

Third Meeting of Committee on Regional Integration

Opening Statement

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Addis Ababa, Ethiopia
30-31 October 2003**

Your Excellencies
Distinguished Delegates
Distinguished Guests and Participants
Ladies and Gentlemen,

It is a privilege for me to warmly welcome you to Addis Ababa, to the Headquarters of the Economic Commission for Africa. This is the third statutory meeting of the Committee on Regional Integration in Africa. The Committee brings together officials and experts to review progress and constraints of the process of Africa's integration and explore options for further advancing this agenda.

As you all know, over several decades, African countries have been in a tremendous struggle to advance their economic and social development with a view to putting the region on the path of sustained growth and progress through integration. This is because Africa is basically a continent of economically small states, but one that has an enormous potential for economies of scale production, as a haven for investments, and for the capacity to become globally competitive. Strengthened regional integration should make it possible to rationally and cost effectively exploit the continent's huge resource endowments, human capacities, climate and cultures for its people's collective well being. Africa, as balkanized individual economies, could remain perpetually dependent on the world economy as producers of primary commodities and consumers of limited manufactured imports relative to their needs. However, developing the continent collectively through integration could have payoffs in terms of transforming Africa as a collective force in the global economic mainstream.

It is in this perspective that the attention of African countries is increasingly being directed to the issue of regional integration, as manifested in recent efforts towards establishing an Africa Union. The need for substantive progress is becoming more pressing than ever before as the Africa region faces the increasing challenge of the galloping pace of globalization. This phenomenon is being fuelled by rapid technological advancements, intensive and extensive global capitalism, development of knowledge-based comparative advantage, new ideas and skills. Globalization is also being shaped by phenomenal advances and spread of information technology. We cannot afford to remain behind these global advancements.

There is currently a feeling of optimism that progress regarding Africa's integration agenda can be accelerated with renewed commitment and revitalized interventions. The advent of the African Union and NEPAD provides us yet with another opportunity to match action with words and thereby also prepare ourselves to meet the challenges of globalization and respond to the aspirations of our people. To this end, bold and concrete steps to overcome current and potential obstacles to the integration process, and redouble efforts to achieve agreed goals and objectives are inevitable.

Coming at the threshold of the whirlwind of activity to set the African Union in motion, this meeting provides us with an august opportunity to reflect on our integration agenda, rehash some of its potential payoffs for Africa, consider where we are at the moment, what have been our best experiences, what have been our pitfalls, and our challenges as we move forward to establish the African Union.

As you participate in the discussions over the next two days, it will be our privilege to benefit from your ideas and perspectives on a way forward. However, here are a few issues and concerns we want to share with you

from our experience in working on the comprehensive flagship report on assessment of Africa's integration, which will soon be published.

Macro-economic policy issues

You will all agree with me that for integration to be successful, policy convergence is key because it helps members of the bloc to aspire to higher levels of macro-economic discipline. It helps to promote collective economic policy thinking and formulation so that policy requirements in member States would be so similar as to reduce or minimize adverse effects of unilateral and uncoordinated policy decisions by individual member States' on one another's economies. It is in this context that some, but not all RECs have established macro-economic policy convergence so as to encourage their member States to substantially improve upon their macro-economic framework for development and deeper integration amongst themselves. But in general, it has not been at all easy to maintain them on a consistent basis or improve on them. Sustaining the established levels of macro-economic policy convergence remains a major concern.

Trade issues

Distinguished delegates would also realize that Africa's integration efforts so far have been much more visible in the area of trade and market integration. There has been much investment in time and focus expended in this area. However, elimination of barriers to intra-regional trade has been generally incomplete as some members States are behind in their tariff reduction obligation. Furthermore, intra-REC trade, remains weak and has been the preserve of only a few dominant economies. The majority of the countries are marginalized in this trade, for reasons including their weak productive capacities. Consequently, intra-REC trade, especially, is on the average less than 10% of the RECs' total trade with the rest of the world. Indeed, the unevenness in trade gains and the erosion of revenue capacity occasioned by tariff reduction programs have caused certain countries to rightly or wrongly falter on their commitments to the integration process, not least to trade liberalization schemes.

Infrastructural and other sectoral issues

Infrastructure development at the national level and in an integrated manner remains another area of major concern. There have no doubt been some noticeable achievements, particularly within the framework of the UNTACDA programmes in the field of transport and communications. Nonetheless, the achievement of the broader objective of establishing an African Union will no doubt require that significant inroads be made in key growth enhancing sectors (energy, transport and communication networks, etc) within the RECs and across the continent. A lot remains to be accomplished in completing various missing links within RECs and across Africa, especially in the road sub-sector, as well as exploiting the potential of trade in energy through initiatives such as "Power Pools". Improved transportation and communication links can no doubt help to boost productivity and competitiveness through reductions in the cost of doing business which remains naturally high in Africa.

Political and national commitment

Political commitment cannot be taken for granted. It exists but it has to adequately manifest itself into provision of sufficient resources, national level implementation, and enhanced results of the integration agenda. Inadequate internalization of agreed integration objectives at the national level is evident, and manifested in weak national mechanisms for coordination, implementation and follow-up of commonly defined goals and objectives.

REC overlaps and multiple membership

The existence of several RECs and overlapping membership has some merits within the context of the variable geometry concept (e.g. creation of viable smaller cells for nurturing integration). However, they have also tended to complicate the overall continental integration agenda and put enormous strains on governments' ability and resources to cope with diverse integration mandates and exigencies. Appropriate options need to be debated on the issue of REC overlaps and multiple membership.

“ Whether or not it requires radical rationalization through amalgamation of smaller RECs into larger regional groupings; “ Whether or not the status quo should be maintained under mandatory but not loose mechanisms to enforce coordination and harmonization of RECs' policies, mandates, programs etc; “ Whether or not some regulatory principles are needed to govern country membership to more than one REC at the same time; and “ Whether or not existing continental mechanisms are adequate and effective to ensure coordination and harmonisation between and amongst RECs.

I am pleased to announce that it is the intention of the ECA to devote the next ARIA report to this long-outstanding, but critical issue of rationalization of the RECs as we move forward in this new era of building an African Union.

Mismatch between our integration ambitions and resources

You will realize, Distinguished Delegates, that providing adequate financing towards realizing the complex agenda of integration remains a key contemporary concern. We continue to face a situation where there is quite a significant mismatch between resources and the substantial level of integration ambitions and targets. There is no question that almost all RECs suffer from inadequate material, financial and manpower resources to enable them drive their respective integration agendas. A number of issues arise from this reality.

“ Should RECs' mandates and scope of operations be reduced to focus on very limited goals and objectives, and what should be these limited activities?

“ If they have to be omnipresent and all-embracing, how can their capacities and resources be strengthened accordingly?

These are but a few of many issues that remain central to our quest towards integrating the African economies. It is our hope that from the various presentations tabled for discussions, we will benefit from your immense experience and wisdom in charting a Way Forward.

I thank you for your attention.
