69529

DISTR. LIMITED
ECA/MULPOC/NIA/IGOs:92/VI/14
OCTOBER 1992
ENGLISH
ORIGINAL : ENGLISH

ASSOCIATION OF WEST AFRICAN
INTERGOVERNMENTAL ORGANIZATIONS

MEETING OF THE AD-HOC COMMITTEE
MANDATED TO REFLECT ON THE FUTURE
OF THE ASSOCIATION

18 - 19 FEBRUARY 1993
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RECENT INITIATIVES IN THE FIELD OF ECONOMIC COOPERATION AND INTEGRATION AND THE AFRICAN ECONOMIC COMMUNITY

In spite of the current "donor and institution fatigue", the signing of the Treaty establishing the African Economic Community in June 1991 seems to have kindled anew increased interest in economic cooperation and integration schemes for Africa. Since then, there have been several proposals by various multilateral as well as bilateral partners of the continent.

Some of these far-reching recent initiatives deserve further careful consideration in the light of the African Economic Community and the possible impact of such proposals/programmes on the on-going economic integration experiences in Africa.

In this note, we will briefly review the World Bank initiative supported by the EEC and the recent Franco-African move towards turning Franc Zone areas in West and Central Africa into an economic community.

I. THE WORLD BANK INITIATIVE

This initiative started soon after the signing of the Abuja Summit of the Treaty establishing the African Economic Community. It came, first, as a proposal for a study on "Regional integration in Sub-Saharan Africa : Research for a new approach" and later evolved into what is now known as the "Mauritius initiative" or "The variable geometric approach", all being the same.

The study proposal and subsequent related activities of the Bank were based on the assumption that the integration model adopted by the European Community, being "the only sustained and successful integration effort" is the one to be applied to Africa. For the Bank, "integration should result in a common market with free trade and factor flows and low external protection. The Bank further advocates the development of a strategy for outward-oriented regional integration subjecting domestic production to international market forces.

As indicated, the Bank is now moving in the same direction with EEC's support and cooperation and has already organized a seminar in Mauritius to work out modalities for the implementation of such ideas in Eastern and Southern Africa, and had opted for a "flexible variable approach" in determining country groupings at variance with those envisaged in the African Economic Community. The Bank advocates a "massive" rejection of the present institution setting. The national study groups established under the Bank's arrangements within this initiative to help complete the study have been cautioned at the Mauritius

meeting not to let government interfere with their work. This is another reason to suspect the Bank's attempt to set an agenda for African countries out of the framework of the African Economic Community.

The Bank's proposal as outlined above, is no more than an attempt to set back economic integration processes in Africa and reinstate the market integration approach coupled with a low external protection. This could only end up increasing Africa's dependence and annihilate efforts to develop production within the continent, in other words, Africa's markets would be integrated for the benefit of transnational corporations and other foreign supplies. In the projected situation, developed countries would enjoy obvious comparative advantages with no reasons to envisage new investments in the continent. The current pattern of international division of labour would continue with the same effects on the continents economies.

The Bank's assumption that the EEC model is the best for Africa is wrong : The EEC's common market prime objective was to organize competition between countries having reached a fairly high level of development, which is not the case of Africa. This continent is still to develop basic production and infrasturctures to create a sound basis for the liberalization and development of trade. Common markets without production and infrastructures for trade would be doomed to failure in Africa and would let the continent in increased dependence vis-à vis the external world.

II. THE PROPOSED AFRICAN FRANC ZONE ECONOMIC COMMUNITY

This project was initiated in 1991 by the West African Monetary Union (UMOA) and formally conceptualized in a report dated December 1991. The whole idea cuminated in the Libreville meeting where an inter-regional link with countries of the Franc Zone Area in Central Africa was worked out. The process is still on and various technical reports have been commissioned for the purpose.

Member countries of UMOA and BEAC envisage the establishment of an inter-regional economic community stemming from their common belonging to the Franc zone and to the same monetary unions. Even though, the main justification to the move was said to be lack of progress in the on-going integration experiences, the actual reason is to be found in the very pitfalls of the CFA Zone and the deepening crisis its member countries have been experiencing for a few years now.

The economic integration approach adopted by the group and supported by FRANCE is based on the Franc Zone as a cornerstone. 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. All this should lead to the harmonization of the economic laws (Trade and corporate laws) and possibly the adoption of a unified system of laws in this domain.

A regional court of justice for appeals is envisaged to oversee the application of such laws. With this and a single monetary policy throughout the area (West and Centtral Africa). The projected community is expected to regain the investors' confidence in a new environnment of legal security and a tighter monetary control as well a strict monitoring of budget deficits and levels of indebtedness.

What is the likely impact of the proposed community system on its member-States and what would be its interferences with the African Economic Community ?

The "CFA Zone" is not a monetary union as such . The CFA Franc is merely an instrment to facilitate Trade between France and its African partners of the Franc Zone through the fixed exchange rate and automatic convertibility mechanisms. It has not payed any meaningful role in impulsing investments in the productive sectors. In the absence of exchange control over transfer between African countries and France, the projected financial market is doomed to failure. With this and the increased tightening of monetary and credit contorol, the economies of the member-countries of the projected community will increase their dependence on France and later on the EEC and will continue to be excessively extroverted and under-developed.

For the following reasons, the proposed "CFA Zone Community" is not conducive to the strengthening of the existing regional groupings (i.e. ECOWAS and ECCAS) (building blocks of the African Economic Community) :

1. Astringent monetary and financial policies would foil efforts being deployed in the existing regional groupings for the harmonization of economic policies in general and monetary and financial policies in particular.

2. Both ECOWAS and ECCAS would be "disjointed", as a result of "the Franc Zone Community" with the isolation of non CFA Zone members of the two subregional groupings. Programmes and guiding principles of the latter 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.

3. Divergences between the African Economic Community and the Proposed "CFA Zone Community" partake of deep differences in their policy orientations : The African Economic Community" (i.e. including ECOWAS and ECCAS) is based on self(reliant and self-sustaining economic development strategies and policies while the CFA Zone Community would maintain and deepen extroverted economies.

CONCLUSIONS

The signing of the Abuja Treaty has triggered off several initiatives in the field of economic integration in Africa including those of the World Bank and the francophone countries in the the continent. Are these initiatives in line with the African countries' firm commitment to reinforce the existing regional communities (ECOWAS, ECCAS, PTA, SADCC) as building blocks of the African Economic Community ?

Strategic and policy divergences between the World Bank and "CFA Economic Community" initiatives on the one side and the African Economic Community on the other side are so deep that harmonizing them would be impossible. Both the World Bank and the proposed "CFA Economic Community" projects were admittedly initiated on the basis of the assumption that on-going African experiences are all failures.

Reviewing these initiatives, we have noted that they would both at best contribute to Africa's overdependence on France and later on the EEC and would foil Africa's efforts to develop productive structures on the basis of collective self-reliance policies. They would jeopardize the achievement of regional and continental economic integration.