ECONOMIC INTEGRATION IN AFRICA. pdf

1: Africa - A Rationale for Economic Integration - www.enganchecubano.com

The Economic Commission for Africa (ECA) became the champion of regional integration, already in the mids proposing the division of Africa into regions for the purposes of economic development. Current African integration arrangements can be divided into two broad groups: those that fit into.

This article will investigate the TFTA, its challenges and benefits to Africa, and how it will manifest in the larger global context. Free trade agreements FTAs are negotiated so that countries and businesses can benefit from international economic integration and the subsequent eradication of barriers to trade. FTAs create a bigger market, increase competition, but at the same time reward economies of scale, which in turn requires the efficient use of time and resources. It could also be a major step towards the creation of a pan-continental free trade area in or later Zamfir, The reality is that economic integration in Africa is not new. Several bodies have existed in Africa to foster regional economic integration: These bodies have all been functioning at various levels of efficiency, with the EAC probably being the most efficient and the most advanced en route to an economic union. Until now, transnational economic integration in Africa has mainly taken place at the level of African regional economic communities RECs , which is in line with this roadmap. The African Union AU has recognised eight such RECs identified above , often with overlapping memberships, as pillars of economic integration. The TFTA can be seen as an inter-REC integration initiative, launched independently of the framework of the AU, but embraced by it as a step towards linking the gap between regional and continental integration efforts, and encouraging the establishment of a continental free trade area CFTA Zamfir, The TFTA itself was initiated in The first Tripartite Summit in Kampala, Uganda on 22 October , was attended by the governments of the participating states. Here they agreed on a programme to harmonise trade rules between the RECs Anyanzwa, However, South Africa, a key member of the SADC, pulled out citing inadequate consultations on contentious issues, such as tariff offers and rules of origin. It was suggested at the time that South Africa seemed to have developed cold feet on the TFTA, fearing that the TFTA would open up its market to intense competition from its regional counterparts Anyanzwa, These three RECs have achieved different degrees of integration Zamfir, , which does provide for a degree of complexity that will make future operations more difficult to manage. Once ratified which has to be done by , the TFTA will consist of an impressive 26 countries, a population of million, an area of Goals and Objectives of the TFTA The general objectives of the TFTA include rapid socio-economic development in the region, the creation of a large single market with free movement of goods, services, and business people, and eventually a customs union, as well as the resolution of the challenges posed by multiple memberships of RECs. The specific objectives listed in the draft agreement include, in the first place, the elimination of all tariffs and non-tariff barriers to trade. The promotion of trade in services would follow a more gradual approach, based on defining priority sectors for liberalisation and putting in place a progressive services-liberalisation programme Zamfir, Other objectives go beyond trade and include the promotion of investments and the mobility of business people including foreign nationals residing in a TFTA member state , the cooperation on infrastructure development, and the promotion of an equitable society and social justice. Lastly, goods would be eligible for preferential treatment if they originate in any of the TFTA member states Zamfir, To that end, the TFTA will certainly give this process a boost. The trade negotiations included two phases: To achieve its objectives, the TFTA must enhance the connectivity and linkages among member states. This requires not just the elimination of all significant trade barriers, but also the facilitation of trade through physical and institutional infrastructure Andriamananjara, But, in all fairness to Africa, the development paths of Europe and Africa have been vastly different. Successfully addressing the transport infrastructure would be a major issue for the TFTA Toesland, The TFTA would in all probability benefit those countries with a proven comparative advantage in food and light manufacturing the most, at least in the short run. In the long run, however, the winners will be those countries that know how to harness the trade preferences provided by the TFTA Toesland, While the agreement has been signed, countries in the TFTA can still choose to omit large portions of their tariff schedules from full liberalisation. The logic behind this step is to provide member countries with some sort of protection against stronger competitors in Africa. Given the size of Africa, the vast differences between the countries 26 currently in terms of size and development, size and strength of economies, and strength of currencies, one could expect quite a number of challenges that will need to be addressed for the TFTA to have any meaningful impact. These states represent drastically diverse economies and regulatory regimes, all of which need to be bound together. Secondly, the inertia of the status quo is problematic. The larger, more advanced economies of Africa possess industries and companies that would probably displace or absorb those of the smaller states in Africa. The TFTA could therefore create large-scale economic disruption in the short-term, especially true for states with small economies that currently produce few exportable goods. It could lead to beggar-thy-neighbour policies that will not only set the TFTA back, but also lead to wider regional instability, job losses, and resource crises. A third challenge is the existence of non-tariff barriers to trade NTBs. A fourth challenge is the lack of infrastructure. In spite of its constraining effect, it is hoped that the TFTA will lead to much-needed infrastructure developments, including interconnected systems of roads, bridges, airports, and internet and electricity networks. It will also be problematic for the TFTA. Zamfir identified a number of additional challenges. There are obstacles of a structural nature, which apply in the case of the proposed TFTA as well. For Africa to benefit in a meaningful way from the TFTA, there would need to be a significant increase in the diversification of production. Should this not happen, Africa would only be pushing around poverty amongst its economies. In , the AU identified an additional series of obstacles to trade, including restrictive customs procedures, administrative and technical barriers; limitations in productive capacity; inadequacies of trade-related infrastructure, trade finance, and trade information; lack of market integration; and inadequate focus on internal market issues. Cumbersome administrative procedures and corrupt customs officials are also among the main obstacles hindering trade Zamfir, There are fears that the real big winners will be multinational corporations from outside Africa that have settled in big cities and would be provided with easy access to a multitude of markets. Another major problem that has not been dealt with yet, is the potential loss of revenue for governments, as customs duties are a major source of government revenue Zamfir, Another important issue is whether the TFTA will also benefit small, informal traders. Informal cross-border trade has a significant share of trade on the African continent. However, so far the negotiations on the TFTA have not covered the issue of informal cross-border trade Zamfir, The most important challenge for the TFTA could, however, be implementation itself. Governments could drag their feet on implementing the agreements, as they have already done with the TFTA launch. They may not be effective enough in removing the multiple barriers to trade in the region, or might even maintain them or institute new ones in order to protect their producers. Hopefully governments in Africa can be convinced that implementing the TFTA as soon as possible will work in their favour, and that the benefits far outweigh the negatives. However, there are too many benefits to be derived from a successful TFTA to ignore it. Larger markets provide for the potential of more cost-effective manufacturing. The consolidation of financing would be another benefit of the TFTA. Larger investors will lead to the liberalisation of the financing sector, greater access to finance and more investors coming to Africa BBC, These are formidable benefits that will stand Africa in good stead in its future development. Zamfir referred to the increase in trade among the countries involved, some diversion of trade with the rest of the world towards intra-TFTA trade and, most importantly, gains to consumers, as they get access to cheaper and better quality products. Another important benefit would be the increase in industrial production, as aggregate demand in the region will rise and industrial production will realign between countries. According to Zamfir , the TFTA would also generate new opportunities for businesses through an improved and harmonised trade regime that would bring down their operating costs, while further benefitting from an inflow of FDI into the region. The TFTA would speed up economic growth in African countries and permit them to implement a regional integration strategy that prioritises infrastructure development. The Impact of the Big States The disparities in size amongst the member states are a reality. South Africa, Kenya, and Egypt have been highlighted as the largest economies in each of the three regional economic communities that will join to form the TFTA. According to Toesland , smaller countries stand to benefit from this. The export profiles of these regional power players are good matches for the import needs of their smaller counterparts within the trade zone, due to their relatively diversified economies. For example, countries like Uganda will have increased access to markets in Kenya to fulfil their mineral fuels, oil, iron and steel import requirements. Some countries will need fundamental structural reforms to their economies before they can benefit from the TFTA. While Angola predominantly produces and exports oil, refined petroleum is the single largest share of imports. This demand must be met locally and the processing gap must be bridged, for the TFTA to have material influence on intra-African trade Toesland, This will place an even larger demand on infrastructure development. The reality is that oil refineries do not come cheap. Also, the TFTA is not considered likely to have any significant effects on the nature of the global trading system, at least in the short run. The TFTA is, however, considered by regional policymakers and some analysts to be a big deal and potentially a game changer for the African trading system. It is expected to be the launching pad for the establishment of the CFTA. The launch has demonstrated the possibility of collective action among 26 very heterogeneous nations and shows the feasibility of harmonizing three very different preferential trade regimes into one unified scheme Andriamananjara, This shows that if the political will is present, much can be gained. However, the actual implementation of the TFTA could still be a long and difficult process. It will require significant consultations with all relevant stakeholders and real political will from regional and national policymakers. Getting all the relevant parliaments to ratify the TFTA by the cut-off date, is also not going to be an easy task. The Future of the TFTA Going Forward The question now is how will foreign companies be able to function in Africa and get access to the benefits espoused in this article? What will the impact be for a Singaporean company interested in Africa? Once the TFTA has been ratified, only companies within Africa or from countries with whom the TFTA has concluded free-trade agreements, will be able to conduct business in Africa whilst enjoying a tariff-free environment. These companies have access to the markets they already find themselves in, and would gain access to a much larger market of million people after the TFTA has been ratified. Once the TFTA has been expanded to include West Africa, Tolaram and Indorama would be other examples of Singaporean companies who would be able to benefit from free movement across most of Africa. Efficiencies and scale are going to be crucial. Given the size of the projected market, over million consumers of which the middle class is growing strongly, there are a number of factors that need to to be prioritised. These include the ability to scale up production and operations, the ability to develop and maintain an efficient supply chain and distribution network, and the ability to accurately assess market demand, to name but a few. As Africa is already the fastest growing FDI recipient, the continent has stopped being merely a destination for extractive investors. The economic power it will be able to yield, both as a huge market of million consumers and as a meaningful exporter of produced and value-added goods, will be far more significant than now. The TFTA population not only represents a rapidly growing middle class, but also a large group of young workers. Should they be developed properly education and skills development is very important , they would attract even more FDI, which would set off a positive spiral of economic growth, jobs and wealth generation. This situation would gain impetus with a scenario where Africa presents a TFTA with the free movement of goods, services and labour, the latter hopefully being highly trained and skilled. Conclusion The TFTA is therefore an institution that, despite serious challenges, has the potential to serve Africa well. Economic integration will stand Africa in good stead, providing impetus to the development of its economies and infrastructure.

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2: CHAPTER REGIONAL INTEGRATION IN AFRICA

2 African integration in this paper refers by and large to the experience of Sub-Saharan Africa, although brief reference is made to the Arab Maghreb Union as one of the building blocks of the African Economic Community.

Explore the latest strategic trends, research and analysis Throughout the post-war period, international trade has proven to be a key driver of growth for many countries, in particular for small economies. This is very different from the path of Asia: The Asian success story holds an additional lesson for Africa. By fostering regional integration, Asia was able to create regional value chains and thus become more efficient. This is largely a result of a mix of trade policies that have been heavily focused on gaining access to developed economies and regional integration efforts that were not fully implemented. For Africa the potential gains from increased regional integration are particularly substantial: In addition, more than a third of African economies are landlocked. How can the continent realize these gains to boost growth and put itself on a sustained and inclusive growth path? While market access is relatively open and the regulatory environment conducive to trade in comparison with other regions regional differences between East, Southern and West Africa, however, remain our data shows that the continent suffers severely from inefficient border administration and a lack of adequate infrastructure, both in transport and information and communication technologies ICTs. Particularly, import and export procedures present the area where the data points to the largest differences across the continent Mauritius ranks 29th compared with Chad at nd place. This is also the area where especially landlocked economies underperform the sub-Saharan average by a wide margin. The benefits of customs reform are, however, considerable. In addition to speeding up the clearance process at the border, more efficient customs contribute to a better collection of tariff and tax revenues, more formal cross-border trading activity and lower levels of corruption. Promising efforts towards reforming customs administrations have been undertaken in recent years. Yet, they also require efforts to scale up ICT infrastructure, an area where the continent is widely trailing behind. In terms of sequencing, simplifying import-export procedures is a relatively quick way to reap benefits quickly, while physical infrastructure is being updated. Our data further shows that access to finance and identifying potential markets and buyers are considered the most important bottlenecks to exporting across Africa. This suggests that further developing the financial services sector would be beneficial for trade. Regional integration can help Africa build regional value chains, and thereby tap into global value chains. Regional integration efforts, however, need to go hand in hand with competitiveness-enhancing policies as explored in other parts of the Africa Competitiveness Report. The importance of regional integration is being felt across the continent, as evidenced by African leaders now calling for a free trade area by Nevertheless, it still takes almost twice as long to trade across borders in sub-Saharan Africa compared with other regions, such as Latin America and the Caribbean and South-East Asia. Thus, much remains to be done to fully reap the benefits of regional integration for Africa.

3: Regional integration is a must for Africa | World Economic Forum

There is a renewed interest in the debate on integration in Africa since the creation of the African Union in This study investigates the feasibility of a full-fledged economic union in Africa.

As a result, African countries have embraced regional integration as an important component of their development strategies primarily driven by the economic rational of overcoming the constraint of small and fractioned economies working in isolation. Several pan-African organizations have successively been working towards deepening economic, social and political cooperation and integration in Africa. A brief overview of regional integration proceedings on the continent is given below. A number of colonial cross-border arrangements have continued to exist post-independence and serve the regional integration agenda thus far. Various pan-African organizations are, through different mechanisms, promoting sustainable economic growth and development, where the key component of regional integration is present in their workings. ECA was established by the Economic and Social Council of the United Nations in as one of the five regional commissions of the United Nations that, together with partners and member States, consecutively work towards sustainable development in Africa. ECA focuses on providing technical assistance by undertaking research and policy analysis to strengthen the capacity of institutions driving the regional integration agenda, including the African Union, regional economic communities and member States. In this regard, ECA had, in the s, recommended the creation of subregional groupings in Africa to serve that purpose. It was formed after an agreement signed by 23 founding member States on 14 August in Khartoum, Sudan. The AfDB Group, as a financial institution, was created as a response to a need for deeper cooperation in investments of public and private capital in projects that are likely to contribute to the economic and social development of the continent. The main objectives of the Group have been to mobilize and allocate resources for investments in member States, and provide policy advice and technical assistance that supports the development efforts on the continent. Regional integration arrangements were either created under the framework of the Lagos Plan of Action, or arrangements that pre-existed it. The Lagos Plan of Action was a critical agreement in the history of regional integration in Africa. The Lagos Plan of Action itself, followed by the Final Act of Lagos, was borne out of the necessity for continental and national self-sufficiency and the creation of a self-reliant continental economy. Among the decisions was the establishment of an African Economic Community in the foreseeable future, the strengthening of existing regional economic communities and the creation of others to cover the continent as a whole. Southern Africa also had a socioeconomic cooperation arrangement, the Southern African Development Coordination Conference created in the s, which was later replaced by SADC in The abovementioned arrangements were expected to function under the framework of the Lagos Plan of Action. The integration process is set to cover a period of 34 years from to Notwithstanding numerous attempts since , OAU member States could not agree on amendments to the Charter. At the thirty-seventh session of the Assembly of Heads of State and Government, in in Lusaka, Zambia, a transition period of one year was agreed, while member States and the General Secretariat embarked on intensive consultations before the inaugural launch of the African Union in Durban, South Africa on 9 July The main objectives of NEPAD have been to reduce poverty, put Africa on a sustainable development path, halt the marginalization of Africa, and empower women. The Partnership provides a comprehensive, integrated development plan that tackles key social, economic and political principles for the continent. A practical example is the Programme for Infrastructure Development in Africa, which is an initiative that comprises several cross-border infrastructure projects in the sectors of: Moreover, the Durban Summit also approved the creation of the NEPAD African Peer Review Mechanism, which became operational in , for further promotion and monitoring of good governance practices in and among member States in Africa. After a number of years with lagging regional integration initiatives, the fourth Conference of African Ministers of Integration adopted the Minimum Integration Programme in 9 May The programme contains an action plan to accelerate coordination, convergence and collaboration among the regional economic communities so as to achieve the ultimate objective of the African Economic Community. It also identifies financing and structural impediments hindering the implementation of the Abuja Treaty and offers a roadmap for how to overcome the challenges.

4: Assessing Regional Integration in Africa V

Economic Integration. By all accounts, Africa's economic growth and performance this past decade has been exceptionally strong, even in the midst of widespread.

Regions have found it difficult to address the equitable distribution of gains and losses from integration. Mechanisms to provide compensation to the less developed members of groupings have been either absent or ineffective. The dependence of many African countries on their former colonial powers tended to work against viable regional groupings. Regionalism has been driven from above by public sector organizations and has lacked the support and involvement of the private sector and the general public. Cooperation has been seen as involving bloated and expensive bureaucracies, rather than opportunities for growth and development. Institutional weaknesses, including the existence of too many regional organizations, a tendency towards top-heavy structures with too many political appointments, failures by governments to meet their financial obligations to regional organizations, poor preparation before meetings, and lack of follow up by sectoral ministries on decisions taken at regional meetings by Heads of State. Integration is hampered by the existence of weak states and political opposition to sharing sovereignty. Integration arrangements are not characterized by strong supranational bodies and virtually all integration institutions are intergovernmental. Given the ongoing economic reform programs in these countries, the underlying premise is that regional integration can accelerate the pace of economic growth by fostering efficient cross-border investment and trade flows. Assessments by the co-sponsors suggested that good if variable progress has been achieved by the Initiative and that the model represents an effective example of regional partnership Fajgenbaum et al, Trade relations, which are now based on non-reciprocal trade preferences granted by the EU, will in future be based on economic integration agreements. Formal negotiations of EPAs started in September in a two-phase process. The first phase of the negotiations takes place between the EU and the ACP group as a whole with the aim of defining the format, structure and principles for the negotiations, to be followed by the negotiation of individual EPAs. It is envisaged that EPAs will enter into force by 1 January at the latest. Decisions about the geographical configuration of future EPAs are still outstanding. Under the Cotonou Agreement, this decision lies with the ACP countries, but the EU has added the rider that it is up to the Community to ensure that this decision is in line with the objectives and principles of the Agreement. Criteria for ACP regions The criteria for eligible regions are clear enough; the difficulty lies in implementing them in the specific context of the existing structure of African regional groupings. It highlights the importance of structural funds financed by customs and taxation revenues to assist weaker partners in the integration scheme to ensure an equitable distribution of the gains of regional integration. Finally, it recommends that integration should take account of existing infrastructures, trading and production links. This requirement runs up against the overlapping membership and fragmented nature of African regional organizations. There are a number of permutations. The simplest is where one grouping is a sub-group of another, possibly embarked on pursuing deeper integration as an example of variable geometry. An example typical in West and Southern Africa is where there is a wide free trade area arrangement, within which a sub-group has established a customs union or an even more deeply integrated group. Here the options are for the negotiations to proceed with either one group or the other as it would be impossible to have two negotiations in parallel, one with respect to the free trade area and one with the customs union. The difficulty is that if negotiations proceed with the customs union sub-group, it is hard to see how this could avoid fragmenting the larger grouping unless it decides to accelerate its own integration ambitions. More tricky situations arise with groupings that have members in common. In this situation, overlapping membership would lead to the negotiation of two or more EPAs with the same countries, which is not conceivable. As overlapping memberships mainly affect the broad, free trade groupings, this could effectively end up forcing even larger integration arrangements than currently exist. Another difficult situation is where groupings have non-ACP States as members. The Commission points out that while, legally, arrangements could be put in place to allow free circulation of goods within the free trade area while confining the benefits of the EPA to the ACP members of the group, in practice this situation would not be tenable in the longer term because of the possibility of trade deflection. Given that the EU will have entered into separate FTAs with many of these non-ACP African states, it suggests that a logical step would be to extend the geographical coverage of EPAs by merging the existing agreements. While this might imply that only the former are required to provide some measure of reciprocity under the new regime, in practice it is hard to see how LDCs which are members of regional groupings with non-LDC ACP States can retain external protection against EU imports. It goes on to suggest that the appropriate response for LDCs in a regional grouping is to adopt a variable speed approach under which they would be offered a delayed start or a slower pace of tariff dismantlement. In practice, such an arrangement would give rise to the potential for goods with reduced or zero tariffs to be imported from the EU by the more advanced ACP members and re-exported under the FTA to LDC members which have the right to protect themselves by higher tariffs. While the problem can be avoided in principle by proper documentation of rules of origin, the difficulties of policing these may in practice undermine the tariff policies of the least developed countries. As the LDCs also lose out because of the potential for trade diversion under EPAs as EU exporters now gain better access to the markets of ACP countries at their expense, there is a strong case for compensation measures in their favor. These include whether trade diversion will dominate trade creation, the loss of fiscal revenues from the abolition of customs duties, the limited capacity in most ACP countries to conduct parallel sets of trade negotiations, and how to provide for sufficient scope for flexibility, special and differential treatment and asymmetry while ensuring that the agreements reached remain WTO-compatible. The future of regional integration in Africa Despite competing visions of regional integration We have seen how a new momentum is building up behind regionalism in Africa, but that there are competing visions for the objectives and design of regional integration arrangements. On the other hand, there are the erstwhile sceptics among the donors who have been converted to supporting regionalism of a certain type, one which is outward-looking, which is focused on trade facilitation, which has strong private sector involvement and which has light institutional structures. Finally, there is the traditional model of top-down African regionalism, espoused by the OAU and endorsed by African Heads of State, which has a strong rhetorical basis and a largely political significance. This has implications for those interested in promoting a food security dimension to these agreements as outlined more fully in Chapter 5. For example, food security is explicitly addressed in the Cotonou Agreement in the provision which reads: The new regionalism must address the following issues which have been partly responsible for the poor record of the past: Overlapping memberships of competing groups should be resolved to allow a clear political commitment to particular country groupings. For a common market to function its members at least need to be at peace. The wars and conflicts in a number of African regions which have devastated transport networks, communications and other basic infrastructure need to be peacefully resolved. Ways must be found to involve the private sector in the integration process. It should not be expected that all private sector groups will favor regional integration. In some countries, farmers may fear low-cost competition from elsewhere in the region and may take quite a protectionist stance. The participation of consumer groups and other NGOs should be encouraged as these groups can also gain from exploiting the opportunities for greater intra-regional trade. Given the disparities in economic weight that exist between members of some groupings, new policy instruments to deal with the fears of economic polarization must be found, for example, multispeed arrangements allowing weaker members more time to liberalize , compensation schemes, regional investment banks, or structural solidarity funds such as the Food Security Financial Instrument proposed in Chapter 5. Dispute settlement mechanisms need to be strengthened and ways to ensure policy credibility must be put in place. Investors need to have confidence that integration measures will not be reversed and that barriers to regional markets will not be re-instituted overnight. Binding liberalization commitments in the WTO should be encouraged where possible, while the opportunity of the REPA negotiations with the EU should also be used to bind and enforce policy commitments. As the value of the EBA initiative was in the extension of duty-free access to agricultural products with transition periods for rice, sugar and bananas , these countries may now be in a position to export duty-free to the EU by transshipment through the LDC members of their EPA. Again, the quality of enforcement of rules of origin will be the decisive issue.

5: Africa Regional Integration Index - Measuring an Africa on the move

The article is an edited version of Salami, I., 'Legal and Institutional Challenges of Economic Integration in Africa' () 17(5) European Law Journal This article was published in GREAT Insights Volume 1, Issue 1.

They argued that individual states should first have political sovereignty and autonomy and should then come together to form a collective economic unit before moving to political integration. The successor of the Organization of African Unity, the African Union has followed through with this plan of action and has now moved to the second stage in the long term integration of the continent: This integration is a 6 step process that culminates in the creation of an economic community that has a continental free trade area, a common market and customs union. In this essay, I will be analyzing the necessity and feasibility of the creation of the Continental Free Trade Area by , paying special attention to the challenges to its creation and the likelihood of overcoming these challenges to meet the set deadline. After analyzing the evidence, it is clear to see that although the establishment of the Continental Free Trade Area is a crucial and necessary step in the creation of the African Economic Community, given the numerous challenges it is facing, the goal to establish it by is too optimistic and therefore unachievable. Following this, I will give a brief description of the benefits that a Continental Free Trade Area will bring. I will then devote the majority of this essay to discussing the challenges that stand in the way of the creation of the CFTA and will conclude by discussing the feasibility of such an ambitious goal. The heads of state of the member states of the Organization of African Unity signed the treaty establishing the African Economic Community on June 3, in Abuja, Nigeria Danso, In the preamble to the treaty, several reasons for the necessity of the creation of the Economic Community are outlined. Chief among them is the recognition that economic integration is a pre-requisite for the realization of the objectives of the charter of the OAU 18 Commw. The preamble also notes that the successes observed at the regional and sub-regional levels have been encouraging and justify larger scale integration 18 Commw. The Abuja treaty that laid the foundation for the creation of the AEC has been adopted by the AU and is being implemented. The AU is currently following a phased approach towards the creation of the Community. This approach involves six successive stages: States that are members of these FTAs get special benefits that non-members do not get, such as elimination of tariffs Akonor, This is demonstrated by the fact that only six African countries are members of only one REC. Free movement of goods and services, unhampered by tariff and non-tariff barriers, different customs laws and complicated and redundant legal procedures will reduce the cost of trade between neighbouring countries and within the continent as a whole. Another expected advantage is that an FTA will lead to the industrialization of the continent. While individual African economies are too small and too weak to support steel projects, large-scale industrial projects can be started across borders and can benefit from economies of scale ARIA V, If domestic firms are no longer protected by tariffs, they will offer better quality products at better prices to stay competitive and this will lead to efficiency and innovation. However, if the Most Favoured Nation treatment principle is enforced in the AU, Ethiopia has to extend the same FTA benefits to Somalia as it would to all the other member of the tripartite treaty. Although a crucial stage in the integration of the continent, the creation of the CFTA is not an end in and of itself. It will foster integration and encourage inter-regional cooperation which serves as an important stepping stone in the creation of the AEC. Additionally, the creation of a CFTA would be highly beneficial for the smaller countries in Africa because it would provide a strong collective platform they can be a part of in international negotiations ARIA V, This would not only empower the smaller countries but would also improve the negotiating power of the continent. This fast-tracking leaves just four years for the creation of the CFTA. Especially given the challenges that stand in the way of the creation of the CFTA, it is puzzling that the heads of state would choose to fast-track the launch date. While the rationale that the Most Favoured Nation principle will speed up the process is reasonable, it seems to be too optimistic about the effectiveness of this principle and underestimates the challenges that confront the formation of the CFTA. I will outline five of the major challenges that stand in the way of the creation of the CFTA. The first challenge has to do with the overall challenge to trade in Africa as a whole. One element of this challenge is that most African countries produce similar products; predominantly primary products. If neighbouring countries are exporting and importing similar products, there is no motivation to trade with one another, regardless of the existence of an FTA. Additionally, one of the outstanding features of contemporary Africa is that there is very little infrastructure or communication between neighbouring states. Without adequate infrastructure or communication, viable trade cannot take place. The second challenge has to do with motivation. Does the CFTA offer big enough benefits in and of its own? If it does not offer substantial benefits, states, as rational actors have very little incentive to invest their resources in creating these FTAs and coming together to form the CFTA solely for a pan-African integrationist agenda. There must be significant substantial benefits that states can immediately procure from this step to motivate them to create it. Additionally, Danso points out that leaders are hesitant to enter into economic integration agreements because of fears that the gains of member states will be a function of the degree of their economic development or the size of their domestic economies. While there are treaties in place to protect states from this and the treaty establishing the AEC specifically states that gains will be distributed equitably, this is a legitimate concern that politicians voice. This also indicates a larger problem with integration; would political leaders be willing to sacrifice their national interests for the integration of the continent? While it is unreasonable to expected elected leaders to completely abandon any self-interest on behalf of their countries, integration of this scale requires some self-sacrifice for the cause that African leaders seem to be hesitant to make. This is further complicated by the fact that the cost of adopting and implementing the policies necessary for the creation of the CFTA is high. In addition to sacrificing tariff incomes, member states have to adopt harmonised laws of their respective FTAs domestically. This will not only mean additional costs on states as they attempt to implement these laws but also requires high-level expertise in every field concerned Ndulo, Ndulo notes that the challenges of implementing laws domestically should not be underestimated because harmonization of laws would have to extend past trade laws and should encompass such things as family law and succession. Therefore these high costs of integration will de-motivate member states from working towards the creation of the CFTA. The third challenge to the creation of the CFTA is voiced by Danso when he asks if former colonial powers would be willing to give up their spheres of influence. More importantly than spheres of influence, former colonial powers still rely on their old colonies for raw materials Danso, These links with former colonial powers are neo-colonial and come at the expense of self-reliance of African States Danso, The creation of CFTA and increased trade within Africa would threaten the economic interests of the developed world and it is unlikely that this will be permitted to happen. Therefore, economic integration in Africa is not a purely African matter and needs not only the cooperation of African states but also the willingness of the global north. Difficulty with coordination of efforts because of differentiated levels of development is the fourth problem that must be dealt with before the CFTA can be created. There are widely differing stages of development within the continent Danso, , therefore, the policies adopted at the regional level have to benefit those who are at the lower end while not hindering the progress of those states that are doing relatively well and this is very difficult to do. This consideration makes passage of treaties and policies very difficult. Oppong, argues that there are very few books, journals and articles dealing with this legal aspect of integration. This is an often missed point in the discussion of economic integration. However if continent wide economic integration is to take place starting with the creation of the CFTA , the legal aspect has to be given more attention Oppong, and has to be tailored to the specific needs of African states. While the launch of the CFTA is expected to bring benefits because of the free movements of goods, services and people within the continent, is this really a reasonable expectation? Can there be significant gains from inter-African FTAs? If we take the SADC case to be representative of the other RECs in Africa, opening up trade within the continent alone might not be sufficient to bolster growth and improve efficiency. If this is the case, the initial assumptions about the benefits of the creation of the CFTA are wrong because opening up trade within Africa alone will not improve the economies of African states. Rather, what is necessary is opening up trade with the rest of the world as well. The African Economic Community is set to be launched in with a single African currency, monetary and economic unit and Pan-African Parliament. The phased approach the AU has taken towards the creation of this Community is now in its third stage: The creation of this Continental Free Trade Area is set to be complete by

, a mere four years away. Given the challenges that are in the way of the launch of this Area, namely the barriers to trade in Africa, high cost of implementation, external influence and the extreme economic diversity within the continent, it is highly unlikely that this Area can be launched by the set date of Africa Today, 42 4. Journal of African Economies, 12 2. British Institute of International and Comparative Law, 42 1. African Journal of International and Comparative Law, Review of African Political Economy, 28

6: History of Africaâ€™s Regional Integration Efforts

The real economic power in Africa, however, rests with the regional eco- nomic communities and thus far little integration has been accomplished at the continental level.

Introduction Integration of the economies of sovereign states has been one of the leading aspirations of socio-economic policy since the end of World War II in , such that the period between then and the first 18 years of the 21st century can be appropriately described as having been an era of economic integration. Feld and Jordan have portrayed this unprecedented proliferation of integration of national economies in the following words: This article is, thus, devoted to a discussion of the following themes: Conceptual underpinnings In this section, let us briefly consider the important concepts upon which the integration of national economies worldwide is predicated. Specifically, the following themes are discussed in the section: Forms of integration Essentially, the term "economic integration" is used in this article to refer to the formation of an inter-governmental organisation IGO by three or more countries to create a larger and more open economy expected to benefit member countries. Theoretically, the process of economic integration may take any of the following forms, each of which may represent a different stage of integration if member countries have a desire to pursue the integration of their national economies to its logical conclusion: The first four stages or forms of integration represent what Gerber , and has referred to as "shallow integration," while the last three represent what he has designated as "deep integration. Effects of integration There are generally four potential effects associated with economic integration; they are as follows: A brief survey of these four effects constitutes the subject matter of the remainder of this sub-section, the primary sources of which include Appleyard and Field , , Salvatore , and Gerber , Essentially, the "static effects" associated with the process of economic integration emanate from shifts induced by the integration of any three or more national economies in the production of certain export products from one member-country to another member-country, or from a non-member country to one of the member countries. More specifically, static effects can result either in a shift in product origin from a high-cost member country producer to a low-cost member country producer, referred to as trade creation, or in a shift in product origin from a low-cost non-member country producer to a high-cost member country producer, referred to as trade diversion. Accordingly, economic integration, as Sunny and others , 2 have espoused, can enhance the socioeconomic welfare of people in an integrated region "provided that trade creation exceeds trade diversion. In addition to the positive welfare effects of trade creation, there are other beneficial static effects of economic integration; they include the following: However, member countries cannot completely eliminate their customs departments when they become members of an economic bloc as such departments would still be needed to perform the following functions, among others: In the case of trade creating integration, the improved welfare associated with it can induce greater demand for imports from non-member countries and, ceteris paribus, lead to a deterioration of the collective TOT of member-countries. And c Greater bargaining power, which countries collectively gain by being constituents of a viable economic bloc. There are several dynamic effects associated with economic integration that are worthwhile for member countries, one of which pertains to economies of scaleand economies of scope. Also, there are important gains from economic integration that are associated with the opportunities for specialisation made possible by the integration of markets; for example, economies of scale may be realised not only from the manufacturing industry, but also from the potential large-scale dispensation of public services and utilities like water and electricity. For certain public services, there may also be economies to be derived from operation over a wider geographical area. In the case of air and rail transport, for instance, there is a very strong case for operating on a large enough scale to make full use of both specialised abilities and any available machines of large capacity. Another of the dynamic effects of integration relates to the emergence of competition. The reduction or removal of trade barriers brings about a more competitive market environment and eventually reduces the degree of monopoly power that might have been present prior to the integration of national economies. The third effect concerns foreign investment. The larger consumer and industrial markets created through the integration of national economies can make it possible for member countries to attract the foreign investment capital they need for boosting business activity and, among other things, increasing the level of employment. As some pundits, including Grauwe , 67 , have observed, a monetary union can facilitate the creation of a larger, more stable financial market since it can, among a host of other things, eliminate exchange rate variability in an economically integrated region. Also, the attainment of greater exchange rate stability and certainty facilitated by a common currency can result in more stable and soundly based economic growth for an integrated region as a whole. Moreover, it can be reasoned that elimination of currency fluctuations within an economically integrated region can increase trade among member countries, since such fluctuations inhibit business enterprises from expanding their operations in other member countries. Besides, economic integration can lead to intra-industry specialisation such that all member countries produce and sell similar products, making them more alike and eventually reducing the chances of any one member country becoming a victim of an economic shock. With respect to the creation of a monetary union--such as the "Euroland," or any other single currency zone or region as a matter of fact--there are enormous benefits that can accrue to cross-border travellers, buyers and business operators in such an economic bloc. Apart from creating a larger and readily accessible market for goods and services, the Euroland, for example, is advantageous to cross-border business operators in the region in the following ways, among others: Currently, the "Euroland" includes the following EU countries: Three EU members--that is, Denmark, and Sweden--are still considering the prospect of adopting the euro. Adoption of the single currency, the euro, was formalised on 1 January Euro notes and coins were introduced in the Euroland on 1 January ; by March of the same year, members of the monetary union ceased to recognise their national currencies as legal tender. The third potential effect of the process of economic integration is "trade deflection"--that is, the entry of imports from the rest of the world into a low-tariff member country of a free trade area in a deliberate effort by either importers or exporters to avoid higher tariffs that may be levied by other member countries. In a free trade area, therefore, high tariff member countries can lose much of their potential revenue from import duties to low tariff member countries through trade deflection. The only rational way in which this problem can be circumvented is for member countries to consider the prospect of creating a customs union, or any of the other higher forms of economic integration cited earlier in this article. For lack of an orthodox concept designed to function as a designation of this phenomenon, let us refer to it as "counterfeit labelling. Conditions for success As Viner , , Leistner , , Lipsey , 56 , Rooyen , , and Salvatore , , among numerous other notable economists, have maintained, several conditions need to be met in order for any form of integration among the national economies of cooperating countries to be viable. Such conditions include the following: Sustained peace and stability in all cooperating countries, and transparency and popular participation in the generation of important IGO related decisions, protocols and treaties in each of the cooperating countries. A genuine desire among leaders of each and every cooperating country to create a successful economic bloc, and willingness to compromise on sensitive issues and matters relating to national sovereignty. In this regard, as Mistry , has observed, leaders of cooperating countries need to "close the gap between political rhetoric in making treaty commitments" and efforts aimed at fulfilling such commitments. The economies of cooperating countries need to be initially competitive rather than complementary in order to provide for a competitive business environment in the regional economy, which may eventually be created. The national economies of cooperating countries also need to be generally at similar stages of industrial development in order to circumvent problems emanating from the following: There is a need for geographical proximity among cooperating countries to make it possible for them to create a well developed and efficient transportation system for distributing industrial inputs and finished products within the regional economy that is to be created. Strong pre-integration trade ties which would reflect the existence of specialisation by cooperating countries in the production of divergent commodities , harmonious and protracted political relations, and similarity of economic systems between and among cooperating countries. High pre-integration tariffs and arduous non-tariff trade barriers between and among cooperating countries, so that the eventual scaling down or complete removal of trade barriers can result in very low prices of tradable products in the regional economy that is to be created and ultimately lead to "trade creation. Involvement of a large number of countries in the creation of an IGO in order to broaden the potential for inclusion of many countries which have low cost industries in the IGO, and to create a larger economic region in terms of both market size and investment opportunities. An inclination by each and every member country to import relatively more commodities from cooperating countries than from non-members. And 12 Fair distribution of IGO institutions: The unceremonious disintegration of the East African Community EAC in June barely a decade after its inception by Kenya, Tanzania and Uganda in December , for example, could be directly attributed to the non-fulfilment of some of these conditions. The following are, by and large, the specific conditions, which were not met: Comparatively, Kenya was more industrialised than Uganda and Tanzania. This difference in the level of industrialisation caused Tanzania and Uganda to incur large trade deficits with Kenya due to their huge import bills mainly resulting from importation of industrial inputs and manufactures from the country. The relatively more developed industrial sector in Kenya also made the country more preferable as a location for new business enterprises. Prior to the creation of the EAC, both Uganda and Tanzania were highly dependent on trade with industrialised countries or, according to Karoi , "the club of leisure-intensive nations"--which involved the exportation of primary commodities to such countries and importation of manufactured goods from them. Eventual membership in the EAC by Uganda and Tanzania, therefore, could not create meaningful trade between the two countries. Since it was constituted by only three countries that is, Kenya, Tanzania and Uganda , the EAC could not benefit fully from the greater potential for trade creation associated with inclusion of as many countries with low cost industries in an IGO as possible. There were perceptions of uneven distribution of the costs and benefits emanating from membership in the EAC. Such perceptions culminated from the following, among a host of other things: Prospects for the long-term viability of a revived East African Common Market by the three neighbouring countries may be determined in a similar manner, according to The Post Examples of such conditions include the need for: Among other things, the Treaty provided for coordination of development planning, a common tariff with non-members, free trade among the three member-countries, harmonisation of monetary and fiscal policies, and fixed exchange rates. Creation of regional trading blocs would, therefore, not lead to such a scenario, since it would not precipitate into complete liberalisation of global trade. In other words, a global economy that is composed of regional trading blocs would still have tariffs and non-tariff trade barriers and would, therefore, not generate maximum welfare gains. The complete removal of trade barriers among cooperating countries would, of course, represent a movement toward freer trade and would, therefore, make a positive contribution to the maximisation of socioeconomic welfare worldwide--particularly if cooperating countries maintain low trade barriers against non-members. With respect to member countries, their collective and general welfare would be enhanced in the case of trade creating integration regardless of whether they impose low or high trade barriers on imports from non-member countries. Salvatore , has paraphrased the general theory of the second best, of which the theory pertaining to economic integration is a special case, as follows: Motivations for integration The primary rationale for economic integration derives not only from economic considerations; rather, it emanates from social, security, technological, and political factors as well. At the political level, for example, the basic motivation for integration, or at least economic cooperation, springs from the assumption that the process of socio-economic development requires some form of international cooperation or interdependence. The enormity of development hurdles facing much of the continent--including limited domestic markets, inaccessible foreign markets, lack of investment capital, and unfavourable terms of trade with industrialised nations--certainly call for what may be referred to as "South-South" economic cooperation if they are to rid their countries of what Clinton characterised as the "astonishing poverty" currently facing the continent before the end of his two-term tenure as US president in On their own, they will not be able to arrest and reverse the slide toward marginalisation in the global economy These demands include the following: A brief discourse on these developments follows. During the second half of the s, huge amounts of the debts owed to creditor banks were reduced through such traditional debt relief approaches as debt buybacks, debt-equity swaps, and debt-for-development swaps. Besides, debt rescheduling agreements designed to convert short-term debts to long-term debts at interest rates ranging from 2 to 4 percent provided some degree of relief to many financially distressed debtor nations. In late , the World Bank and the International Monetary Fund IMF conceded that the excessive debts owed to them by some poor countries needed to be written off in order to save the economies of such countries from further decay and backwardness. Creditor nations, which constitute the Paris Club of official creditors, have also agreed to participate fully in the initiative. They have pledged to exceed debt relief levels provided for in Naples Terms by offering debt reductions of up to 80 percent. The term "Naples Terms" refers to the type of debt relief designed for HIPCs that was introduced by the Paris Club in , and which provides for the present value of payments to be made by debtor-countries to be reduced by up to two-thirds. In the s, a host of national and local governments in industrialised nations tended to be more responsive to the needs of the South. See Nwagboko , Many different themes were explored at these summits. With respect to poverty, the leaders in attendance pledged to "spare no effort" in freeing humanity "from the abject and dehumanising conditions of extreme poverty. The Commission was set up to reverse the chronic misfortunes of a continent that "has grown poorer in the last 40 years," according to the UN Office for the Coordination of Humanitarian Affairs Second, the African Growth and Opportunity Act AGOA --an initiative recently mandated by the United States government, whose purpose is to foster mutually beneficial trade between the United States and countries in sub-Saharan Africa, among other things--augurs well for favourable N-S relations. And, between 23 March and 2 April , Bill Clinton went on record as having been the first incumbent American president to visit Africa on a noble mission in two decades. A competitive edge There is a pressing need for African countries to create, or seek strong and permanent membership in, inter-governmental organisations IGOs in order to become more competitive and be in a better position to venture in the modern global economic system that is characterised by such powerful regional economic blocs as the European Free Trade Association EFTA , the European Union EU , and the North American Free Trade Agreement NAFTA bloc of countries. If they dilly-dally in taking up this challenge, they should not expect economic units in their countries to gain the necessary technological and industrial competence they need to be able to become sturdy participants in the potentially competitive global economy of the 21st century. Important elements of the Uruguay Round pact include the following: According to Golt , 2 , the GATT protocol re-affirmed the original and general objective of the GATT hereinafter referred to as the World Trade Organisation, or WTO, the new name it assumed on 1 January --that is, to create an open, liberal and competitive international trading system and thereby contribute to global economic growth and development, as well as enhance prosperity and welfare worldwide. A cursory description of each of the other elements cited in the foregoing paragraph follows; it is, by and large, adapted from Mhone , It is also important to note that the WTO requires countries which are signatories to the Uruguay Round accord to ensure that foreign companies are not subjected to any covert trade rules, regulations and practices which are likely to place them at a competitive disadvantage against domestic companies. In passing, it is perhaps important to note that integration schemes are much more likely to lead to greater competitiveness among economic units in cooperating countries if they are used as means of promoting the production of tradable goods that is, export products to compete in world markets rather than as "means of developing import-substituting industries behind tariff walls," as Lyakurwa and others , have concluded. And, as Kasun , 56 has maintained, population growth can encourage producers to specialise and use more efficient, large-scale modes of production. For the typical developing country, this should be obvious considering the fact that ready access to foreign markets is thwarted by the numerous and insurmountable export problems pinpointed elsewhere in this piece of work. After all, it should be common sense that growing markets generally stimulate invention, rather than invention coming first and creating a market, as a university study of key inventions in the 20th century cited by Davis and Blomstrom , has revealed.

7: Economic integration - Wikipedia

Therefore, economic integration in Africa is not a purely African matter and needs not only the cooperation of African states but also the willingness of the global north. Difficulty with coordination of efforts because of differentiated levels of development is the fourth problem that must be dealt with before the CFTA can be created.

Economic theory[edit] The framework of the theory of economic integration was laid out by Jacob Viner who defined the trade creation and trade diversion effects, the terms introduced for the change of interregional flow of goods caused by changes in customs tariffs due to the creation of an economic union. He considered trade flows between two states prior and after their unification, and compared them with the rest of the world. His findings became and still are the foundation of the theory of economic integration. As economic integration increases, the barriers of trade between markets diminish. Balassa believed that supranational common markets, with their free movement of economic factors across national borders, naturally generate demand for further integration, not only economically via monetary unions but also politicallyâ€”and, thus, that economic communities naturally evolve into political unions over time. The dynamic part of international economic integration theory, such as the dynamics of trade creation and trade diversion effects, the Pareto efficiency of factors labor, capital and value added, mathematically was introduced by Ravshanbek Dalimov. This provided an interdisciplinary approach to the previously static theory of international economic integration, showing what effects take place due to economic integration, as well as enabling the results of the non-linear sciences to be applied to the dynamics of international economic integration. The straightforward conclusion from the findings is that one may use the accumulated knowledge of the exact and natural sciences physics, biodynamics, and chemical kinetics and apply them towards the analysis and forecasting of economic dynamics. Dynamic analysis has started with a new definition of gross domestic product GDP , as a difference between aggregate revenues of sectors and investment a modification of the value added definition of the GDP. It was possible to analytically prove that all the states gain from economic unification, with larger states receiving less growth of GDP and productivity, and vice versa concerning the benefit to lesser states. Although this fact has been empirically known for decades, now it was also shown as being mathematically correct. A qualitative finding of the dynamic method is the similarity of a coherence policy of economic integration and a mixture of previously separate liquids in a retort: Economic space tax, insurance and financial policies, customs tariffs, etc. Specifically, the dynamic approach analytically described the main features of the theory of competition summarized by Michael Porter , stating that industrial clusters evolve from initial entities gradually expanding within their geographic proximity. It was analytically found that the geographic expansion of industrial clusters goes along with raising their productivity and technological innovation. Domestic savings rates of the member states were observed to strive to one magnitude, and the dynamic method of forecasting this phenomenon has also been developed. Overall dynamic picture of economic integration has been found to look quite similar to unification of previously separate basins after opening intraboundary sluices, where instead of water the value added revenues of entities of member states interact. A "coherence" policy is a must for the permanent development of economic unions, being also a property of the economic integration process. So a coherence policy was implemented to use a different speed of economic unification coherence applied both to economic sectors and economic policies. Implementation of the coherence principle in adjusting economic policies in the member states of economic block causes economic integration effects. Global economic integration[edit] Members of WTO and negotiations status: It is also the creation of BRICS with the bank of its members, and notably high motivation of creating competitive economic structures within Shanghai Organization, also creating the bank with many multi-currency instruments applied. Engine for such fast and dramatic changes was insufficiency of global capital, while one has to mention obvious large political discrepancies witnessed in Global economy has to overcome this by easing the moves of capital and labor, while this is impossible unless the states will find common point of views in resolving cultural and politic differences which pushed it so far as of now. Globalization refers to the increasing global relationships of culture , people, and economic activity.

8: Africaâ€™s TFTA: An Exercise in Economic Integration â€“ Teach, Coach & Consult

An Analysis of Economic Integration in Africa with Specific Reference to the African Union and the African Economic Community. South African Journal of Public Law, â€¢ Tavares, R.

In the world of cyberspace, time and distance have become almost peripheral considerations when it comes to doing business. Services from software development to accounting can be delivered across the world in the blink of an eye. Future business leaders will struggle to imagine an era when communication was neither immediate nor virtually free. But in the physical world, integration between and even within countries has happened at a much slower pace. At too many borders, goods still hang around and wait needlessly, raising costs and hurting business competitiveness. In countries women still face legal discrimination. But for every success there is a graveyard of stalled or stunted regional initiatives to remove barriers to trade and investment. Building trade blocs with neighbouring countries can help small countries to get access to ports. It can help them achieve economies of scale, facilitate investment, break into multi-country production networks, and increase private sector competitiveness. The key is to look at what has worked. In the EAC, which just last month brought South Sudan into the partnership, success has been incremental but effective. The strongest ingredient has been political will, visionary leadership, focus, inclusiveness and joint monitoring â€” both from the public and private sectors. An effective regional integration agenda has to set aside populist politics and give up placating interest groups. It must focuse on delivering tangible and concrete results to citizens and businesses, because only these results will bring about true economic transformation. The second lesson is that we need to look at hard and soft infrastructure at the same time. Hard infrastructure â€” that is roads, physical connectivity, and better ports â€” is crucial for goods and services to flow unfettered. But the soft tissue connecting hard infrastructure to policy directives is just as critical. Reforming archaic tariff structures, changing inherited and restrictive laws, identifying and confronting non-tariff barriers, and facilitating trade at the border: Finally, this is all useless unless your private sector is equipped with the tools to be competitive and to take advantage of them. Connectivity and the digital economy will feature high on the agenda of the World Economic Forum on Africa this week in Kigali, Rwanda. In the EAC we are seeing just the kind of virtuous circles that can result from thoughtful, joined up work. The recent decision to eliminate intra-regional mobile roaming charges has spurred a boom in data and voice trade and ICT service providers are growing to serve the enlarged market. The World Economic Forum on Africa meeting in Kigali this week offers a unique opportunity for governments, the private sector and development partners to leverage technology and regional integration for sustainable and inclusive growth in Africa. Join our community of development professionals and humanitarians.

9: Regional Economic Communities - Wikipedia

Economic integration in Africa 4 EXECUTIVE SUMMARY A role for civil society Poverty eradication is a core component of African economic integration.

African Economic Integration and Legal Challenges. Its aim was to promote economic development of the continent through economic cooperation among the economies of the states in Africa. It sought to achieve this through coordination and harmonisation in the field of economic and political cooperation. Other sub-regional efforts were established in Africa and existed concurrently with the OAU. In some cases these sub-regional groupings were formed among countries sharing the same colonial history and in other cases, among countries within the same geographical region. The AEC Treaty provided that an African Economic Community would be set up through a gradual process, which would be achieved by coordination, harmonisation and progressive integration of the activities of existing and future Regional Economic Communities RECs in Africa. This was done in order to speed up the process of economic and political integration in the continent and in order to achieve the economic development goals of the OAU. Progress at the REC level: The achievement of these goals has, in most cases, been very slow for political reasons; however, legal factors have also contributed significantly to the near collapse of these goals. Whilst most of the prominent RECs have been inspired by the EU legal framework and have adopted different variations of it, these RECs have not achieved the same degree of success as the EU in achieving basic economic integration goals such as a customs union and a common market. The EAC attempts to articulate the status of EAC legal instruments but fails to define the legal instruments to which it accords a status. In the case of COMESA, despite the detailed provisions on the status of Treaty and secondary laws in Member States, there are still significant obstacles to the common market objectives. For instance, obstacles to the free movement of goods due to non-tariff barriers still hinder trade among Member States. As such, apart from the free movement of capital which has seen significant progress, the achievement of the other common market goals is still a challenge. It is no wonder that hardly any of these RECs have fully achieved any of their goals. What could have made matters better would have been for the REC treaties to stipulate the precise status of REC legal instruments â€” as was done in the case of the EC Treaty. The reason for this is that African states generally do not have a reputation of complying with REC Treaties and legal instruments. Absence of regional enforcement mechanisms The second legal challenge is weak regional enforcement mechanisms. This is so as the EC Treaty gives the ECJ responsibility for ensuring that in the interpretation and application of the Treaty the law is observed. Its role is therefore significant to the extent that it is the institution that interprets and enforces primary and secondary legislation of the EC. The ECJ, as part of this function, has the power to interpret Treaty provisions where national courts or tribunals refer cases to it. It was through this that the ECJ was instrumental in the development of the common market and in the integration process. This is however, not the case with the African RECs. Thus, in most cases, REC enforcement bodies have failed to establish bodies of jurisprudence since their creation. The absence of a provision on preliminary referrals of disputes to regional enforcement did not provide the REC enforcement bodies the opportunity to develop regional law and possibly, the supremacy of such laws. So although their treaty provisions carved a supreme status for their regional courts within national judicial systems, the results have not been similar to that of the ECJ. An agenda for legal reform The effect of these legal challenges on REC regional economic integration goals calls for legal reform at both regional and domestic levels. These reform should include: Clarifying REC treaty provisions on the status of regional laws in Member States; strengthening the regional enforcement mechanisms; strengthening domestic legal and judicial systems in order to enable them effectively enforce regional treaties; Member States granting supreme status to REC laws; recognising the superior status of REC law by all the organs of Member State governments; recognising the superior status of REC law at all levels of government and introducing African integration law within the legal education curriculum. It also has to be mentioned that the adoption of the EU framework for deeper forms of economic integration such as a monetary union should be done only to the extent that it is adaptable to the African context especially taking into account the causes of the current debt crisis affecting the eurozone area. Her expertise is in financial regulation and integration in emerging economies The article is an edited version of Salami, I.

ECONOMIC INTEGRATION IN AFRICA. pdf

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