK)**

**June, 2020**

## **Members of the Committee**

- |                             |                   |
|-----------------------------|-------------------|
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| 10. Hon. Ouman Sillah       | -Member           |
| 11. Ms Fatoumata Keita      | -Committee Clerk  |

## **INTRODUCTION**

The Standing Committee on Foreign Affairs observes that over five decades of Africa's independence has not in any, improved the Continent's conduct of its foreign trade. That is so because the Continent has not yet succeeded in transforming its position of being producers of raw materials and importers of everything else. Those two aspects of trade between the Continent and the rest of the world is what has fettered its development and accounts for the impoverishment of its people. Since the Continent only exports untransformed products whose prices are determined by those who buy them, it loses; and when it imports the same value-added products, prices are determined by those who transform them and the Continent pays highly for them after having sold them cheaply.

It was in the quest to change that situation fundamentally in order to break a path for Africa's economic development, in particular in the domain of foreign trade, that the need was felt for the creation of an international

financing institution which will address the negative factors which militated and are still militating against the development of not only inter-African trade but more so extra-African trade.

The negative factors that the required international financing institution has to address have to do with the deterioration of terms of trade, declining export prices, incessant external debt, lack or inadequacy of financing facilities. Added to all that is the ceaseless rising of the cost of trade credit. In that regard, to promote and increase the scope of intra-African and extra-African trade, in view of stimulating the Continent's economic development, it was felt that it 'can best be achieved through the creation of a trade financing international institution' aiming at providing and mobilizing the required financial resources.

The fundamental objective and role of such an institution should be as enunciated in Article II of the Agreement as follows:

- (i) to extend direct credit to eligible African exporters, in any appropriate form, by means of providing pre-shipment finance;

(ii) to extend indirect short-term credit, and where appropriate, medium –term credit, to African exporters and importers of African goods, through the intermediary of banks and other African financial institutions;

(iii) to promote and finance intra-African trade;

(iv) to promote and finance non-traditional African goods and services;

(v) to provide finance to export- generative African imports, preference being given to imports of African origin, including imports of equipment, spare-parts and raw materials, as deemed appropriate by the Bank;

(vi) to promote and finance South – South trade between African and other countries;

(vii) to act as intermediary between African exporters and African and non-African importers through the issuance of letters of credit, guarantee and other trade documents in support of export-import transactions;

(viii) to promote the development, within Africa, of a market for bankers' acceptances and other trade documents;

(ix) to promote and provide insurance and guarantee services covering commercial and non-commercial risks associated with African exports;

(x) to provide support to payment arrangements aimed at expanding the international trade of African States;

(xi) to carry out market research and provide any auxiliary services aimed at expanding the international trade of African countries and boosting African exports;

(xii) to carry on banking operations and borrow funds, and

(xiii) to undertake any other activities and provide other services which it may deem to be incidental or conducive to the attainment of its purpose, as determined by the General Meeting of Shareholders of the Bank.

## **THE STATUS**

For an effective and efficient operations of a trade financing institution like the African Export-Import Bank, there is need to create a protective environment to guard the institution against encroachment in certain critical governance situations which might prevail in any of the countries of the State Parties to the Agreement.

In the view of the Committee, the Diplomatic status and immunities sought by the Bank in Articles VI, VII, VIII, IX, X, XI, XII XIV and XV is a device purporting to ensure that the Institution has a secure and an enabling environment; with the provisor as indicated in Article XIII where the President is given power to waive immunities whenever it is found necessary.

## **RECOMMENDATION**

In light of the foregoing, the Committee recommends that the Bank be granted a diplomatic status and immunities sought in the above-mentioned Articles to render its existence more secure in the countries of the State Parties to the Agreement.



## **BENEFITS TO THE GAMBIA**

1. It will open up new opportunities for Gambian exporters and importers to have access to trade financing resources in terms of pre-shipment and post-shipment payments;
2. It will ease legal processes in accessing such financing opportunities;
3. It will facilitate and widen the scope of the Gambia foreign trade;
4. It will help create possibilities of transformative processes in terms of value addition for new Gambian products for trade;
5. It will enhance job creation and revenue generation;
6. It will stimulate and propel economic development and its concomitant infrastructural development.

## **ACKNOWLEDEMENT**

We than infinitely the secretary for her selfless service and commitment without which this report would not have been completed within so short a time. In the same vein we are thankful to the Director of Committees for all the help he offered in the process of writing this report.

Finally, we thank the members of the Committee for their commitment to duty and responsibility in reviewing the Agreement and coming with this report.