



**ECA-MRAG**  
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**Regionalism in West Africa:  
A Case for Rationalization and Restructuring**

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## INTRODUCTION

1. The all-engaging, politically sensitive issue of rationalisation and restructuring of the institutional arrangements governing the integration process in the subregions of Africa has for long constituted a major challenge to the process of regionalism on the continent. The principal goal of this uniquely topical subject is to restructure the institutions of the multiplicity of the intergovernmental organisations (IGOs) in each subregion so that they can function as a single economic community and dynamic unifying force to give subregional economic integration a clear sense of direction and purpose.

2. The need for rationalisation has become a sine-qua-non for the achievement of national and subregional socio-economic goals, as the parallel existence of a large number of IGOs in the African subregions, with often overlapping mandates and programmes and sometimes opposed agendas, has hampered economic integration process and constrained the development of viable and sustainable subregional integration institutions to tackle the problems of market fragmentation, excessive external orientation and pattern of dependency, desertification, the development of technological capacity, etc. which of necessity require a subregional framework for successful solutions. Acceleration of the subregional development and economic integration process, therefore, calls for

rationalisation of the subregions' economic cooperation and integration efforts.

3. Enduring interest in this all-engaging subject has been considerably heightened by what is now generally termed the "continental African development crisis" of the lost decade of the 1980s and, in particular, by the recent dramatic and profound changes taking place in many regions of the world and the formidable challenges they pose to the process of African economic cooperation and integration.

4. There is, first, the emerging era of trading blocs which threaten to marginalize the West African subregion and the rest of Africa. There is, second, the challenge of Eastern Europe, where the rebirth of democracy has captured the imagination and compassion of the governments and peoples of the Western World leading to an increasing evidence of indifference, of withdrawal, if not abandonment on the part of the industrialised countries towards Africa. And third, there is the challenge posed by the two great megatrends that are emerging at the international level: the rise of market economies and the advance of political pluralism. Significantly, therefore, West African countries and the rest of Africa must now seek external financial resources in an increasingly competitive environment. Indeed, the granting of economic assistance will be now based less on political and

ideological affinities, and more on sound economic management, political pluralism, and good governance.

5. Within the African continent itself, while the signing of the treaty for an African Economic Community has established hope for economic cooperation and integration as the imperative tools for the accelerated attainment of individual and collective self-reliance, the problem of overlapping multitude membership of subregional integration organisations could increasingly pose the danger of derailing the process for the establishment of this community. Besides, new approaches to regional cooperation and integration, which threaten to pose a serious challenge of disintegration of ECOWAS, have emerged.

6. Furthermore, the adoption of the African Charter for Popular Participation in Development and Transformation, which places popular participation at the centre of economic development, coupled with the emergence of the concept of popular democracy, which has been forcefully articulated and given wider perspectives by the United Nations Development Programme's (UNDP) seminal Human Development Report series of 1990, 1991 and 1992 -- all have necessitated the need for a reappraisal of the strategy of regionalism in West Africa. Above all, the impact of the structural adjustment programmes (SAPs) on the process of regionalism in the subregion has raised a disturbing question about

whether the orthodox SAPs constitute 'a plus or risk' for economic integration in West Africa.

7. These challenges have made the need for enhancing West African integration through the rationalisation of the multiplicity of IGOs within the subregion become much more desperate and compelling. Rationalisation of the existing large number of IGOs has come into sharp focus, as part of the overall interest in the problem of West African recovery, development and transformation.

8. With this objective in mind, this chapter attempts to analyse the case for rationalisation and restructuring of the integration efforts in the West African subregion. Towards this end, Section I provides a brief background to the rationalisation process in West Africa with particular reference to the existing seminar studies on the subject. Section II focuses attention on the impact of the international environment which has heightened the need for revitalisation and acceleration of West African integration through rationalisation of the subregional IGOs, while Section III seeks to analyse the impact of the world of trading blocs on the West African subregion. In Section IV, the challenge to ECOWAS of the new approaches to regionalism has been critically assessed. Section V concludes the chapter with a brief overview of the need for meeting the challenge of marginalisation through the process of rationalisation. The chapter, on the whole, seeks to provide a

broad background to the current study on the subject of rationalisation of the integration efforts in the West Africa.

## **I. TOWARDS RATIONALISATION**

9. While in Central Africa, the rationalisation of the three main subregional economic schemes of the Customs and Economic Union of Central Africa (UDEAC), the Economic Community of the Great Lakes Countries (CEPGL) and the Economic Community of Central African States (ECCAS) has not yet been a substantive issue for discussion, in Eastern and Southern Africa, it has provoked a disturbing debate, as reflected in the final communique and resolutions of the 1992 and 1993 meetings of the Authority of both the Preferential Trade Area for Eastern and Southern Africa States (PTA) and the Southern African Development Community (SADC). The debate has been intensified by the resolution of the PTA to transform itself into a Common Market for Eastern and Southern Africa and by SADC's signing of the Treaty establishing a southern African development community as a major step forward for Southern Africa. The controversy has been significantly heightened by the concern that should post-apartheid South Africa join SADC, the PTA could lose out on trade with the subregional powerhouse.



10. In West Africa, however, the issue of rationalisation of the forty odd IGOs within the subregion is not a product of recent manufacture. Its roots go a little deeper than are usually appreciated, as the subject has preoccupied the attention of the leaders of the subregion for more than a decade. Already, three reports on the matter, two of them on the specific instructions of the Authority of ECOWAS Heads of State and Government have been carried out. A third, little known but extremely invaluable study, entitled Proposals for the Rationalisation of the Intergovernmental Economic Organisations in West Africa, which was not specifically commissioned by the ECOWAS Authority was prepared by the ECA secretariat in 1986.

11. The serious threat which the existence of rival customs unions and the multiplicity of other IGOs operating in varying fields in West Africa pose to rational and harmonious economic integration and, in the long-run, to socio-economic development in the subregion was recognized by the ECA MULPOC for West Africa (the Niamey MULPOC). Accordingly, the fifth meeting of the Council of Ministers of this MULPOC held at Banjul on 12 and 13 February 1982, by its resolution No. 9, requested the Executive Secretary of ECA 'to undertake a study on rationalisation, restructuring and harmonisation of the operations of all West African Intergovernmental Organisations with a view to strengthening and accelerating economic co-operation and integration in West Africa,

in conformity with the Lagos Plan of Action and the Final Act of Lagos' of April 1980.

12. Endorsing this initiative, the ECOWAS Authority at its sixth conference held in Conakry, the Republic of Guinea in May 1983, by its decision A/DEC.8/5/83, called on the ECA to expedite the finalisation of the study.

13. The study entitled Proposals for Strengthening Economic Integration in West Africa, which considered critically the issues affecting the existence and activities of the West African IGOS and the ways in which their activities could be rationalized and harmonized so as to promote an effective subregional approach to economic and social development, was presented to the seventh session of the Authority of ECOWAS held at Lome, Republic of Togo in November 1984. After considering the report, the Authority by its decision A/DEC.2/11/84, requested that additional studies be carried out on the subject.

14. In response to this request, the little known ECA study, to which reference has already been made, was prepared. The 23-page lucidly written study highlighted the process of rationalisation in West Africa, focusing attention on the extent to which the rationalisation measures could be implemented within the framework of one community, a community in which policies would be harmonised, resources pooled and subregional problems tackled on a

collective and strategic basis. It analysed the general constitutional and institutional issues, and identified the major barriers to the smooth functioning of the community, and how to overcome the barriers.

15. Many of the salient issues covered in this relatively unknown study are significantly reflected in the second ECOWAS commissioned report entitled Proposals for the Rationalization of West African Integration Efforts (May 1987) prepared jointly by the ECA and ECOWAS to supplement the first commissioned report pursuant to the ECOWAS Authority decision A/DEC.2/11/84. This supplementary study recommended the establishment of one strong economic community which would lead the integration process in West Africa.

16. Meanwhile, the Association of West African Intergovernmental Organisations, formed in 1983 for the purpose of fostering cooperation and better understanding among the IGOS of the subregion, came to be seen 'by some IGOS as the solution to the problems posed by the co-existence of the IGOS and as an alternative to the institutional rationalisation ordered by the Authority'<sup>1/</sup>. However, faced with the problem of getting IGOS to modify programmes already adopted by their respective decision-making organs and obtaining funds for such programmes, the

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1/ Memorandum of the ECOWAS Executive Secretariat, Rationalisation of Institutional Arrangements for West African Integration, Lagos, Nigeria, April 1991.

Association soon proved to be woefully ineffective, as its limitations became apparent. Not surprisingly, at a meeting held at Niamey, Republic of Niger, in March 1991 a decision was taken to set up an ad hoc committee to evaluate the functioning of the Association and to consider its future.

17. The two commissioned studies of 1984 and 1987, as well as the unpublished ECA study of 1986, covered the main technical grounds of the rationalisation issue and provided sufficient information on the basis of which a firm political decision could be taken. The findings of the reports made it clear that the issue of rationalization requires 'a definitive political solution'. Towards this end, the May 1990 summit of the ECOWAS Authority held at Banjul advanced somewhat the rationalisation process when it committed itself to the establishment of a single regional economic community.

18. This decision, however, tended to avoid taking a firm and decisive action on the issue, as it was not categorical in 'designating the sole regional grouping', which was required to give the rationalization process the necessary impetus. This was driven home by the July 1991 ECOWAS summit at Abuja, Nigeria, which took the decisive action in designating ECOWAS, in its decision A/DEC.12/7/91, 'as the single economic community in West Africa for the purpose of regional integration....'.

19. It is a matter of grave concern that, although since a little over a decade ago, the ECOWAS Authority has had on its agenda the rationalisation of institutional arrangements for West African integration, hardly any concrete progress has been recorded. The recommendations of the various technical reports on the subject would seem to have generally been subtly put into a cold storage. Throughout this period, subtle pressure was not unusually exerted to call for technical studies with the hope of arriving at some compromise acceptable to the IGOs, which, in consequence, avoided meeting the challenge of implementation of the various recommendations.

20. It must be stressed, even ad nauseum, that rationalization of the institutional arrangements for economic integration is 'first and foremost a political act' requiring a political decision by the ECOWAS Authority. Unable to positively and unequivocally meet this challenge, the decisions adopted by the Authority on the subject tended to be not only generally vague in nature, but also repetitive of the usual request for further studies. No doubt the rationalisation exercise itself has some disturbing implications, as for example, the potential for adversely affecting, albeit in varying degrees, the special relations (political and economic) existing within groups of countries, the beneficial financial and technical ties established with certain donor agencies, and career of officials of IGOs. All this tended to exert some subtle pressure to thwart the rationalisation process.

21. Yet without rationalisation of the multiplicity of IGOs, it would be difficult to make economic regionalism an effective development tool in West Africa. Proliferation of IGOs with simultaneous commitments to different regional efforts has resulted in a lack of coordinated strategies, policies and actions at the subregional level, not to mention raising questions about the member country's commitment to any serious undertaking.

22. Besides duplicating and competing claims on the limited resources of the subregion, to which the proliferation of IGOs has given rise, specific cases can also be cited to illustrate the extent to which the multiplicity of IGOs has seriously hampered the process of integration in West Africa. A clear case in point is the inability of ECOWAS to make any significant headway towards implementation of its key programme in market integration: trade liberalisation. The tariff stand-still period began with a delay, and although intra-trade tariff reduction period had begun, nothing substantial seems to have been done, principally because of the parallel existence of three groups - ECOWAS, West African Economic Community (CEAO) and the Mano River Union (MRU) - each of which seeking to establish a customs union.

23. By way of illustration, ECOWAS (which comprises the member States of both CEAO and MRU) launched a trade liberalisation scheme on January 1, 1990, in conformity with the decision of the Authority in 1989. However, in spite of the two-year consolidation

of intra-Community tariffs some ten years ago and the provisions of Articles 13 and 17 of the ECOWAS Treaty prohibiting discriminatory practice within the Community, members of CEAO adopted on October 24, 1989, a new CEAO protocol (Protocol R) that envisaged the levying of a "Community Solidarity Tax" of 1 per cent on the CIF or Mercurial value of all imports from third countries; non-CEAO ECOWAS member States were not included in the exemption list. While the rationale for this imposition vis-à-vis non-regional imports was quite understandable, its application to non-CEAO ECOWAS imports 'was stultifying', not to mention the possible breach of the provisions of the ECOWAS Treaty.

24. Furthermore, whereas the Authority of ECOWAS, in May 1983, introduced a single trade liberalisation scheme, CEAO, which had actively participated in the elaboration of the scheme, subsequently disowned it.

25. Differences in respect of rules of origin, customs documents and nomenclature, and compensating mechanisms, which have been illustrated elsewhere <sup>2/</sup> as constituting impediments to West African economic cooperation and integration, are matters of grave concern. The primary objective of the rationalisation exercise is

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<sup>2/</sup> S.K.B. Asante, The Political Economic of Regionalism in Africa: A Decade of the Economic Community of West African States (ECOWAS), New York: Praeger 1986, pp.162-7

to address these concerns, correct the anomalies and revitalize the integration process in West Africa.

26. Given the emerging international environment and their impact on West Africa, there is a considerable sense of urgency for the subregion to respond more imaginatively and cogently to revitalisation and acceleration of the integration process for the effective development of the individual national economies and the enhancement of their capacity to compete at the international level.

## **II. RATIONALISATION: IMPACT OF INTERNATIONAL ENVIRONMENT**

27. The slow pace of cooperation and integration in West Africa has become particularly serious when considered against the background of the major changes in the international environment to which the economies of the subregion, with their present inadequate structures and orientations, are still ill-adapted to adjust.

### **(a) West Africa and the International Economy**

28. A case in point is the rapid changes in technology which have brought about profound changes in the organisation of world production, and have significantly altered the environment for competition. The attainment of a high level of productivity now



requires, even more than before, the organisation of production across national borders .

29. More significantly, in the current high-tech global economy, with growing regional blocs, scale economies within a large integrated market, take a particular importance in the situation of West Africa, which represents the most heterogeneous conglomeration of states in all Africa, and has the largest number of mini-states. If the countries of the subregion are not to be marginalized they have to restructure their trading patterns to meet the requirements of international trade in the 1990s and beyond. This would be feasible only in a market with sizeable scale of economies and therefore much larger than individual national markets of most West African countries. Economic cooperation and integration which brings together all the subregional economic groupings and the IGOs under a single community, through the process of rationalisation, have therefore become imperative.

30. While in the past West Africa could just about manage within the small national economies, with no significance economies of scale, in recent years the situation is different. In the past the stimuli for economic growth in primary product exporting West African countries was adequate demand for the subregion's raw material exports to industrialized countries in an environment of increasing world export and international trade. Today, growth rates and the pattern of international trade do not favour primary

exports. While the real GDP growth in the developed countries were only around 3 per cent per annum throughout the 1980s, forecasts for the 1990s do not indicate much change. The scope of world trade has narrowed. As much as 75 per cent of it is polarised within and in-between the countries of the rich North, comprising Western Europe, North America and South East Asia (primarily Japan) - the so-called Triad. For the last two decades West African agricultural exports have been faced with falling demand, particularly from the Triad, while demand for certain minerals exported by the subregion is also on the decline.

31. There is much evidence to suggest that the shrinkage of West Africa's export markets is not just a cyclical phenomenon but a long-term trend. There is, for example, the changing patterns of commodity use in the industrialised countries as the main growth sector has shifted from manufacturing to services which do not require the bulk of the subregion's primary inputs. There is, also, the substitution of synthetics for certain raw materials; protectionist policies (open and hidden) in developed countries; competition for primary products produced in other developing countries, and in the developed world in particular. It is worth stressing, too, that the developed countries dominate world trade not only in the manufactured goods but also in non-fuel primary commodity exports.

32. Against this background, it is imperative for West Africa not only to broaden her export base by generating the capacity to produce and export non-traditional products; the countries of the subregion should also generate more inter-dependence through cooperation and integration and to strengthen their position in a high-tech and regionalised world.

33. Given the small national markets, there is no doubt that economic cooperation and integration that would emerge through rationalisation and restructuring of the subregional institutions would impact positively on the development process of the subregion. Hence the urgency for the rationalisation of co-operation organisations, not only to prevent costly duplication, but also to establish certainty and a better investment climate, and to meet the challenges posed by the collapse of international commodity prices, declining export earnings for the subregion's primary commodities, the slow down in financial resource inflows, the lack of access to international investments and markets and, above all, the debilitating effect of the debt problem on the economies of the subregion and the negative impact on development programmes. This should particularly be the case when viewed against the background of the new wave of regionalism spreading across both the developed and developing regions of the world.

(b) Revival of Regionalism

34. Since the mid-1980s, both international developments in Africa and changes on the global level, have revived interest in regional cooperation and integration in sub-Saharan Africa. Internally, several national economies with mounting debt burden and adjustment difficulties, an unprecedented development crisis, almost hopeless underdevelopment, and the growing marginalisation, insist on the traditional arguments in favour of regionalism. It is argued that if underdevelopment cannot be overcome and if national economies remain desperately uncompetitive in the world market, then economic integration as a second best (or second worst ?) scenario may help alleviate the crisis, avoid increasing poverty, break historical dependencies, and strengthen elements of self-reliance.

35. Besides, the limited internal viability of African economies has led to the recognition that many development issues transcend national boundaries and should as such be tackled at subregional and regional levels. Indeed, regional integration is no longer seen as an instrument of import substitution on the regional level, but as part of a new strategy based on more competitive production and export patterns, and of acceptance of the rules of the game that characterise international trade and economic relations. Given the present political and economic fragmentation of the West African subregion, the strategy of economic cooperation and

integration is not only desirable; it is necessary if the subregion is to industrialize, develop intra-West African trade, reduce its dependence on vulnerable and fluctuating overseas markets, mobilize and maximise scarce resources of capital and skills and, finally, forge the way to effective political and economic unity.

36. Externally, too, the changing face of international relations, the technological developments accompanied by changes in the organisation of production, together with a trend towards the formation of more integrated trading blocs in the advanced industrialised countries, as highlighted below, the relegation of East/West rivalry which has raised fears that increased attention to Eastern European countries could lead to gradual marginalisation of the West African subregion and the rest of Africa on the international scene, all have fuelled a revival of enthusiasm for the strategy of economic co-operation and integration.

37. Regional integration which fell out of favour as a "development issue" in the late 1970s and 1980s is now being broadly supported across the political spectrum and projects to promote economic integration are under way in many regions of the world. Regionalism is now being presented in effect as an alternative to multilateralism. After decades of continuing progress in multilateral trade negotiations, regionalism is once again being viewed as a solution to the major international economic problems of our time. It is back with a vengeance. In

its current incarnation, regionalism has engulfed all major players in the world economy.

38. In the West Africa subregion, perception of the implications of these changes was manifested by the decision of the ECOWAS Authority (Decision A/DEC.10/5/90 of 30 May 1990) to review the ECOWAS Treaty to enable the Community to adjust itself to the dramatic changes that were taking place in West Africa, the African continent and the other parts of the world, to expand the coverage of the original Treaty of 1975, and to modify its strategies in order to accelerate the integration process and contribute effectively to West African development.

39. This trend has been given a new lease of life by the establishment of the African Economic Community in June 1991, that has provided a new opportunity to step up the rationalisation exercise to enable the West African subregion to be represented at the continental level by a single economic community. Already, the May 1990 Banjul decision of the ECOWAS Authority has underscored the importance of having such a single community in West Africa 'for the purpose of inter-regional integration and the eventual establishment of the African Economic Community envisaged in the Lagos Plan of Action....'. Without any doubt, the success of the African Economic Community requires decisive progress with integration efforts at the ECOWAS level, as well as the levels of the other subregions. The Community is indeed Africa's forceful

response to the challenges posed by the world of trading blocs, especially the emerging European Common Market or "Fortress Europe" 1992.

### III. WEST AFRICA AND THE WORLD OF TRADING BLOCS

40. As noted above, there is today a revival of regionalism or a "new regionalism", as World Bank economists, Jaime de Mello and Arvind Panagariya, would have it described 3/. The main driving force for this second wave of regionalism is the conversion of the United States - hitherto an ardent defender of the multilateral approach (as reflected in the General Agreement on Tariffs and Trade (GATT)) and the most formidable opponent of regionalism in the 1960s - to become an active perpetrator of regionalism. As the key defender of multilateralism through the postwar years, the US decision now to travel the regional route, in response to the challenge posed by Europe 1992 and impending integration of Eastern Europe into the European Community, has tilted the balance of forces away from multilateralism to regionalism 4/.

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3/ Jaime de Mello and A. Panagariya, "The New Regionalism" Finance and Development, vol. 29, No. 4, December 1992, pp. 37-40.

4/ Jagdish Bhagwati, "Regionalism vs. Multilateralism: An Overview", Paper presented at World Bank and CEPGL Conference on New Dimensions in Regional Integration, April 2-3, 1992 Washington, D.C.

41. The US conversion to regionalism has resulted in the formation of the Canada-US Free Trade Agreement (CUSTA), the negotiations for a North American Free Trade Agreement with Mexico (NAFTA) and the Enterprise of Americas Initiative. The CUSTA and NAFTA negotiations have prompted East-Asia to turn the Association of Southeast Asian Nations (ASEAN) into the ASEAN Free Trade Area. Hence today, there is a distinct possibility that regionalism will divide the developed world into three trading blocs: Europe, the Americas, and East Asia. This has brought the global aspect of regionalism to the forefront of the policy debate and divided more sharply than ever the defenders of the multilateral process and the devotees of regionalism.

42. The implication of this world of trading blocs is that whatever the terms of the agreement at the end of the Uruguay Round trade negotiations under the GATT, these trading blocs will take advantage of their stronger position as integrative groups and derive benefits from the emerging international economic system. Thus, with the approach of the twenty-first century, Europe is increasingly looking to Europe, America to America, Asia to Asia with the ultimate objective of establishing a unified and integrated market, capable of fostering production and trade, in a coordinated approach. The main objective of this regional and global strategy is primarily for individual countries in Europe, America or Asia, to avoid marginalisation in international affairs and collectively to effect changes which will ensure an adequate



balance of political and economic powers to sustain political independence and economic development through collective efforts<sup>5/</sup>.

43. These developments have presented an extraordinary challenge to West Africa and raised some searching questions. How, for example, will West Africa, saddled with proliferation of customs unions and IGOs, fare in this new world of trading blocs? Will West African leaders and governments continue with the business-as-usual policy? Or will they initiate and engineer developments of sufficient impact through rationalisation to enable the subregion to achieve an economic turnaround and become an active participant in the historic changes that are bound to occur during 1990s? Will the creation of a Single European Market be to the benefit of West Africa? Or will the Single Market turn out to be a "fortress", more protectionist, inward-looking, and less sympathetic to the exporting needs of its developing West African partners? And will the interest of European business in investing in West Africa now wane as a result of the prospects offered by the single market? And finally, what, then, are the implications of the world of trading blocs for the future of West African development?

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<sup>5/</sup> For details see S.K.B. Asante, African Development: Adebayo Adedeji's Alternative Strategies, London: Hans Zell, 1991, pp.200-205.

44. The economic implications of trading blocs, especially Europe 1992, for West Africa are more crucial and more widely understood. Because for historic, geographic and political reasons, the subregion trades far more with Europe than any other area of the world, the implications of Europe 1992 for West Africa are more significant and more carefully studied than the implications of similar existing or to-be-formed trading blocs elsewhere in the world. 6/

45. Given a single European market of some 320 million consumers - the world's biggest single market -, coupled with the considerable importance of the EEC in the world economy, there seems to be little doubt that Europe 1992 will create trade opportunities for the EC partners. Unfortunately, however, the structure of and recent trend in West African exports to the EEC would tend to suggest that Europe 1992 would "present the subregion with more challenges than opportunities". Briefly stated, despite EC lip-service to its special relationship with the West African countries under the Lome Convention, it is evident that these countries stand to lose most in the race for 1992.

46. The principal source of potential negative impact for West Africa is the trade displacement effect. That is, the removal of

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6/ See for example, Unilag Consult, The Potential Effects of the 1992 Single European Market on Members of ECOWAS, Lagos, University of Lagos press, 1990.

national restrictions may erode the competitive margin that the West African countries enjoy vis-à-vis other exporters to the EC as a result of preferential access to certain EC markets. Besides, the range of West African exports, as elsewhere in Africa, is far too narrow to allow it to take advantage of EC market potentialities and the level of flexibility of their production-system in most cases remains low. As the structurally weakest members of the Third World, West African countries, like their counterparts in the rest of Africa," will find life in post-1992 Europe harder".

47. Furthermore, the demand for tropical agricultural products, which constitute the main West African exports to EEC, as noted already, has reached a saturation point in the developed market economies. Even in the area of manufactured exports, where the prospects are much brighter than those of tropical agricultural products, the West African countries, as highlighted in a recent special study on the subject, "appear to be handicapped by the low industrial capacity and lack of competitiveness of the manufactured products in terms of price, quality, packaging, delivery terms" etc. 7/

48. Similarly, the emergence of other regional economic blocs in North America and the Pacific Rim is likely to diminish West

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7/ Ibid., p.32.

Africa's access to export commodity markets by raising the average level of protectionism in the advanced countries, stiffen export competitiveness, cause further substitution for West Africa's commodity exports and impose losses in terms of trade, higher cost of imports and reduced export earnings from those markets.

49. On the whole, our individual economies, with their fragility and uncompetitiveness, seem ill-placed to take advantage of any opportunities that the Europe 1992 and the other regional economic blocs might offer outsiders. On the contrary, in post-Europe 1992, when present European currencies are merged into one common European currency, West Africa in particular might feel the impact of the first serious shock from the EEC through the effects of that currency integration on the CFA zone. In these circumstances, delinking or disengagement is no longer an issue for West Africa to worry about. The developed world has in certain respects started to delink from the subregion and the rest of the continent.

50. Besides trade, Europe 1992 will also have a disturbing impact on foreign investment, as an engine of growth, as well as EEC aid flows to the West African subregion. Given the historic developments in Eastern Europe, as well as the increasing stiff conditionalities, the volume of external resource flows to West Africa is fraught with uncertainties. As a result of the growing interest in OECD countries of the need to provide resources to such

Eastern European countries as Poland and Hungary, the external resources famine from which West Africa and the other parts of Africa are currently suffering may be intensified in the 1990s. This is evident from the decision of the European Community to establish a Bank for the Reconstruction and Development with US\$14 billion initiative which will channel Western financial aid eastward hopefully to turn Eastern Europe's stalled economies in a new direction.

51. Hence, today, the question is no longer when and how European capital flows to West Africa will be channelled and utilized but whether the resources, which hitherto have been coming to the subregion in a trickle, will continue at all. The infrastructural base for investment in Eastern Europe is better. Proximity and cultural affinity at least for Europe are added incentives. Moreover, given the ties within Europe, West European government aid to Eastern Europe is likely to be politically more popular than aid to West Africa. Potential investors from North America, Europe and Asia who have carefully analysed the effects of the removal of preferential trade anticipated for 1992, are now rethinking their investment strategies in the light of the current Eastern European situation.

52. These disquieting trends are bound to accelerate the downward spiral of the disintegration of West African societies and economies and their infrastructure, particularly when viewed

against the background of the lessening of tensions between the East and the West and the end of the Cold War, which will mean that Africa is less of a pawn and will have less of a choice in moving across the ideological divide. With such significant changes occurring in Eastern Europe with dizzying speed, coupled with the challenge of new approaches to the integration process in the subregion, as discussed below, West Africa cannot but resolve to adopt new ways of tackling the challenges of the 1990s facing the subregion.

#### **IV. THE CHALLENGE OF NEW APPROACHES**

53. The need for rationalisation of the economic cooperation and integration efforts in West Africa has never been so compelling as it is in recent years, when viewed against the background of the emerging approaches to integration which potentially pose a serious threat to the process of regionalism in the subregion. Specifically, the more West Africa remains divided into rival customs unions and multiplicity of IGOs, the more the subregion is ill-placed to effectively meet the challenges of new integration approaches as briefly highlighted below.

(a) Market Integration Approach

54. Although the classical trade liberalization approach to integration among developing countries has long been discredited, the economic community schemes formed in West Africa to stimulate trade and promote collective self-reliance have adopted it, given priority to it, without much success. The intra-group official trade of countries forming these market integration communities remains a small share of their total trade: in 1989, it was 9,2 per cent in ECOWAS, 10.7 per cent in the CEAO, and less than 1 per cent in the MRU and Senegambia.

55. In West Africa, as in other subregions of the continent, the low levels of development and the limited possibilities for profitable intra-subregional exchange simply do not provide the basis for market integration. There is little purpose in liberalising trade when the parties have nothing to exchange: subregional integration, inter-alia, must create the basis for trade. Otherwise, market integration in West Africa will merely be for promoting non-West African goods and services.

56. Hence the continuing emphasis of the economic schemes in West Africa on customs unions based on the European experience of market integration is entirely inappropriate for such an underdeveloped subregion where the problems are non-orthodox, that is where the

principal need is not for the consolidation and rationalization of existing production according to comparative advantage, but to promote development by employing previously non-utilized factors of production.

57. While the European countries needed a wider market to increase the competitiveness of their established industrial structure, West African countries are face with the problem of developing on a collective basis a viable industrial structure that they could not develop individually because of their small size and poor economic and social infrastructure. It needs hardy be stressed, then, that in West Africa, as in other developing countries, economic cooperation in whatever form - customs union, common market or economic community - has little chance of contributing effectively to economic development and structural change without the concerted efforts of the participating countries to coordinate their sectoral plans and programmes, most especially in agriculture, industry, transport and communications and energy production and utilization, as well as their overall development strategies and perspectives.<sup>8/</sup>

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<sup>8/</sup> S.K.B. Asante, "Regional economic cooperation and integration in West Africa: The Experience of ECOWAS", in Oliver S. Saasa, Joining the Future: Economic Integration and Cooperation in Africa, Nairobi: African Centre for Technology Studies, 1991, p.123.



58. Hence besides rationalization, the challenge facing the West African subregion is how to advance a new approach to cooperation and integration. For not only has it proved difficult, as the experience of ECOWAS, CEAO and MRU has shown, to integrate markets through the removal of trade barriers; it is also quite evident that without substantial effort to expand production capacities and improve productivity in all sectors, integration of markets would be largely ineffective. It is important therefore that the two endeavours - attempts to integrate markets and efforts to promote a joint approach to the expansion of production capacities - should proceed simultaneously and be mutually reinforcing.

(b) The Neo-liberal or Minimal-Protection Approach

59. The second new approach to integration, which has recently emerged from neo-liberal or the market-oriented camp, argues that the failure of market integration efforts be attributed to their being inward-looking, basing their hopes for growth mainly on increased protection, and on moving import-substitution to a regional level. This approach, which is based on the opening up of economies of the developing Africa to global competitive pressures, is consistent with an outward oriented strategy that promotes incentives which are neutral between production for the domestic market and export. The ultimate objective is to create conditions which would allow the private sector to freely work, trade and invest across African borders and with relatively low barriers

against third parties. Integration should then be seen as a process of mutual regional liberalization which would strengthen and extend on-going adjustment efforts by adding another dimension.

60. This neo-liberal approach rests on the assumption that what is good for business is good for the community as a whole. Its essential thrust is to accommodate demands of capital, without taking account of the interests of other social forces. Nor does this approach, particularly in the case of West Africa, address such critical questions as how to overcome the barriers to integration deriving from underdevelopment, inadequate infrastructure and other deficiencies, or how to empower the most impoverished and least developed partners to become more effective in regional trade.

61. The neo-liberal approach is no more than an attempt to set back economic integration process in West Africa and reinstate the market integration approach coupled with a low external protection. This could only end up increasing West Africa's dependence and annihilate efforts to develop production within the subregion. In other words, West Africa's markets would be integrated for the benefit of transnational corporations and other foreign suppliers.

**(c) Vertical Integration Approach**

62. The newest approach to economic integration which has the potential for further disintegration of the West Africa subregion is the vertical integration approach initiated in 1991 by the West African Monetary Union (UMOA). Member countries of UMOA (and BEAC) envisage the establishment of an economic union in order to maximise the advantages inherent in their membership of a single currency zone. In this approach priority is given to the coordination of the banking systems and that of the fiscal and budgetary policies of the participating countries. The projected community is expected to regain the investors' confidence in a new environment of legal security and a tighter monetary control as well as strict monitoring of budget deficits and levels of indebtedness.

63. The vertical integration is unlike the other brands of integration, which are horizontal, so to speak, in the sense that they aim to bring together states and economic agents that are physically close. The new approach aims at closer linkages between an industrialized metropolitan power (France) and its less developed monetary zone associates, with whom it shares language and administrative/legal institutions.

64. This French-led vertical integration strategy seems certain to have negative political consequences in the economic cooperation and integration efforts in West Africa. In the first place, stringent monetary and financial policies would foil efforts being made in the West African subregion for the harmonisation of economic policies in general and monetary and financial policies in particular.

65. Second, the approach is as divisive as a new brand of neocolonialism. ECOWAS would be "disjointed" as a result of the projected Franc Zone Community with the isolation of non-CFA Zone members. Programme and guiding principles of ECOWAS are at variance or even contradictory to those of the CFA Zone Community. This would create unsurmountable difficulties to the harmonization process envisaged in the African Economic Community.

66. A review of the three new approaches to integration tends to suggest that they would both at best contribute to West Africa's overdependence on France and subsequently on the EEC and would foil the subregion's efforts to develop productive structures on the basis of collective self-reliance policies. They would, above all, jeopardize the achievement of West African as well as continental economic integration. The vertical integration approach in general dangerously challenges the July 1991 ECOWAS decision reaffirming the sole legitimacy of ECOWAS in integration efforts in West Africa. What is to be done?

## V. CONCLUSION: THE WAY FORWARD

67. The conclusion towards which this chapter tends is that to meet the challenge of the emerging international environment -- the rapid changes in technology, post-Europe 1992 and the global trend towards economic regionalism --, rationalization and restructuring of the unhealthy proliferation of the multi-national organizations in West Africa towards establishment of a single but effective subregional economic community that can authoritatively speak for and negotiate on behalf of member States of the subregion on important economic and social issues has become much more compelling and urgent.

68. Since West Africa will be dealing with an increasingly monolithic Europe, the subregion cannot afford to continue to speak in a multiplicity of voices. Rather, the simple logic of economic self-preservation should awaken West Africa to the need for greater unity and collective action. The experience of the subregion under the successive Lome Conventions is illustrative of the futility of having a multiplicity of customs unions and IGOs struggling to take advantage of the provisions of the Lome system. The unhealthy rivalry and lack of co-ordination in the submission of regional projects for EEC (and other external financing institutions) conspired against provision by EEC of effective assistance for attaining the objective which the member States set themselves in the context of regional co-operation and development.

69. The willingness of Europe to put an end to parochial nationalism in the drive for economic integration, and the recognition by the truly industrialized and rich US and Canada of the importance of co-operating with each other in the present world economy -- all this is paradoxical and instructive for the countries of the West African subregion. Given the fragmentation of the subregion, the small size of the markets, the level of poverty and the standard of living which is one of the lowest in the world, coupled with the artificiality of the frontiers or national boundaries, the intensification, rationalization and revitalization of integration process in the subregion is sine-qua-non for meeting the challenge of marginalization and increasing immiseration in the global economy. With total cohesion and unity of purpose based on a single subregional economic scheme, West Africa can compete on the world scene and can refuse to be marginalized.

70. The rationalization may be approached from two main perspectives. First, rationalization of the institutional provisions of the intergovernmental organizations involved in economic co-operation and integration efforts. And second, the creation of a mechanism for the co-ordination and harmonization of activities of the intergovernmental organizations in the various sectors. It is towards this end that the subsequent chapters of this study have devoted attention.