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REPORT ON CONVERGENCE OF INTEGRATION MODALITIES OF THE AFRICAN ECONOMIC COMMUNITY AND INTEGRATION PROGRAMMES OF REGIONAL ECONOMIC

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Abbreviations and Acronyms

ABDC	African Development and Commerce Bank
ADB	African Development Bank
AEC	African Economic Community
AGF	Africa Guarantee Fund
ASYCUDA	Automated System of Customs Data Analysis
AU	African Union
BAPTA	COMESA Bankers Association
BCEAO	*Banque Centrale des Etats de l'Afrique de l'Ouest*
BDEGL	*le Banque de Développement des Etats des Grand Lacs*
BEAC	*Banque des Etats de l' Afrique Centrale*
CEMAC	*Communaute Economique et Monetaire d'Afrique Centrale*
CEN-SAD	Community of Sahel-Saharan States
CEPGL	*Communauté Economique des pays des Grands Lacs*
CET	Common External Tariff
CFA	*Communauté Financière Africaine*
c.i.f.	Cost, insurance and freight
CIMA	*le Conference Interafricaine des Marchés d'Assurance*
COMESA	Common Market for Easter and Southern Africa
COMESAMIA	COMESA Metallurgical Industries Association
CU	Customs Union
CET	Common External Tarif
CM	Common Market
CTN	Common Tariff Nomenclature
EAC	East African Community
EAFAIPA	East African Association of Investment Promotion Agencies
EASRA	East African Securities Regulatory Agency
EBID	ECOWAS Bank for Investment and Development
ECCAS	Economic Community of Central African States
ECOAir	ECOWAS Airline
ECOBank	ECOWAS Bank Group
ECOWAS	Economic Community of West African States
EFCCD	ECOWAS Fund for Cooperation, Compensation and Development
EGL	*l'Organisation de la CEPGL pour l'Energie*
ERDF	ECOWAS Regional Development Fund
ERIB	ECOWAS Regional Investment Bank
ESABO	Eastern and Southern Africa Business Association
EU	European Union
EUROTRACE	Software package for external trade statistics
FEMCOM	Federation of National Association of Women in Business in COMESA
FM	Free Movement
FTA	Free Trade Area
ICT	Information and Communication Technology
IDA	International Development Association
IGAD	Inter-Governmental Authority on Development
IOC	Indian Ocean Commission
IRAZ	*l'Institut de Recherche Agronomique et Zoologique*

ISO	International Statistics Organization
ISRT	Inter-State Road Transit
ITU	International Telecommunication Union
KBO	*l'Organisastion pour l'aménagement et le dévelopment du Basin de la Rivière Kagera*
LLPI	Leather and Leather Products Institute
MCP	Monetary Cooperation Programme
MHP	Monetary Harmonization Programme
MRU	Mano River Union
MU	Monetary Union
PANFTEL	Pan-African Telecommunication Network
PHARMESA	Pharmaceutical Manufacturers of Eastern and Southern Africa
PTA	Preferential Trade Area of East and Southern Africa
PTA Bank	Eastern and Southern Africa Trade and Development Bank
REC	Regional Economic Community
RHCTSS	Regional Harmonization of Customs and Trade Statistics System
RIP	Regional Indicative Programme
SAAP	South African Power Pool
SACU	Southern African Customs Union
SADC	Southern African Development Community
SPA	SADC Programme of Action
SQMT	Standard Quality Metrology Testing
TLS	Trade Liberalization Scheme
UAPTA	COMESA travellers check
UDEAC	*Union Douanière et Economique d'Afrique Centrale*
UEMOA	*Union Economique et Monetaire de l' Ouest Africaine*
UMA	Union de Maghreb Arab
UNCTAD	United Nations Conference on Trade and Development
VA	Value Added
WACB	West African Central Bank
WACH	West African Clearing House
WAMA	West African Monetary Agency
WAMI	West African Monetary Institutive
WAMZ	West African Monetary Zone
WCO	World Customs Organization
WTO	World Trade Organization
ZEP–Re	PTA Re-insurance Company

Executive Summary

1. The objective of the study is to evaluate the convergence between the integration programmes of regional economic communities (RECs) and those of the African Economic Community (AEC). With the ultimate goal of realizing an African monetary and economic union, the Abuja Treaty of 1991 and its entry into force in 1994 mark the formation of the AEC. The interdependence between RECs and the AEC and the process of economic integration, evolving from regional-level free trade areas to continental-level monetary and economic union, constitute the two prominent features of the treaty, whereby RECs are the modular sub-systems or integral building blocks, as it were, and the modalities are the framework of the integration process.

Six-Stage Economic Integration Modalities of the African Economic Community

2. To achieve the end objective of an African monetary and economic union within thirty-four to forty years, article six of the Abuja Treaty on the modalities of integration divides the progressive establishment of the AEC into six discrete stages. The first three stages of integration, extending over twenty-three years from 1994 to 2016, cover the establishment of free trade areas and customs unions at the regional level. During the first stage of five years from 1994 to 1999, existing RECs are to be strengthened, and new ones to be created if considered necessary. Even though the provision of the first stage is not explicit about potential mergers and consolidations among RECs as feasible options of their reinforcement, the strengthening of existing RECs does not preclude those courses of action provided that they can contribute to the pace of convergent integration.

3. The second stage of the modalities, which takes eight years between 1999 and 2007, is essentially a preparatory period preceding the introduction of free trade areas and customs unions at the regional level. The programme of this phase consists of three components leading to eventual trade liberalization: (1) the stabilization of tariff and non-tariff barriers by members states placing a moratorium on the increase of those already existing and the introduction of new ones, (2) feasibility studies on timetables for the removal of tariff and non-tariff barriers plus the introduction of common external tariffs and, (3) the adoption of

timetables for the removal tariff and non-tariff barriers along with the introduction of common external tariffs.

4. The actual establishment of free trade areas and customs unions at the level of RECs is the focus of the third stage, running for ten years from 2007 to 2016. The gradual elimination of internal tariffs and non-tariffs on intra-community trade and the adoption of common external tariffs with third states shall be accomplished in this phase of integration.

5. By building on the momentum gained during the first three stages, the fourth stage of the modalities marks a significant transition from the intra-REC to the inter-REC level of integration. The period of two years (2017-2018) concentrates on the coordination and harmonization of tariff and non-tariff barriers as well as common external tariffs among RECs as a prelude to the introduction of a continent-wide common market. In spite of the provision of the fourth stage lacking explicitness on this point, the inter-regional coordination and harmonization of tariff and non-tariff barriers—both internal and external—are implicitly tantamount to the beginning of a free trade area and a customs union at the AEC level.

6. The introduction of an African common market takes place in earnest in the fifth stage of four years from 2019 to 2022. The programme of this stage covers the three essential elements of a common market: (1) the adoption of a common inter-REC sector policy; (2) the harmonization of inter-REC macroeconomic policies of monetary, fiscal and financial nature and; (3) the implementation of inter-REC free mobility of factors (capital and labour), including the rights of residence and establishment.

7. The long trek to the establishment of the AEC climaxes in the sixth and final stage of the modalities, lasting five years from 2023 to 2027. As the pinnacle of the AEC, in addition to the consolidation and enhancement of a continent-wide common market launched in the previous stage, this phase of integration involves building the institutions of a Pan-African monetary and economic union. The comprehensive programmes of the concluding stage comprise sector integration beyond the economic—in political, social and cultural spheres; the establishment of a monetary union with a common African currency (The Afro aptly rhymes with the Euro.) and a common central bank; the establishment of a

Pan-African parliament followed by the election of its members through universal suffrage and; the finalization of the organization system for the AEC executive secretariat.

8. The minimum-to-maximum time intervals of thirty-four to forty years to complete the mission of the AEC translate to corresponding dates of 1994-2027 and 1994-2033, respectively. In juxtaposition, it is instructive to interject that the period between the 1957 Treaty of Rome Establishing the European Community and the advent of the Euro single currency at the beginning of 1999 exceeds the maximum duration allotted to the realization of the AEC's final target. Moreover, the Constitutive Act of the African Union (AU) proposes a downward revision of the time horizon set by the Abuja Treaty in more general terms, even though the specifics of the time reduction and the distribution among the modalities await further elaboration with a protocol.

9. As a benchmark of convergence by the level of economic integration, the six-stage modalities of the Abuja Treaty can be broadly reclassified into two categories: intra-REC and inter-REC economic integration. The scope of the first three stages remains primarily intra-REC, whereas that of the last three reaches out to the inter-REC level. The minimum period of thirty-four years earmarked for the progressive integration of the AEC, up to the last phase of monetary and economic union, is distributed between inter-REC programmes (23 years) and inter-REC programmes (11 years). In relative terms, the figures correspond to intra-REC programmes (68 percent) and inter-REC programmes (23 percent). The internal structure of the integration time frame at the two levels signifies that the integration programmes of RECs and their convergence are mission critical to the successful completion of the envisaged African Economic Community by 2027 at the earliest and, with a grace period of six years, by 2033 at the latest.

Integration Programmes of Regional Economic Communities

10. As the designated building blocks of the AEC, the fourteen RECs to be appraised in terms of the convergence of their integration programmes, consist of the Arab Maghreb Union (UMA), the Common Market for Eastern and Southern Africa (COMESA), the Community of Sahel-Saharan States (CEN-SAD), the East African Community (EAC), the Central African Economic and Monetary Community (CEMAC), the West African Economic and Monetary Union (UEMOA), the Economic Community of Central African

States (ECCAS), the Economic Community of Great Lakes Countries (CEPGL), the Economic Community of West African States (ECOWAS), the Indian Ocean Commission (IOC), the Inter-Governmental Authority on Development (IGAD), the Mano River Union (MRU), the Southern African Development Community (SADC) and the South African Customs Union (SACU).

11. The UMA was created in 1989 with the ultimate objective of establishing a regional common market. The five member states of the union are Algeria, Libya, Mauritania, Morocco and Tunisia. Three UMA members (Libya, Morocco and Tunisia) are also a part of CEN-SAD. During the first half of the 1990s, UMA had made several declarations, resolutions and agreements on trade and tariffs, the establishment of a free trade area and a customs union, the unified customs nomenclature, cooperation on customs infringement and the Customs Cooperation Council, but only those on trade in agricultural products, surface passenger transport, goods and transit, investment transit and guarantees, prevention of double taxes and a unified bilateral payment have entered into force. Apart from these developments of trade liberalization, UMA has not as yet adopted timetables for the establishment of a free trade area and a customs union.

12. The PTA was transformed into COMESA in 1994 with the primary objective of establishing a common market. The twenty member states comprise Angola, Burundi, Comoros, Congo Democratic Republic, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. COMESA is distinguished for its overlapping membership more than any other REC. The free trade area was formally launched in 2000 with the abolition of internal tariffs quota restriction by nine member states: Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe. The recent announcement of Burundi, Rwanda and Swaziland to eliminate internal tariffs will raise the rank of the free trade area members to twelve. The establishment of a customs union is scheduled for 2004. In addition to programmes of trade facilitation—ranging from the harmonized system of customs and statistical nomenclature, trade related software applications, simplified customs declaration forms, to car insurance—and cooperation in sectors such as transport and telecommunication, COMESA has drawn up a proposal on macroeconomic convergence for long-term adoption.

13. Excluding the later reconstitution of the EAC, the establishment of CEN-SAD in 1998 makes it the youngest REC. The long–term objective of the community is the establishment of an economic union with greater emphasis on cooperation in economic and political maters in the interim. Conspicuous for the widest geographic representation except Southern Africa, the eighteen member states are Benin, Burkina Faso, Central African Republic, Chad, Djibouti, Egypt, Eritrea, Gambia, Libya, Mali, Morocco, Niger, Nigeria, Senegal, Somalia, Sudan, Togo and Tunisia. CEN-SAD has not yet adopted a timetable for the formation of a free trade area or a customs pending the finalization of a feasibility study under the auspices of the UNECA. The establishment of the Khartoum-based African Development and Commerce Bank is a noteworthy beginning of regional economic cooperation.

14. After its dissolution in 1977, the EAC was re-established in 2000 by the three former member states: Kenya, Tanzania and Uganda. The objective of the EAC is much more lofty than other RECs in the sense of transcending an economic union to the point of ultimate political federation. Although the EAC integration strategy considers the establishment of a free trade area as an ongoing process without a definite timeline, substantial reductions of internal tariffs already made on some goods vary from 90 percent by Kenya to 80 percent by Tanzania and Uganda. The EAC had anticipated the introduction of a customs union by 2001 in its development strategy, but the adoption of a common external tariff is pending the endorsement of the applicable protocol. The EAC deserves commendation for the comprehensive and fast track integration programme within the framework of the Second Development Strategy (2001-05), despite its short period of existence of barely three years. The membership of the EAC overlaps with three other RECs: COMESA and IGAD (Kenya and Uganda) and SADC (Tanzania).

15. The CEMAC was reconstituted in 1994 by consolidating the functions of UDEAC and UMAC. The final goal of CEMAC is the establishment of a monetary and economic union among the six Central African member states: Cameroon, Chad, Central African Republic, Congo, Equatorial Guinea and Gabon. With the exception of persisting non-tariff barriers across virtually all RECs and the lingering removal of internal tariffs on unapproved manufactured goods, the establishment of a trade area and a customs union was nearly completed between 1993 and 1998. The existence of a common currency and central

bank, advantageous to the free movement of capital, is the result of CEMAC's inclusion in the CFA franc monetary zone. Other measures of integration taken by CEMAC include the harmonized system of customs and statistical nomenclature, multilateral monitoring of integration programmes, macroeconomic convergence, sector policy coordination and cooperation, launch of a community passport and the introduction of the Red Card third-party car insurance. The membership of CEMAC overlaps partly with ECCAS and CEN-SAD.

16. The UEMOA was formed in 1994 with the aim of realizing a monetary and economic union among the eight West African member states—Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo—whose representation fully overlaps with ECOWAS. The UEMOA free trade area was initiated in 1996 with the complete elimination of internal tariffs on agricultural products and handcrafts and climaxed with the total removal of tariffs on manufactured in 2000. The customs union was introduced in 1998, followed with further reduction of common external tariffs on final consumer goods. By virtue of its membership in the CFA franc monetary zone, UEMOA shares common characteristics with CEMAC in monetary matters and the free flow of capital. In addition to introducing the harmonized system of customs and statistical nomenclature, a common passport, and third-party motor vehicle insurance scheme, the integration programmes cover sector cooperation and policy harmonization.

17. The ECCAS was established in 1983 from the partnership of eleven member states primarily from UDEAC and CEPGL: Angola, Burundi, Cameroon, Central African Republic, Chad, Congo Democratic Republic, Congo, Equatorial Guinea, Gabon, Rwanda, and Sao Tome and Principe. The objectives of ECCAS focus on economic cooperation without specificity about the scope of integration. The progress of trade liberalization leading to the timetable for the establishment of a free trade area and a customs union has been sidetracked by the lack of peace and security within and among some of the member states.

18. Burundi, Congo Democratic Republic and Rwanda are the member states of CEPGL. The community was established in 1976 with the primary aim of economic cooperation and integration resulting in a common market. Similar to the ECCAS, the state

of a relentless conflict in the region, both within and among the member states, continues to impede the adoption of timetables for the establishment of a free trade area and customs union.

19. The ECOWAS was formed by the treaty of 1975, followed by further revision in 1993 in harmony with the Abuja Treaty. The objective of the community is to establish a monetary and economic union. The fifteen member states of the community are Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Ghana, Gambia, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. The free trade area has been evolving since the enactment of trade liberalization in 1990. Internal tariffs on unprocessed goods and handcrafts have been eliminated, but those on manufactured goods are still pending with the exception of Benin. The establishment of a customs union, originally planned for 2002, was deferred to 2005 to harmonize the common external tariffs of the ECOWAS region with those of the UEMOA sub-region. Apart from the introduction of a common passport, the Brown Card third-party car insurance service, binding macroeconomic convergence parameters, the integration programmes of ECOWAS include cooperation in broadly based sectors such as transport, telecommunication and energy.

20. ECOWAS has taken the further step of creating the West African Monetary Zone (WAMZ) in 2000 embracing six member states outside the CFA monetary area: Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone. The timetable has been set to form an ECOWAS monetary union by 2004, with a common currency and central bank (West African Central Bank) by merging the two monetary zones.

21. The IOC was formed in 1984 by four island member states comprising Comoros, Madagascar, Mauritius, and Seychelles to promote economic and other forms of cooperation among them. A bilateral free trade arrangement has been made between Madagascar and Mauritius, but there is no timetable to extend it to the remaining two member states or establish an IOC customs union. The membership of the IOC overlaps fully with COMESA, and partly with SADC.

22. The IGAD was reconstituted in 1996 from the predecessor IGADD, which was created ten years earlier, with the aim of promoting a broad regional cooperation culminating in an eventual common market. The six member states consist of Djibouti,

Ethiopia, Kenya, Somalia, Sudan and Uganda. Excluding Somalia, IGAD is a sub-region of COMESA without a timetable for the establishment of a free trade area or a customs union.

23. The MRU is a regional community of three West African states—Guinea, Liberia and Sierra Leone—established in 1973 with the objective of establishing an economic union. The agenda of economic cooperation and integration has been thwarted by the absence of fundamental peace and security, both within and among the member states. As a result, the MRU has no timetable for the establishment of a free trade area or a customs union, even though it is a sub-region of ECOWAS.

24. After its formation as development cooperation (SADCC) in 1980, SADC was reorganized as a development community (SADC) in 1994 with the objective of establishing a common market, complemented by wide-ranging regional cooperation. The fourteen member states of SADC are Angola, Botswana, Congo Democratic Republic, Lesotho, Malawi Mozambique, Mauritius, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The integration programme of SADC lays more emphasis on broadly based sector cooperation much more than trade liberalization. The degree of overlap in the membership of SADC is comparable to that of COMESA. The establishment of a free trade area is set for 2008, but there is timetable for the introduction of a customs union.

25. The Customs Union Agreement of 1969 officially formalized the establishment of the SACU, although its de facto existence as such goes much further back. The mission of achieving a SACU customs union was reached long before the date of the official formation, and the objective of its treaty does not extend beyond that level of integration. SACU is a sub-region of SADC.

Convergence of AEC Integration Modalities and REC Integration Programmes

Three essential conditions characterize convergent phenomena: the objects of convergence, the target of convergence and the tempo of convergence. In the context of economic integration, the trio of convergence dimensions correspond to the AEC and RECs as the objects of convergence, their primary objectives as the target of convergence and the

progress of their integration programmes as the tempo of convergence. The similarity of goals among the objectives of the AEC and RECs, for the most part, outweighs their dissimilarity to the extent of approximating unanimity. The articles on the objectives of the treaties invariably accentuate rapid socio-economic development and closer ties among peoples through economic integration in order to advance the welfare of their constituencies. The constitution or reconstitution of some RECs and the realignment of their names after the establishment of the AEC in 1991 is a further evidence to the convergence of their missions: CEMAC (1994), CEN-SAD (1998), COMESA (1994), EAC (1999), ECOWAS (1993), IGAD, (1996), SADC (1994) and UEMOA (1996). The minor differences among the objectives of RECs emanate from their particular historical origin; the priority and level of socio-economic development of the member states; the scope of cooperation and integration, ranging from narrower trade liberalization to broader monetary and economic union; comparative advantage in the endowment of natural resources; and geographic location impacting on ecological conditions and the state of peace and security.

26. The inter-regional comparison of integration programmes as to the pace of convergence, however, reveals wide disparities among RECs, varying from no timetable for the formation of free trade area to the attainment of monetary union. In terms of the AEC convergence milestones—free trade area, customs union, common market as well as monetary and economic union—the integration programmes of the fourteen RECs covered in this report are partitioned into two clusters, with further two internal sub-clusters: (1) fast-paced, (2) less fast-paced, (3) less slow-paced and, (4) slow-paced. With due allowances for significant differences within each cluster, the dividing line along the spectrum of relatively fast-paced and slow-paced clusters is the introduction of a free trade area. Although the system of clustering is not strictly watertight, the fourteen RECs are distributed according to the following ascending order of convergence clusters: slow-paced (CEN-SAD, CEPGL, ECCAS, IGAD, MRU, UMA), less slow-paced (EAC and SADC), less fast-paced (COMESSA, ECOWAS and IOC) and fast-paced (CEMAC, SACU and UEMOA). The four clusters of RECs are differentiated by the status of free trade areas as the main criteria: the first cluster has not adopted timetables for the introduction of free trade areas; the second cluster has adopted timetables for the introduction of free areas; the third cluster has introduced free trade areas; and the fourth cluster has achieved, more or less, free trade area status (Table 12).

Free Trade Area

27. Within the framework of the Abuja Treaty, the establishment of free trade areas at the regional level involves three distinct steps: (1) feasibility studies on the timetable for the removal of tariff and non-tariff barriers, (2) the adoption of the timetable for the removal of these trade barriers and, (3) the reduction and gradual elimination of tariff and non-tariff barriers.

28. What sets apart the first cluster of slow-paced six RECs from the rest is the fact that none of them has adopted a timetable for the reduction of internal tariff barriers. To begin with highlights of some differences among RECs in the first cluster, although UMA is without a tariff reduction timetable, a number trade liberalization of initiatives taken during the first half of the 1990s puts it more ahead of the pack in the first cluster (Table 1). The integration programme of IGAD places more focus on broader areas of sector cooperation than trade liberalization. Nevertheless, IGAD as a sub-region of COMESA, its prospective tariff reduction is bound to move forward with that of COMESA. CEN-SAD has not moved beyond initiating a study pointing to future tariff reduction timetable. Concerns about tariff reduction in CEPGL, ECCAS and MRU are held hostage by relentless regional instability.

29. The less slow-paced cluster of two RECs is delineated by the adoption of tariff reduction timetables. SADC has determined to introduce tariff reduction by 2008. Since the abolition of tariffs within the EAC is characterized as an ongoing process, it cannot be taken strictly as a timetable without overstretching the meaning of the word. Nevertheless, the three member states have reduced internal tariffs on some goods to the tune of 80 to 90 percent.

30. From the relatively less-fast paced second cluster of RECs (COMESA, ECOWAS and IOC), nine member states of COMESA declared the elimination of internal tariffs on all goods originating in the community in 2000 and three member states have expressed, as of 2003, their intent to follow suit in the foreseeable future. Among the remaining nine COMESA member states, some of them have made a tariff reduction of up to 80 percent.

31. The IOC is placed in the rank of cluster two, by virtue of a bilateral free trade area agreement between Mauritius and Madagascar. Otherwise, no timetable has been adopted to extend tariff reduction to the other two members of the community. Considering the inclination of the IOC to harmonize its trade liberalization programme with that of COMESA, it is not implausible to expect the coincidence of their tariff reduction regime.

32. ECOWAS introduced its tariff reduction programme reduction programme in 1990 with a timetable of full removal by 1999. The target has been reached with respect to unprocessed goods and handcrafts, but the removal of tariffs on manufactured goods remains unfulfilled.

33. With reference to the establishment of free trade area, SACU is the distant frontrunner of the fast-paced first cluster and stands out as the only REC that crossed the finish line of tariff and non-tariff barriers before all else, and with a wide time gap at that. Except for those on unapproved manufactured goods, CEMAC and UEMOA achieved the abolition of tariffs to intra-community trade before the end of the last millennium.

Customs Union

34. Under the modalities of the Abuja Treaty, the establishment of customs unions at the regional level is due by the end of the third stage in 2016. The first cluster of slow-paced six RECs does not have timetables for the establishment of even free trade areas, much less customs unions. From the second cluster of less slow-paced RECs, even though the second development strategy of the EAC had envisaged the establishment of a customs union with the adoption of the applicable protocol by 2001, no progress has been made beyond reaching an informal consensus on the structure of a common external tariff. The SADC Programme of Action on trade liberalization makes no reference to the timetable for the introduction of a customs union. For the simple reason that the integration programmes of the lagging first two clusters do not extend to the level of customs union and beyond, except the EAC, the rest of the summary will be confined to the convergence of the more forward-looking last two clusters.

35. From the third cluster of RECs two of them, except the IOC, have adopted timetables for the introduction of customs union: COMESA by 2004 and ECOWAS by

2005. Whereas the structure of common external tariffs has been approved by COMESA, the delay of its adoption by ECOWAS is attributed to pending harmonization with UEMOA.

36. Acclaimed as perhaps the oldest customs union in the world, SACU is peerless, not only among the front-running cluster of RECs but on a global scale. The customs unions of CEMAC and UEMOA were introduced in 1993 and 1998, respectively. In addition to similarity in the structure of their common external tariffs, the two RECs have made a few downward revisions of their respective external tariffs since introduction.

Trade Facilitation

37. In the integration programmes of RECs from the more forward-looking last two clusters, trade facilitation figures prominently as a common feature of convergence. CEMAC, COMESSA, ECOWAS and UEMOA have adopted the harmonized system of customs and statistical nomenclature, based on the international standards of the WCO and ISO and complemented by two software packages known as ASYCUDA and EUROTRACE. Additional programmes of trade facilitation introduced by the frontline RECs include simplified single customs declaration, harmonized certificate of origin, national transit bond guarantee, inter-state road transit covering the technical specification of motor vehicles and third-party motor vehicle insurance. In addition to facilitating intra-regional trade, the colour-coded regional insurance services—CEMAC (Red Card), COEMESA (Yellow Card), ECOWAS (Brown Card) and, UEMOA (CIMA)—were designed to contribute to the mobility of persons within the communities.

Common Market

38. The establishment of an African common market, on top of the coordination and harmonization of regional-level free trade areas and customs unions, involves the further coordination and harmonization of macroeconomic and sector policies accompanied with the free movement of persons and capital during the fourth and fifth stages of the modalities (2017-22). The integration programmes of the leading RECs from the last two clusters incorporate some notable aspects towards that end.

39. A wide gap separates convergence on the free movement of persons among the last two clusters of frontline RECs: from no such programme by SACU, a long-term perspective extending to 2020 by COMESA, planned introduction of an EAC passport by 2002 to the actual introduction of community passports in the cases of CEMAC, ECOWAS and UEMOA. The mobility of labour within SACU is essentially informal due to the circumscription of its integration objective by a customs union that does not go as far as a common market. Despite its most recent establishment, the EAC is creditable for forging ahead of COMESA in the free movement of persons, even though it is grouped with the second cluster of RECs by virtue of only not having a more firm timetable for the formation of a free trade area.

40. Convergence on the free movement of capital is essentially a function of developments on the monetary and financial fronts. In this regard, COMESA is a distant straggler among the rank of the relatively fast-paced last two clusters of RECs. Although COMESA has drawn up indicative parameters of macroeconomic convergence—albeit, presently non-binding on the member states—the realization of the free movement of capital is not envisaged before 2025, within the framework of the Monetary Harmonization Programme.

41. CEMAC and UEMOA are unique among the fourteen RECs covered in this report on the grounds of reaching a monetary union before all else, with a common currency (CFA franc) and two central banks common to each of them and their integration within a common monetary zone preceding the establishment of free trade areas and customs unions. As a result, whereas the movement of capital is free within the respective communities, it is restricted to current transactions among al l members of the CFA monetary zone.

42. The development of a monetary union within ECOWAS is partly influenced by the fact that the UEOMA is embedded in ECOWAS, which led to the formation of the West African Monetary Zone (WAMZ) in 2000 with the participation of six CFA non-member states. By merging WAMZ and CFA monetary zones, ECOWAS had envisaged the formation of a monetary zone with a common currency and central bank—the West African Central Bank (WACB)—by 2003. In the interim, the citizens of WAMZ member states are

privileged to make settlements in local currencies for minor transactions such as air ticket, airport fees, hotel bills and border crossing charges.

43. The scope integration within SACU stops short of a common market as a matter of a treaty non-requirement. Nevertheless, two factors have proved a boon to the free flow of capital on current transaction in particular: the easy convertibility of the national currencies within the framework of the Common Monetary Area and the wide acceptability of a strong Rand in the community as a virtual common currency.

44. According to the time frame of the six-stage integration modalities, 2016 is the deadline for completing the establishment of free trade areas and customs unions at the level of RECs. In the context of the thirteen years remaining between 2003 (the date of this report) and 2016, no REC—including the laggards of the first cluster—can be considered behind the integration programme envisaged for the establishment of the AEC. But when the long period of existence—pre-dating the initiation of the AEC in most cases—and the difficult agenda of integration that lie ahead are figured in, the progress of REC integration so far is much slower than expected. This is a very compelling reason for no justifiable ground of complacency even by RECs that are comparatively more ahead, and much less by those that are more behind.

45. There are several factors adversely affecting the pace and convergence of integration programmes. The proliferation of RECs and the overlap of their membership impede convergence by adding to the financial burden of supporting the annual budgets of multiple RECs. As a result, the existing irregularity of financial contributions to REC secretariats is exacerbated. The backward pull of slow-paced sub-RECs tends to outweigh the forward push of more fast-paced RECs. The tasks of coordination and harmonization of more fragmented policies and programmes become further complicated when the process of integration moves from the intra-regional to the inter-regional level after the stage of the modalities.

46. Table 14 is very revealing about the distribution of membership overlap among 53 member states in 14 RECs. On the average, a typical member state is represented in 2.3

RECs—varying from single membership by 7 countries, double membership by 24 countries, triple membership by 21 to quadruple membership by one country.

47. The shortfall of commitment to the integration programmes of RECs is measured by the gap between the rhetoric and the deeds on the part of member states, as reflected in non-compliance with binding treaties, protocols and integration deadlines. The issue of commitment is partly inherent in the voluntary nature of RECs without a system of sanctions, in contrast with the mandatory pact of convergence practiced in the European Union. The issue in the African context can be addressed by creating a similar mechanism whereby member states accept a degree of subordination to a supra-national body. In this regard, the planned ECOWAS policy of subjecting its member states to sanctions for non-conformity with the set of primary macroeconomic convergence criteria is a commendable initiative that should be emulated by other RECs. Meanwhile, the scope of the African Peer Review mechanism could be extended to cover the integration programmes of RECs, complemented by an effective system of monitoring to enable a timely course correction.

48. Despite collective self-reliance constituting one of the core principles of economic integration, the integration programmes are over-dependent on external financial sources. As a matter of policy imperative, member states of RECs must assume the major burden of financing their integration programmes—in the range of 50-75 percent of the financial structure, as an indicative figure—by relegating external sources to supplementary role. Otherwise, the progress of integration programmes becomes an uncertain and stopgap process subject to the vagaries of foreign financial assistance.

49. The irregularity of financial contribution from member states to the annual budget of REC secretariats is a critical problem confronting some of them, particularly those in the midst of regional instability. Two strategies can be helpful in addressing the problem: emulating the policy of ECOWAS combined with the design of a more flexible organization system. ECOWAS requires the inclusion of contributions to the annual operating budget of its executive secretariat in the annual budgetary appropriation of its member states as a means of ensuring the regularity of financial inflows. A flexible organization system involves a relatively low administrative overhead combined with reasonably few regular employees in operating departments as a countermeasure to financial uncertainty. Such strategy coupled with the outsourcing of programme activities enables REC secretariats to

adjust their operating capacity according to the level of financial inflows, instead of accumulating salary arrears in times of financial hardship.

50. With particular reference to the impact of tariff reduction on customs revenue accompanying trade liberalization, opportunity cost is a fact of economic life from which economic integration cannot take exception. REC member states cannot have it both ways by short-changing long-term gains from free trade areas for short-term fiscal expediency. As reported in some cases, slipping in subtler and countervailing non-tariff barriers through the back door is the equivalent of undermining tariff reduction on the front door, because member states are reluctant to cope with potential fiscal deficit.

51. The trans-boarder movement of people within RECs, unfortunately, is more forced by war than free. People wish to move freely within a regional community primary in search of employment opportunities. Although some RECs have introduced community passports as part of their integration programmes leading to the establishment of common markets, the mobility of labour cannot be meaningful in the face of extreme structural unemployment virtually endemic to all RECs.

Introduction

52. Economic integration in Africa has a long history dating back to the turn of the last century in some instances. The two particular cases in point are the geneses of the East African Community (EAC) and the South African Customs Union (SACU). During the British colonial rule, Kenya and Uganda were brought under a customs union in 1900, later to be joined by the then Tanganyika (now Tanzania) in 1922. The record of longevity of the South African Customs Union, formed in 1910, distinguishes it as arguably one of the oldest customs unions in the world. The West African Economic and Monetary Union (UEMOA) and the Central African Monetary and Economic Community (CEMAC) owe their origin to the earlier establishment of the CFA common monetary zone by France after the Second World War. In the pre-independence period, these economic groups were primarily designed to serve the economic interest of the colonizer more than the welfare of the colonized, but the benefit of the cumulative experience cannot be denied.

53. Over the last forty years, from the post-independence period in the later part of the 1950s to the inception of the African Economic Community (AEC) in 1991, the imperative of African economic integration can be attributed to the dynamics of several factors. Early on, the founding fathers of political independence made continental economic integration a *cause célèbre* under the resonant mantra of collective self-reliance. In their vision, political freedom, without commensurate economic freedom, was a halfway distance to full freedom, and African economic integration the economic expression of the long-simmering Pan-African movement. Implicit in the wisdom of the elder statesmen was their uncanny appreciation for the economic synergy accruing from economic integration: that the economic advantage of a whole regional community—better still, a continental community—is greater than the sum of the economic advantage of its separate member states.

54. “United, we stand; and divided, we fall.” used to be the rallying watchword of African economic integration. But in the face of prevailing international economic system, standing by itself is not just good enough. National economies have to run—and run as a team of regional communities—even to stand, as it were. Under the new world economic order, with the defining characters of overwhelming dominance by the post-industrial first world, ubiquitous regional blocks across all continents, borderless globalisation, fast-paced

digital age advances in information and communication technology and stringent new rules of the economic game under the aegis of the WTO, a bottom-up fast-track economic integration evolving from REC-level to AEC-level figures prominently on the priority list of the African development agenda[1].

55. It was in such an environment that the member states of the OAU recognized the imperative of accelerating the pace of continental integration with the formation of the African Economic Community (AEC) by the Abuja Treaty of 1991 as the parent organization of subsidiary regional economic communities (RECs). Article six of the modalities provides the framework for six progressive stages of economic integration: beginning with the establishment of REC-level free trade areas and climaxing with AEC-level monetary and economic union. As the essential building blocks of the AEC, the convergence of REC integration programmes determines the progress and final realization of continental level economic union within the target date set by the Abuja Treaty.

56. Against such backdrop, the objective of this report is to assess the state of convergence between the integration programmes of RECs and the AEC integration modalities. The methodology of the study involves the review of the six-stage modalities as the convergence criteria and individual intra-REC integration programs as the basis of comparative inter-REC convergence evaluation. The methodology of the study can be visualized well as a matrix configuration of rows of RECs and columns of convergence criteria based on the six-phase modalities. First, the integration programmes of rows of RECs are reviewed individually in terms of the convergence criteria along the columns. Next, RECs are jointly evaluated in terms of the convergence criteria along the columns—free trade area, customs union, common market, monetary and economic union.

57. The organization of the report mirrors the methodology employed. Accordingly, the report begins with a review of the six-stage modalities for the establishment of the African Economic Community under article six of the Abuja Treaty to serve as the convergence criteria of REC integration programs. At the analysis phase of the second chapter, the integration programs of fourteen regional economic communities are reviewed individually.

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[1] Given the intensity and global reach of competition in international trade, a more fitting interpretation of **WTO** might be virtual "**W**orld **T**rade **O**lympics", rather than the official **W**orld **T**rade **O**rganization.

As a comparative evaluation of integration programs among RECs, within the framework of the six-phase modalities as the convergence criteria, the third chapter constitutes the core of the investigation. The report concludes by highlighting prominent issues hampering the progress of convergent regional economic integration and makes recommendations on possible courses of action.

I. Integration Modalities of The African Economic Community

58. Prior to the Lagos Plan of Action of 1980, there was no formal institutional framework of continental scope—apart from the catalytic roles of the United Nations Economic Commission for Africa (UNECA) and the Organization of African Unity (OAU)—to provide achievable targets, coordinate, harmonize and monitor the integration programmes of RECs towards a convergent common goal. The institution of the African Economic Community (AEC) by the Abuja Treaty of 1991, designed to accelerate the economic integration of the whole continent by filling the gap, is a significant stride in that direction. The *Treaty Establishing the African Economic Community*, which was signed in 1991 and entered into force in 1994, provides the modalities for the progressive processes of continental economic integration in which regional economic communities form the modular building blocks. The final goal of achieving a fully integrated African Economic Community extends over a transition period of thirty-four years (1994-2027) to forty years (1994-2033), divided into six progressive stages of different duration[2]. The Abuja Treaty also makes allowances for a grace period of six years by setting forty years (1994-2033) as the maximum transition period to the complete realization of the AEC. As a frame of reference against which the integration programs of different regional communities will be assessed for their convergence, the six-stage modalities of the Abuja Treaty are reviewed in this part of the report.

A. Free Trade Area and Customs Union at Regional Level

59. The first three stages of the modalities, covering a period of twenty-three years (1994-2016), will be devoted to the gradual establishment of free trade areas and customs unions at regional level. During the initial stage of five years (1994-98), existing RECs will be strengthened and new ones will be established if deemed necessary.

60. The establishment free trade areas at the level of RECs, during the second and third stages of eighteen years (1999-2016), involves three distinct steps: (1) initial stabilization of tariff and non-tariff barriers, (2) intermediate study and adoption of timetables for the

[2] The calendar for the establishment of the African Economic Community over thirty-four years, according to the six-stage modalities, under article six of the Abuja Treaty, is based on the date of entry into force at the beginning of 1994.

gradual reduction of tariff and non-tariff barriers and (3) final implementation of tariff and non-tariff reduction programmes culminating in the establishment of free trade areas.

61. The second stage of eight years (1999-2006) will be devoted to a preparatory phase for the introduction of free trade areas and customs unions at regional level. During this stage, in addition to exercising restraint from increasing existing, or introducing new, tariff and non-tariff barriers adversely affecting intra-REC trade, each REC is expected to undertake timetable studies to be adopted for the gradual elimination of tariff as well as non-tariff barriers and the introduction of common external tariffs with third states. In addition to strengthening the economic sectors of member states in different RECs—with special attention to trade, agriculture, money, finance, transport, communications, industry and energy—the agenda of the second stage also covers other elements of inter-regional scope such as the coordination and harmonization of interrelated activities.

62. The formation of free trade areas with the gradual elimination of internal tariff and non-tariff barriers, and customs unions with the adoption of common external tariffs with third states is scheduled over ten years of the third stage (2007-16). At this phase of integration, whereas external tariffs will be common to a particular REC, they will vary among them. If all goes well as planned, the abolition tariff and non-tariff barriers become a common denominator across all RECs by 2016, but trade among them remain as the equivalent of trade with third states, because the elimination of trade barriers at regional level applies only to members states of a particular REC.

63. During nearly a quarter century of the first three stages of the modalities (1994-2016), the level of integration programmes and activities remains primarily intra-REC. By building on that momentum, it is in the fourth stage of two years (2017-18) that the coordination and harmonization of tariff and non-tariff barriers, along with common external tariffs, progress to inter-REC level in preparation for the establishment of an all-African common market.

B. Common Market

64. During the preceding four phases of integration some degree of preliminary inter-regional coordination and harmonization takes place; but the fifth stage, lasting four years (2019-22), marks a significant point of entry to integration at the continental level with the

introduction of an African Common Market[3]. The policy instruments towards that end will be the adoption of common sector policies, with special emphasis on agriculture, industry, transport, communication, energy, and research in science and technology; the harmonization of monetary, fiscal, and financial policies; and the sanctioning of free movement of persons along with the rights of residence and establishment—all at the level of the continent.

C. Monetary and Economic Union

65. The sixth stage is a significant step towards the ultimate goal of consummating a fully integrated African Economic Community with the intensive consolidation of common market structures and the creation of complementary continental institutions. On top of enhancing the single African Common Market introduced in the preceding phase, the agenda of the five-year sixth stage (2023-2027) includes: (1) broad sector integration encompassing political, economic, social and cultural spheres; (2) final phase institutionalisation of the African Monetary Union, African Central Bank and African single currency; (3) formation of Pan-African Parliament followed by the election of representatives through universal suffrage; (4) establishment of African multinational enterprises and (5) setting up executive organization system of the AEC. The six- stage modalities are summarized in Table 1.

66. The Constitutive Act of the African Union, which transformed the OAU to the AU in a more fundamental way than the mere omission of one letter, by the Lusaka Treaty of July 2001, carries some implications on the pace of continental integration only in general terms. Other than pointing to the necessity of shortening the time frame of the Abuja Treaty vaguely, details on the revision of the whole transition period and changes in the internal

[3] It is worth noting that the six-stage modalities of integration make no explicit reference to the establishment of common market at the level of RECs, except by implication in the context of the free movement of factors, the rights of residence and establishment, and the coordination and harmonization of macroeconomic and sector policies. Please refer to article six of the *Treaty Establishing the African Economic Community*, 1991.

structure of the six-stage integration modalities of integration remain to be specified in a corresponding protocol.

Table 1. Integration Modalities of the African Economic Community, 1994-2027

Stage	Years	Date	Phase	Process	Level
I	5	1994-98	Before Free Trade Area	RECs, strengthening of existing and creation of new	Intra-REC
II	8	1999-2006	Free Trade Area	Tariff barriers, stabilization and removal timetable adoption	Intra-REC
			Free Trade Area	Non-Tariff Barriers, stabilization and removal timetable adoption	Intra-REC
			Customs Union	Common external tariff, removal timetable adoption	Intra-REC
			Free Trade Area	Sector, strengthening integration	Inter-REC
			Free Trade Area, initial preparation	Activities, coordination and harmonization	Inter-REC
III	10	2007-16	Free Trade Area	Tariff barriers, gradual removal	Intra-REC
			Free Trade Area	Non-tariff barriers, gradual removal	Intra-REC
			Customs Union	Common external tariff, adoption	Intra-REC
IV	2	2017-18	Free Trade Area/Customs Union	Tariff barriers, coordination and harmonization	Inter-REC
			Free Trade Area/Customs Union	Non-tariff barriers, coordination and harmonization	Inter-REC
			Free Trade Area/Customs Union	Common external tariff, adoption	Inter-REC
V	4	2019-22	Common Market	Sector, common policy adoption	Inter-REC
			Common Market	Policy harmonization: monetary, fiscal and financial	Inter-REC
			Common Market	Application: free movement, residence & establishment rights	Inter-REC
VI	5	2023-27	Common Market, African	Structure, consolidation and strengthening	AEC
			Common Market	Sector integration: economic, political social and cultural	AEC
			Common Market, Single	Establishment, initial stage	AEC
			Economic and Monetary Union, Pan-Af.	Establishment, initial stage	AEC
			Pan-Af. Economic and Monetary Union	Establishment, initial phase	AEC
			African Monetary Union	Establishment, final stage	AEC
			Single African Central Bank	Establishment, final stage	AEC
			Single African Currency	Creation, final	AEC
			Pan African Parliament	Establishment and election, final stage	AEC
			Regional Economic Communities	Harmonization and coordination, final stage	Inter-REC
			African Multinational Enterprises	Establishment of structures in all sectors, final stage	AEC
			AEC Executive Organs	Establishment of structures, final stage	AEC
I-VI	34	1994-2027	FTA to Monetary and Economic Union	Minimum transition period without a six-year grace period	Intra-REC to AEC
I-VI	40	1994-2033	FTA to Monetary and Economic Union	Maxiumum transition period with a six-year grace period	Intra-REC to AEC

Source: Compiled from the Treaty Establishing the African Economic Community, Abuja, 1991.

II. Review of Integration Programmes of Regional Economic Communities

67. Regional economic communities constitute the modular components for the establishment of the African Economic Community in conformity with the provision of the Abuja Treaty. As such, the past and future integration programmes of these RECs determine the pace of their convergence with the agenda of the AEC. The integration programmes of fourteen regional economic communities are reviewed individually in this part of the report, as a basis of comparative evaluation in the convergence of their integration programmes with the integration modalities of the AEC.

A. Arab Maghreb Union (UMA)

68. The Marrakech Treaty establishing the Arab Maghreb Union—more familiar by its French designation as *l'Union du Maghreb Arabe* (UMA)—was signed in 1989 and came into force the same year. The five North African member states comprise Algeria, Libya, Mauritania, Morocco and Tunisia. Each member state makes an equal contribution to the budget of the secretariat based in Rabat, Morocco.

69. The objectives of UMA, according to article two of its treaty, consist of the reinforcement of the bonds of fraternity among the member states and their peoples; the realization of progress and prosperity of the member states and the defence of their rights; the contribution to the protection of peace based on justice and equity; the pursuit of a common policy in various fields; and the gradual establishment of a free market through the free movement of goods, services, people and capital.

70. The broad strategy of UMA in the pursuit of regional economic integration is set in four stages: (1) the creation of a free trade area by the removal of all tariff and non-tariff barriers to intra-regional trade in goods and services; (2) the formation of a customs union with a common external tariff against trade with the rest of the world; (3) the establishment of a common market through the free circulation of capital and labour and; (4) the culmination of the integration process in a total economic union. The agreement on trade and tariffs, adopted in 1991, is supplemented by four protocols covering the rules of origin, trade liberalization, provisions for safeguards, and the list of products sheltered under non-tariff barriers. Under the protocol on the rules of origin, a customs duty of 17.5% is levied on goods manufactured from imported inputs. Apart from the declaration of a general strategic

direction in terms of the familiar progressive phases of economic integration and the signature and adoption of some agreements, concerning trade liberalization leading to a free trade area, there is no evidence of a more concrete programme laying down what needs to be accomplished and when to achieve the envisaged integration at each stage.

71. According to a recent UMA report, although various meetings at the political and technical levels, during the first half of the 1990s, have drawn up more than thirty conventions, agreements and charters, most of them have not advanced to the stage of ratification and entry into force. The shortfall of further progress in this regard is attributed to the problem of institutionalising a secretariat with a stable administrative system. The status of agreements so far reached on trade liberalization and other related issues are summarized in Table 2.

Table 2. UMA Trade Liberalization Agreements, Declarations and Resolutions, 1991-95

Agreements, Declarations and Resolutions	Signed	Entered into force	Remarks
Trade and Tariffs	1991		
Declaration on the Creation of a Freed Trade Area	1994		
Customs Union Establishment	1990		Resolution of Principles Rules
Unified Customs Nomenclature	1991		
Investment & Foreign Trade Bank Establishment	1991		
Trade in Agricultural Products	1990	1993	4 supplementary protocols
Surface Transport of Passengers/Goods & Transit	1990	1993	
Investment Incentives and Guarantees	1990	1993	
Prevention of Double Taxation	1990	1993	
Co-operation on Customs Infringement	1994		
Unified Bilateral Payment	1991	1992	Among Central Banks
Customs Cooperation Council	1995		

Source: Compiled from www.maghrebarabe.org

72. The UMA merits a brief attention for some noteworthy characteristics. The UMA stands out for its cultural homogeneity in terms of language and religion, compared to other RECs. The UMA is enticed to look northward to the European Union more than southward to the African Economic Community for justifiable economic reasons: greater geographic proximity to Europe and access through the Mediterranean, major trading partnership with European countries, and the benefit of incentives given by the EU specifically targeting the Mediterranean region. The UMA is an integral part of the plan for the gradual establishment of a Euro-Mediterranean free trade area by 2010 in two phases: initial free trade arrangement

with countries surrounding the Mediterranean individually, to be followed by a broader free trade area encompassing the economies of the whole Mediterranean region. The process of integration is catalysed by means of the Mediterranean Development Assistance Programme (MEDA) provided by the EU.

73. As a North African sub-set of the whole Arab region, straddling the two continents of Africa and Asia, the UMA is also tagged to the integration initiative spearheaded by the Arab League. On this front, the UMA is involved in a reciprocal trade liberalization arrangement leading to an Arab free trade area by 2009. It is worth noting that the long-term eligibility for the UMA membership is open to all Arab and African countries individually under the Marrakech Treaty. In spite of the designation of the UMA as the northern building block of the AEC, there is no explicit incorporation of such a role in the objectives of its treaty in the spirit of other RECs[4]. Perhaps that explains why the UMA has not yet taken the necessary step of signing the Protocol on Relations between the AEC and RECs—which most active RECs have done—while entering into separate cooperation agreements with UDEAC (1995) and ECOWAS (1996).

B. Common Market for Eastern and Southern Africa (COMESA)

74. The Preferential Trade Area for Eastern and Southern African (PTA) was constituted in 1981, and reconstituted as the Common Market for Eastern and Southern Africa (COMESA in 1994. Given its twenty member states (Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe), overlapping membership from eight other regional and sub-regional economic communities (CEN-SAD, CEPGL, ECCAS, EAC, IGAD, IOC, SADC and SACU) and geographic representation spanning all regions except West Africa—COMESA stands out as one of the two largest building blocks of the African Economic Community with ECOWAS[5]. According to article three of its treaty, the objectives of COMESA comprise cooperation in the realization of better living standards for community members; sustainable socio-economic

[4] In compliance with the requirement of strengthening existing RECs as the first stage of the modalities in article six of the Abuja Treaty, many RECs have revised their treaties after 1991 to reflect the realization of the aims of the African community as one of their objectives.
[5] Tanzania withdrew from COMESA, while remaining as a member of EAC and SADC.

growth and development; balanced marketing and production structures; closer relations among the governments and peoples of the region; unified macroeconomic policies and programmes; an investment-friendly environment; research in science and technology adaptable to the region's development needs; peace, security and stability as a development imperative; a common position in external relations; and allegiance to the aims of the African Economic Community.

1. Free Trade Area

75. The trade liberalization programme of the then PTA had been in progress since 1984 when a target period of eight years was set for the complete elimination of tariffs on a selected list of commodities by 1992. The tariff elimination timetable was extended to 2000 on account of unease over its adverse impact on revenue generated from customs duty, which figures prominently in the structure of government budget of most member states.

76. The extension of the tariff elimination schedule by eight more years in 1992 was accompanied by an increase in the scope of goods, covering all products meeting the five criteria stipulated under the protocol on the rules of origin: (1) fully produced or obtained in a member state, (2) maximum c.i.f. value of imported material input at 60 percent of total material cost, (3) minimum local value added at 35 percent of ex-factory cost, (4) products having a special significance for economic development at a minimum local value added of 25 percent of ex-factory cost and, (5) a level of imported material input transformation requiring reclassification different from the previous import tariff title. COMESA continues to align these rules of origin in step with the changing environment of the World Trade Organization (WTO) and World Customs Organization (WCO). To that effect, a study has been underway with the financial support of USAID.

77. The COMESA free trade area was officially launched on October 31, 2000 with the announcement of the elimination of tariffs and restrictive quotas by nine frontrunners: Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe. When the declaration by Burundi, Rwanda and Swaziland at the Eighth Summit of COMESA held in Khartoum in 2003 to join the free trade area is formalized, the number of member states in the free trade will increase to twelve. Tariff reduction by the remaining eleven stragglers varies from 80 percent by four member states (Comoros, Eritrea, Rwanda and

Uganda) to the application of full MFN rates by five member states (Angola, Congo DR, Namibia, Seychelles and Swaziland). The evolution of COMESA tariff reduction programme during 1993-2000 is summarized in Table 3.

Table 3. COMESA Tariff Reduction Programme, 1993-2000

Reduction Programme		**Reduction Announcement**		**Reduction in Effect**	
1993-2000		October 1993		October 2000	
Date	(%)	(%)	Countries	(%)	Countries
Oct. 1993	60	60	3	0*	5
Oct. 1994	70	70	1	10	1
Oct. 1996	80	80	7	60	1
Oct. 1998	90	90	3	80	4
Oct. 2000	100	100	0	100	9
Total			14		20

* Apply full MFN rate.
Source: Compiled from www.comesa.int

78. Except the removal of quota restriction by the nine participants in the free trade area, COMESA has not yet adopted the timetable for the abolition of all non-tariff barriers to intra-community trade pending the completion of related study, which has been in progress with the support of the European Union. It merits pointing out that it would be unrealistic to expect the removal of non-tariff barriers any time soon, prior to the complete abolition of tariffs by more than half of the member states. However, the usual non-tariff barriers such as quota restriction, licensing requirements, import permits and foreign exchange control have been lifted or abated in most countries as part of the general trend of economic liberalization in the region under the impetus of structural adjustment programmes.

2. Customs Union and Trade Facilitation

79. COMESA has made some notable progress towards the formation of a customs union by adopting a timetable for the introduction of a common external tariff (CET) and launching a common tariff nomenclature. The implementation of a common external tariff is planned for 2004. Under the COMESA common external tariff, goods imported from third states are classified into four groups: capital goods, raw materials, intermediate goods and finished goods (Table 4). Towards the formation a COMESA customs union, a consultant was

recruited in 1999 to develop the system of organization and management of the common external tariff with the financial support of the European Union.

Table 4. The Structure of COMESA Common External Tariffs.

Product	Common External Tariffs (%)
Capital goods	0
Raw materials	5
Intermediate goods	15
Finished goods	30

Source: Compiled from www.comesa.int

80. To set up a common tariff nomenclature, the compilation of tradable goods has been completed according to the current 8-digit classification system of the Harmonized Commodity Description and Coding System (HS). The popular use of the 6-digit harmonized system, 1992 or 1996 versions, by most member states has benefited the set up of the common tariff nomenclature.

81. In addition to adopting a customs bond guarantee for goods in transit as of 1996, COMESA has facilitated customs procedures by replacing the Road Customs Transit document with a single declaration form for customs clearance, warehousing, re-export and transit. Prior to the introduction of the standardized and highly simplified form, some member states have been reportedly using an unwieldy number of thirty-two documents.

82. Before the introduction of the Yellow Card third-party vehicle insurance, the purchase of insurance cover at the point of entry was required for cargos and persons bound for another member state of COMESA. Otherwise, road accident in another country entailed the impounding of motor vehicles until a guarantee is provided for the settlement of resulting liabilities, because car insurance policies among member states were fragmented and incompatible with one another. It was against such background that COMESA adopted the Protocol on Third Party Insurance in 1986 to harmonize regional road insurance, followed by the introduction of the Yellow Card insurance scheme in 1987 under the National Bureau Agreement as a minimum insurance protection against third party inter-state road accidents. Additional initiatives related to the integration of regional transport services are summarized in Table 5.

83. In addition to facilitating intra-community trade, the Yellow Card insurance scheme was designed to promote tourism in the region through the free movement of people. A network of national bureaus, designated as underwriting focal points, administers the Yellow Card insurance service. The implementation status of the Yellow Card scheme varies among member states: eleven countries have signed the National Bureau Agreement, nine countries have made it operational (Burundi, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe), and the designation of a national bureau is pending in the case of Swaziland. Four SADC member states (Botswana, South Africa, Lesotho and Mozambique) have expressed interest to adopt the Yellow Card. A traveller wishing to go to one of the participating countries can buy an insurance premium for protection of up to one year from a designated national insurance company.

Table 5. COMESA Initiatives in Transport Integration

Focus	Status	Countries	Launched
Harmonized road transit charge	Implemented	10	1991
COMESA carrier license	Introduced	9	1991
Maximum vehicle dimension	Implemented	5	
ACIS*	Adopted	na	
PortTracker**	In progress	2	
RailTracker***	In progress	5	
Axle Load Limit Common Regulation	Adopted	na	
Yellow Card, third party car insurance	Implemented	12	1987
Air cargo liberalization			
Maritime transport policy harmonization			

* **A**dvance **C**argo **I**nformation **S**ystem, road cargo tracking software.
** Maritime cargo tracking software pilot project through Dar-es-Salam and Mombassa.
*** Five regional railways cargo tracking software.

Source: Compiled from: www.comesa.int

84. For knowledge-oriented organizations such as the secretariats of regional economic communities, data are their raw materials, and information their processed outputs. In the development of information infrastructure for trade and investment facilitation, COMESA has made significant strides—arguably, more than any other regional economic community, with ECOWAS as a close runner up. The centrepiece of the COMESA regional information system is the project for the Regional Harmonization of Customs and Trade Statistics System

(RHCTSS) to enable the computerized generation, analysis and reporting of relevant, reliable and timely information. The software components of the RHCTSS project include ASYCUDA (**A**utomated **Sy**stem for **Cu**stoms **Da**ta and Management), EUROTRACE for external trade statistics and **T**rade **I**nformation **N**etwork (TINET)[6].

85. The COMESA customs and trade information system is developed under the auspices of the European Union and UNCTAD. The strategy in the utilization of ICT for economic integration involves making the COMESA secretariat the regional hub of ASYCUDA and EUROTRACE by linking them to national statistics and customs offices. The status of implementation varies among member states: ASYCUDA and EUROTRACE (implemented by thirteen countries and at installation phase in eight countries), ASYCUDA (introduction in progress in six countries) and EUROTRACE (introduction in progress in five countries). Forty-seven TINET focal points in twenty member states provide information on export and import opportunities, trade flow analyses, company registers, comparative tariff and non-tariff barriers and national macroeconomic profiles.

3. Common Market

86. Whereas the time frame extends over a quarter century (2000-25) to achieve the free movement of persons, services and capital within COMESA, there is a declaration of intent for gradual relaxation in the interim. The Monetary Harmonization Programme (MHP), which had been initiated by the PTA in 1991 and endorsed by COMESA in 1994, constitutes the core of the regional macroeconomic policy coordination and harmonization agenda with implications on the free movement of factors and non-tariff barriers. MHP was designed for implementation in four phases between 1991 and 2025. During the initial stage (1991-96), the full use of COMESA Clearing House was planned by removing the conventional non-tariff barrier of restricting intra-regional imports through foreign exchange control, ensuring the full use and acceptability of COMESA travellers checks (UAPTA) for all payments in foreign exchange, lifting travel restrictions within the region, determining foreign exchange

[6] ASYCUDA and ACIS were developed by UNCTAD and are provided to requesting countries free of charge, but financing the required hardware and live-ware is the sole responsibility of the beneficent. EUROTRACE was developed by EUROSTAT of the European Union.

rate by market forces and capping fiscal deficit causing the growth of domestic credit and money supply[7].

87. In the second stage (1997-2000) an informal exchange rate is introduced with a feature of limited currency convertibility. The currencies of member states are fully and freely convertible among them on current transactions. Member state currencies are allowed to fluctuate within a fixed range during the third stage (2000-20). While the central banks of member states continue to function as independent entities, a common monetary institution assumes the responsibility of coordinating regional monetary policy. In the final and fourth stage after 2020, a full monetary union is ushered in with all its defining features: irrevocable fixed exchange rate, single or parallel currency, fully harmonized macroeconomic policy, fully integrated financial structures, a common pool of foreign exchange resources and a common currency under a common monetary authority.

88. Since its inception in 1991, the Monetary Harmonization Programme has gone through two reviews in the context of evolving regional and global economic conditions and a survey of practices in member states. Notable recommendations of the review were the specification of more concrete policy parameters to be pursued: a maximum fiscal deficit of 10 percent of GDP, fiscal deficit financing by central banks of less than 20 percent of previous year's revenue, a maximum of 10 percent in the growth of broad money supply, the utilization of indirect monetary policy instruments, a maximum debt service of 20 percent relative to external debt, an annual inflation rate below 10 percent, a liberalized and positive interest rate in real terms and a free floating exchange rate.

89. In the sphere of regional financial cooperation and integration three COMESA institutions merit a brief attention: COMESA Clearing House, Eastern and Southern Africa Trade and Development Bank (PTA Bank) and PTA Re-insurance Company (ZEP -Re)[8]. The

[7] Since the subsequent reorganization of the PTA Bank, The UAPTA has been discontinued in favour of its eventual replacement by a smart money card.

[8] Other specialized COMESA institutions and associations include COMESA Court of Justice, Leather and Leather Products Institute (LPPI), COMESA Metallurgical Industries Association (COMESAMIA), Eastern and Southern Africa Business Association (ESABO), Federation of National Association of Women in Business in COMESA (FEMCOM), Pharmaceutical Manufacturers of Eastern and Southern Africa (PHARMESA), The COMESA Bankers Association (BAPTA)

COMESA Clearing House was established in 1984 to alleviate the effect of foreign exchange scarcity on intra-regional trade. Its significance in that capacity has diminished with the reduction of exchange controls accompanying structural adjustment programme in member states. In response to these developments, a study undertaken in 1997 to restructure the Clearing House identified three new priority areas: transfer of the clearing function to commercial banks, making it a regional SWIFT centre and a hub for electronic money transfer among regional commercial banks as well as the provider of regional export guarantee against political risk.

90. Risk and the cost of protection against it vary directly. Risk also grows with time: the longer the time, the higher the risk. Protection against political and business risks usually works in tandem, because one is not available without the other. On account of the high-risk image associated with most African countries, commensurate premium is charged. It was against such background that the COMESA export credit guarantee, the African Guarantee Fund (AGF), was proposed to supplement the political risk cover when an insurance company is prepared to underwrite the business risk. The investment of 240 million US dollars in the AGF, to be managed by the reorganize Clearing House, involves a financial structure from two sources: IDA (83 percent) and regional and donor (17 percent).

91. The PTA Reinsurance Company (ZEP-RE) was formed in 1991 and began service three years later. Its current shareholders are from fourteen member states and the PTA Bank. The objective of the company is to contribute to regional integration by promoting the development of insurance and re-insurance, the retention of insurance business within the region and the building of related insurance capacity.

92. The PTA Bank was established in 1985 to contribute to the development of regional trade and economic integration by providing trade and project finance of national and regional scope. The priority sectors and projects comprise export orientation, use of domestic raw materials, environment friendliness, manufacturing, agro-business, tourism, mining and infrastructure. The cumulative share of trade finance was more than three-quarters of the total Up to 1996. The types of finance provided are credit, credit guarantee and minority equity participation in joint ventures. The shareholders of the PTA Bank are eleven member states and the African Development Bank. UAPTA travellers check used to be issued by PTA Bank

before it was discontinued as a result of a proposal to replace it by a smart electronic money card, whose development is in progress in collaboration with a strategic partner.

93. From the non-financial sector, COMTEL Communications stands out as an exemplary case of a multinational enterprise (MNE) involving the equity participation of the public sector, domestic private sector and external strategic partners in a joint venture requiring a large capital investment. With an estimated investment of 172 million US dollars, COMTEL is a regional telecommunication network covering COMESA and Tanzania. The major share of the capital structure is apportioned to domestic private investors with the minority stake distributed between national telecommunication companies and external strategic partners. Evolving from a 1998 study of regional telecommunication inter-connectivity and tariff harmonization, financed by the African Development Bank, COMTEL has progressed to the level of completing business plans, finalizing the articles and memorandum of association and identifying five strategic partners. It is registered in Mauritius as an offshore company with national subsidiaries to follow at the appropriate time.

C. Central African Economic and Monetary Community (CEMAC)

The Central African Economic and Monetary Community was established in 1994 by six member states—Cameroon, Chad, Central African Republic, Congo, Equatorial Guinea and Gabon—but its origin coincides with the creation of the Central Bank of Equatorial Africa and Cameroon (1959), which became the Bank of Central African States in 1972, and the Central African Customs and Economic Union (1964), of which CEMAC is a consolidated extension. The four organizations are more familiar by their French names and acronyms:, ***la Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun*** *(BCEAC*), *la Banque des Etats de l'Afrique Centrale* (*BEAC*)), *le Communauté Économique et Monétaire de l'Afrique Centrale* (*CEMAC*), and *l'Union Douanière et Économique de l'Afrique Centrale* (UD*EAC*).

94. The objectives of CEMAC comprise the establishment of increasingly closer ties among the peoples of member states by strengthening their geographic, cultural and social bonds; the liberalization of national markets by eliminating barriers to intra-community trade; the creation of a truly African common market; the coordination of development programmes

and the harmonization industrial projects; and the extension of solidarity to relatively less developed member states.

95. CEMAC stands out one of the most senior and most active RECs. The elaborate organization structure of the executive secretariat is a good indicator of the level of institutionalisation and the comprehensiveness of the integration programmes (Figure 1). The internal structure and functions of the organization system provide for line divisions responsible for programmes of regional cooperation and economic integration at the level of three programme clusters: departments, sub-departments, and services. Two of the departments are devoted to the establishment of a common market and the multilateral monitoring of community economic conditions and the progress of integration.

1. Free Trade Area and Customs Union

96. The Generalized Preferential Tariff (GPT) arrangement, introduced in 1993, is the centrepiece of the CEMAC trade liberalization programme on internal tariffs for free trade area and a common external tariffs for customs union. In addition to the establishment of a free trade area and a customs union, the objective of the preferential trade regime is the encouragement of vertical and horizontal industrial integration and the productive employment of human and natural resources. For purposes of internal tariffs on intra-community trade, products of regional origin are classified into two groups: primary commodities and manufactured goods. Internal tariffs have been eliminated on both categories of goods.

97. The CEMAC free trade area and customs union were introduced at the same time within the framework of the Generalized Preferential Tariff system. Under the CEMAC structure of common external tariff, goods imported from outside the community are classified into four groups: basic necessities (0 percent), primary raw materials and capital equipment (10 percent), intermediate or semi-processed goods (20 percent), and final consumer goods (30 percent). The tariff on final consumers goods decreased from a high of 50 percent since in 1993 to the current rate of 30 percent.

98. A temporary surtax provision, supplementary to the structure of a common external tariff, was lifted in 2000 after remaining in effect for six years. The surtax was designed to

make up for the removal of tariff barriers such as quota restriction affecting domestic manufacturing businesses. The responsibility of determining the amount, up to a thirty percent maximum over six years, is left to the discretion of individual member state. The full elimination of internal tariffs, steps of removing non-tariff barriers, and the adoption of a common external tariff by 1998—within the framework of the Generalized Preferential Tariff—have virtually qualified CEMAC as a full free trade area and customs union.

99. Initiatives concerning trade facilitation include the simplification of transit and customs procedures to two forms—the simplified declaration (SD) without bank guarantee and the standard declaration (D15) with bank guarantee; the implementation of the international standard Inter-State Transit of Central African States designed to increase productivity and reduce the cost of transit services, the harmonization customs and statistical nomenclature and classification of 7000 items according to the system of the World Customs Organization (WCO) and the planned installation of ASYCUDA temporarily held up by financial scarcity.

2. Common Market

100. Beyond the formation of a free trade area and a customs union by 1998, CEMAC has taken some initiatives concerning the next phase formation of a common market—notably, the free movement of persons, the free movement of capital, and the harmonization and coordination of macroeconomic and sector policies. As an instrument of the free movement of people within the community, the CEMAC Passport and the Red Card for motor vehicle were adopted in 2000. The responsibility for issuing and administering CEMAC Passports rests with individual member states. The Red Card motor vehicle insurance was adopted in compliance with the 1996 agreement of introducing an international insurance card for protection against civil liabilities within CEMAC.

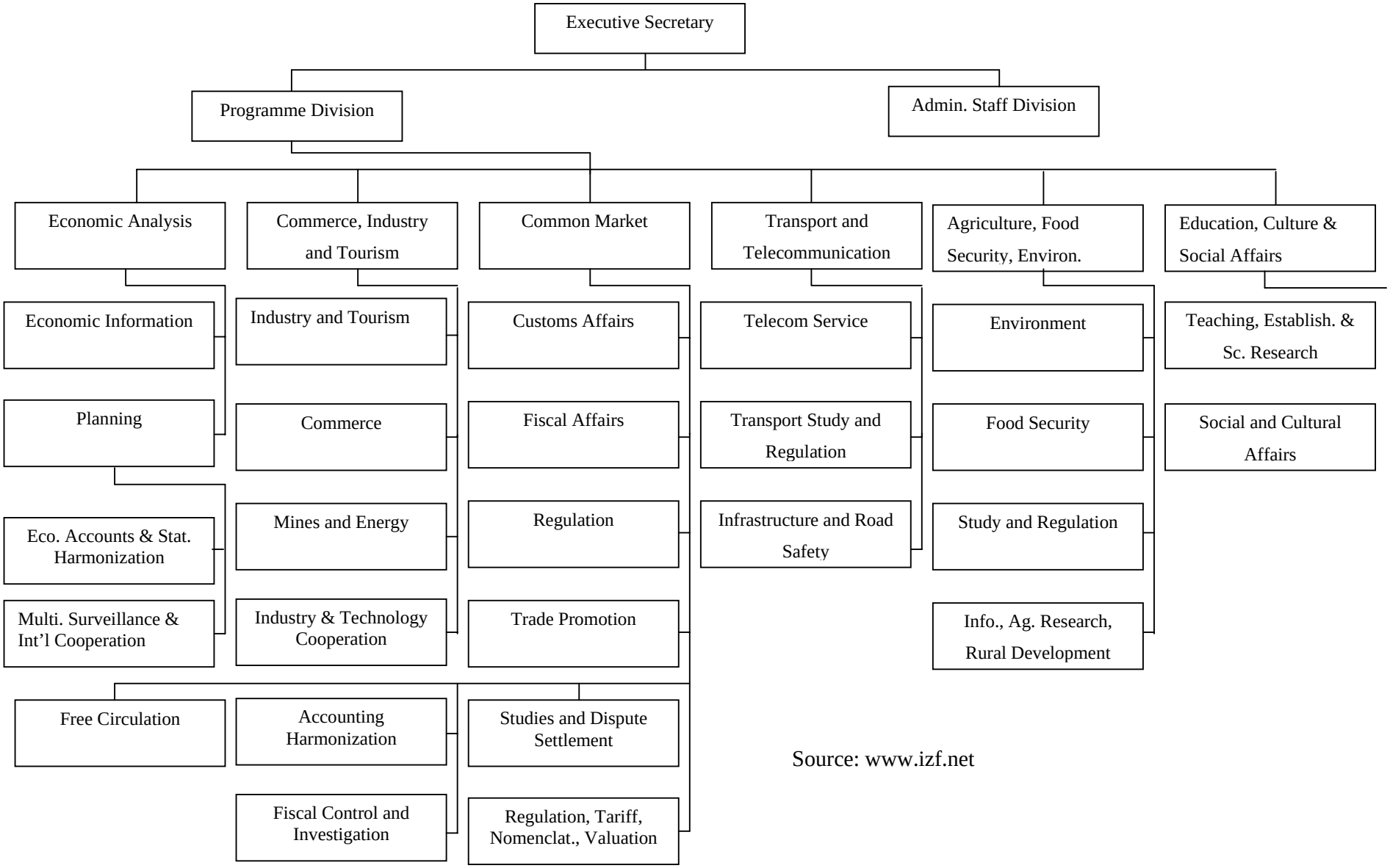
101. Under conditions of high unemployment rate, all countries invariably favour their nationals over expatriates within their regional community, and CEMAC is not an exception in that department. Although a CEMAC citizen can work in another member state after obtaining a valid contract and work permit, the policy is not much different from the courtesy extended to a skilled citizen of a third state. The labour codes of member states have been harmonized as part of a measure leading to the establishment of a common market through the free movement of persons.

102. Widespread unemployment and the lack of necessary skills is the fundamental impediment to economic integration through the free movement of persons both in CEMAC and other RECs. Nevertheless, a common standard of education among member states and training institutions shared by the same community is a positive contribution to the free movement of labour resulting in a common market. In this regard, CEMAC enjoys the advantage of community-sponsored training institutions distributed among different member states such as the Inter-State School of Customs (*l'École Inter-Etats des Douanes*) the Multisectoral Institute of Applied Technology and Project Planning and Evaluation (*l'Institut Sous-Régional Multisectoriel de Technologie Appliquée, de Planification et d'Evaluation de Projets*, the Sub-Regional Institute of Statistics and Applied Economics (*Institut Sous-Régional de Statistique et d'Économie Appliquée*), and the Central African Advanced School of Telecommunications (*l'Ecole Supérieure des Télécommunications de l'Afrique Centrale*).

103. Whereas for most regional economic communities common policies, common institutions, and common currency are distant aspirations, CEMAC is already functioning within that framework, particularly in the context of monetary matters. All members of CEMAC come from the same CFA free monetary zone—pegged at a fixed exchange rate to the French Franc previously and to the Euro subsequently. In addition to a currency, CEMAC members have a common central bank acting as the regional common authority, *le Banque des Etats de l'Afrique Centrale* (BEAC), and a common regulatory body of the banking sector, *le Commission Bancaire de l'Afrique Centrale* (COBAC). Provided it is accompanied with official documents, there is no obstacle to free monetary transfer on current transactions. However, the movement of capital accounts is restricted to the monetary zone. As signatory of IMF statutes, the repatriation of capital and dividends from CEMAC is respected.

104. By virtue of a common currency and a common central bank, CEMAC has partly transcended the coordination and harmonization of monetary policy. In addition to the enactment of various accords covering industry, tourism, transport and telecommunications, agriculture, food security, environment, mines, energy and technology, serious attention given to the coordination and harmonization of sector policies and programmes are portrayed in the organization structure of programme division below (Figure 1).

Figure 1. CEMAC Organization System: Programme Division



Source: www.izf.net

D. Community of Sahel-Saharan States (CEN-SAD)

105. The Community of Sahel-Saharan States (CEN-SAD) was formed in 1998. Apart from being the youngest regional block, what sets CEN-SAD apart from the rest of regional economic communities is the geographic distribution of its eighteen member states—Benin, Burkina Faso, Central African Republic, Chad, Djibouti, Egypt, Eritrea, Gambia, Libya, Mali, Morocco, Niger, Nigeria, Senegal, Somalia, Sudan, Togo and Tunisia—straddling all regions of the continent except the south. It should be pointed out that the arrangement is not amenable to physical integration requiring the cooperative development of networks of transport and communications infrastructure pursued by other regional economic communities composed of neighbouring countries. In addition to its organizational goal, the geographic non-contiguity of CEN-SAD member states perhaps explains why political matters have received more attention than economic cooperation and integration, since the community was formed four years ago.

106. The primary objectives of CEN-SAD are the improvement of living standards of community members by promoting political security, socio-economic cooperation and development, and intra-regional trade. The priority areas of cooperation include primary attention to political and security matters, coordination of socio-economic development plans and programmes, cooperation in sector development policies, facilitating the free movement of goods and people envisaging the formation of a common market, and reversing desertification and environmental degradation as well as agricultural development to ensure food security. The most important achievement of CEN-SAD to date on the economic front has been the establishment of the African Development and Commerce Bank (ABDC) in 1999, as a source of finance for priority projects contributing to economic cooperation and integration.

107. Apart from general statements about the desirability of encouraging the regional movement of goods and people, no time table has set to create a free trade area by removing internal trade barriers and a customs union by introducing a common external tariff. Tangible steps in the direction of such trade liberalization are awaiting the completion and adoption of a feasibility study undertaken by the ECA on behalf of CEN-SAD to form a free trade area.

E. East African Community (EAC)

108. Economic integration in East Africa began in the early colonial times when Kenya and Uganda were coupled in a customs union in 1900, later joined by then Tanganyika in 1922. The old East African Community was first established by three neighbouring member states (Kenya, Tanzania, and Uganda) in 1967 and folded after one decade of short-lived existence in 1977. After nearly a quarter century of regrettable disbanding, the same founding member states re-established the new East African Community (EAC) in 2000, following the reconstitution treaty coming into effect, with a spirited resolve and a broader mission to make it endure and flourish this time around.

109. According article five of the 1999 Arusha Treaty, the objectives of the East African Community comprise the development of policies and programmes designed to enhance a broadly-based cooperation; the progressive establishment of a customs union, a common market, and a monetary union climaxing with a political federation in the distant future; the attainment of equitable and sustainable growth and development leading to rising living standards and better quality of life; the sustainable utilization of natural resources and the protection of the environment; the enhancement of various ties among the peoples of the community; the mainstreaming of gender in all aspects of development; the promotion of regional peace, security and stability as the foundation of regional development and integration; and the active involvement of the private sector and civil society as integral development partners.

110. Whereas the first five-year integration strategy (2001-05) of the East African Community covers development-oriented cooperation and policy coordination in a broad range of areas—macroeconomic, monetary, fiscal, financial, social spheres; cultural and sports; human and natural resources; science and technology; infrastructure and environment; peace and security; political, legal and judicial matters as well as stakeholder participation—the focus of the following brief review will be trade liberalization associated with the phased formation of a free trade area, a customs union and a common market[9].

[9] For details on the integration and development strategy of the East African Community, please refer to Table 17 in the Annex.

1. Free Trade Area and Customs Union

111. The establishment of a free trade area ordinarily precedes that of a customs union in the process of a typical economic integration. The EAC takes a more pragmatic exception to the conventional rule by opting for a double-track approach, whereby the gradual reduction of internal tariffs and the adoption of a common external tariff proceed concurrently to take a flexible approach to the realization of the desired integration goal. Ongoing progressive reduction of internal tariffs is based on a periodic cost-benefit analysis accompanying further trade liberalization by taking cognisance of the structural and developmental differences in the economies of the partner sates. Accordingly, tariff reduction by the member states varies so far from 90 percent by Kenya to 80 percent by Tanzania and Uganda. Other spheres of progress towards the establishment of a free trade area include the completion of a study on trade in agricultural products, a consensus on the percentage of value-added to goods manufactured from imported raw materials until the protocol on the rules of origin is endorsed, the adoption of a single entry customs document and the harmonization of the last two digits of the customs classification code currently in progress.

112. Although the removal of conventional non-tariff barriers has been adopted, prevalent impediments to the free flow of trade within the community such as bureaucratic inefficiency and inadequate infrastructure are considered as the equivalent of other non-tariff barriers—a compelling reason for apportioning categorical attention to the improvement of the systems of public administration, transport and communications as an integral part of the development strategy for economic integration. To prevent protectionism under the guise of product quality and technical standards, the EAC has taken the initial steps of harmonizing the standards of goods and services by instituting a regional bureau and recommending a precedence rule. The rule of precedence signifies the acceptance of a product standard by one member state as equally applicable to the rest of the community. Although the adoption of a comprehensive and harmonized system of standards for quality and safety is an ongoing long process, out of 207 harmonized standards so far, 91 of them have been adopted and submitted to the WTO as EAC standards.

113. The protocol on the formation of a customs union is scheduled for conclusion by 2003. According to the June 2002 press release from the Information and Public Relations Department of EAC headquarters, the partner states have already reached a consensus on the

proposed structure of a common external tariff, which classifies customs duty on imports from third states into three groups, varying from a minimum of 0 percent, a medium of 10 percent, to a maximum in the range of 20 to 25 percent. The corresponding three groups of imports from outside the community are itemized in Table 6.

Table 6. Proposal on EAC Common External Tariffs

Imported Goods	10. Min. Band (0%)	20. Med. Band (10%)	30.Max. Band (20% or 25%)
10. Primary raw materials	X		
11. Essential drugs	X		
12. Medical equipment	X		
13. Plant and machinery	X		
14. Agricultural inputs	X		
15. Other special goods	X		
20. Intermediate goods		X	
21. Intermediate inputs		X	
30.Finished goods			X

Source: www.eachq.org, Information and Public Relations Department.

2. Common Market

114. Ahead of much older RECs, the EAC has taken the initiative of drawing up the framework for macroeconomic convergence. The development strategy paper recommends real GDP growth of 7 percent, maximum inflation rate of 5 percent, lower current account deficit, maximum fiscal deficit of 5 percent, foreign exchange reserve covering six-month imports, minimum domestic savings rate of 20 percent, maximum external debt service of fifteen percent.

115. It should be pointed out that, over and above the scope macroeconomic convergence policy not usually extending to the growth rate of the GDP as observed elsewhere in both developed or developing economies, the figure does not comes out as too ambitious in terms of feasible sustainability by all the member states. Besides, however desirable faster economic growth may be, members of an economic community cannot be expected to grow indefinitely at an arbitrary minimum rate of seven percent.

116. Additional fiscal policy harmonization of the five-year development strategy includes minimizing national value-added tax variations (currently between 16 percent and 20 percent), preventing double-tax, and increasing the uniformity of budgetary procedures.

Measures of convergence in the financial sector consist of the regulatory system governing the banking sector and the three national stock exchanges—under the aegis of the supra-national East African Securities Regulatory Agency (EASRA)—the establishment of the Capital Markets Development Committee to promote capital markets and facilitate the cross-listing of shares conducive to the free flow of capital across borders and the East African Association of Investment Promotion Agencies (EAFAIPA) to standardize incentives and related issues. The East African Development Bank (EADB) is a regional financial institution dedicated to economic development in the industrial sector.

117. In the order of EAC integration priorities, the protocol on customs union takes precedence over the free movement of people and the rights of establishment. However, some steps have been taken already to relax travel: the planned introduction of the East African Passport and temporary pass, the introduction of inter-state passes, the abolition of charges on temporary movement of vehicles across national borders, and the arrangement of a special airport immigration window for community travellers.

F. Economic Community of Central African States (ECCAS)

118. The Economic Community of Central African States (ECCAS) was established by the member states of the Central African Customs and Economic Union (UDEAC) and the Economic Community of the Great Lakes Countries (CEPGL) in 1983 and became operational in 1985. Although an eventual merger of the two into ECCAS is envisaged, UDEAC and CEPGL continue to co-exist as autonomous entities separate from ECCAS. The eleven member states of ECCAS are Angola, Burundi, Cameroon, Central African Republic, Chad, Congo DR, Congo, Equatorial Guinea, Gabon, Rwanda, and Sao Tome and Principe.

119. According to article four of the Treaty, ECCAS was established with the goals of primarily improving the living standard of its members by working together harmoniously for collective self-reliance in order to bring about balanced and sustainable development in the region, cooperating in the development of priority socio-economic sectors, maintaining economic stability, nurturing peaceful and close relations among the peoples of the community, and contributing to the development of the continent. ECCAS has formulated about twenty protocols covering trade liberalization, trade facilitation, and sector cooperation. Before advancing the protocols to adoption and implementation programme, the region was overtaken by a regional conflict pitting some member against each other directly and

affecting others indirectly, since 1992. In addition to the distractions of war, ECCAS has been kept inactive on the integration front for lack of financial support from member states and donor groups. As evident from developments after the Second Extra-Ordinary Summit of ECCAS in 1998, the restoration and preservation of regional peace and security has taken precedence over the agenda of regional economic cooperation and integration. Whereas ECCAS has drawn up a number of protocols—transit and transit facilities; customs cooperation; compensation fund for revenue loss; freedom of movement and rights of establishment of community citizens; clearing house; sector development cooperation in agriculture, industry, transport and communication, science and technology, energy, and natural and human resources—the status of implementation of most of them remains doubtful due to the prevalence of conflict in the region.

120. Against such background, four priority areas of focus were identified at a summit meeting, convened in 1999, to revive and revitalize ECCAS: capacity building for peace, security, and stability as a pre-requisite of economic and social development; development and integration in social, cultural, economic and physical sectors; and achieving the financial autonomy of the secretariat. At a follow-up meeting, a decision was reached to re-introduce the ECCAS passport by 2002.

121. Until a new financial arrangement, promising it greater financial autonomy, comes into effect in 2003, ECCAS will be placed in the unenviable position of seeking external financial assistance for both the budget of the secretariat and the implementation of programmes concerning trade liberalization and sector cooperation, although member states are supposed to be the primary source of fund under the provisions of the treaty. To accelerate economic integration within ECCAS, at least, two essential conditions must be met: first, sustainable peace and security must prevail among the CEPGL group of member states as a primary condition, and the integration programme of these countries must shift gear to a faster track to gain parity with their UDEAC counterparts—the latter a sub-region of CEMAC.

G. Economic Community of the Great Lakes Countries (CEPGL)

122. The Economic Community of the Great Lakes Countries—*la Communaute Economique des Pays des Grands Lacs* (CEPGL)—was established in 1976 by Burundi, Congo Democratic Republic (then Zaire), and Rwanda with the aims of attaining regional

economic cooperation and integration leading to a Great Lakes common market by building on pre-independence traditional links and ensuring regional economic security and stability by coordinating and harmonizing macroeconomic and sector policies. A crucial presumption for the pursuit of these worthy purposes is the existence of durable peace and security. The organization system of CEPGL includes five Specialized Technical Commissions: (1) political and judicial; (2) social and cultural; (3) planning, industry, agriculture, and natural resources; (4) commerce, finance, immigration, and tourism and; (5) public works, transport and energy. Unfortunately, the envisaged economic cooperation and integration in the Great Lakes region has been sidelined by the prolonged internal and external conflicts involving all member states, in addition to impeding progress of integration within ECCAS by merging CEPGL with UDEAC—the latter re-established as CEMAC, as pointed out earlier.

123. CEPGL hade taken some preliminary initiatives of economic cooperation and integration before the onset of regional conflict. Notable among these were the agreement of the three central banks to coordinate and harmonize national monetary policies; the adoption of the Social Security Convention on the limited free movement of persons—restricted to government officials and businessmen—and the formation of four multinational enterprises engaged in the production of electricity, glass bottles, cement and hoes. Contingent upon the restoration and preservation of peace and security indispensable for cooperative economic development, CEPGL has set up a few regional institutions on which to build its future integration programmes: the Development Bank of the Great Lakes States or *le Banque de Développement des Etats des Grand Lacs* (BDEGL) in the Congo DR, the Energy Organization of the Great Lakes Countrie or *l'Organisation de la CEPGL pour l'Energie* (EGL) in Rwanda, the Institute of Agricultural Research or *l'Institut de Recherche Agronomique et Zoologique* (IRAZ) in Burundi, and the Organization for the Management and Development of the Karega River Basin *l'Organisastion pour l'Aménagement et le Dévelopment du Basin de la Rivière Kagera* (*KBO*)—the last a joint cooperative venture among Burundi, Rwanda and Tanzania.

H. Economic Community of West African States (ECOWAS)

124. The Economic Community of West African States (ECOWAS) was established in 1975. The original treaty was revised in 1993 to move the community to a fast track realization of its goals in harmony with the agenda of the African Economic Community.

Higher living standards, sustainable economic growth and stability, closer relations among the peoples of the member states, and contribution to continental development—by means of regional cooperation and integration culminating in an economic union—make up the objectives of ECOWAS. The fifteen member states of the community are Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Ghana, Gambia, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo[10].

1. Free Trade Area

125. The essence of the ECOWAS trade liberalization programme, pointing to the formation of a free trade zone within ten years—with the complete elimination of tariff and non-tariff barriers by the end of the 1999—is the eponymous Trade Liberalization Scheme (TLS), which came into effect in 1990[11]. Goods eligible for duty free status under the scheme consist of raw materials, traditional handcrafts and industrial goods identified in the TLS agreement. To qualify for duty free treatment, the three groups of goods must satisfy conditions of origin in ECOWAS, inclusion in the list of goods attached to the TLS agreement in the case of industrial products, accompaniment with a certificate of origin and the presentation of export declaration. Eight member states, making up nearly half of ECOWAS s, have removed tariffs on unprocessed products and handcrafts. Benin stands out as the only country in the community for eliminating tariffs on industrial goods and applying for revenue loss compensation under the provision of the TLS.

126. In addition to adopting the Protocol on Inter-State Road Transit (ISRT) and the transit guarantee bond, ECOWAS has introduced a common certificate of origin and a uniform customs declaration form and a common statistical nomenclature modelled after the WCO harmonized system. The harmonized customs document was jointly developed with UEMOA as a replacement for different forms used by their respective member states. The harmonized customs nomenclature has been adopted by eleven member states, and the protocol on inter-state road transit by five countries. Except Cape Verde, Guinea Bissau and Liberia, twelve member states have nominated national bodies to provide a transit guarantee bond.

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[10] Mauritania withdrew from ECOWAS in 2000.

[11] The documents reviewed from the ECOWAS website on the allocation of the fifteen-year time frame between the formation of a free trade area and a customs union is not clearly explicit, but the inference suggests that the last two years between 2003 and 2005 will be devoted to the adoption of a common external tariff.

2. Customs Union

127. Within the framework of the TLS, the establishment an ECOWAS free trade area at the end of 1999 was supposed to be followed by the formation of an ECOWAS customs union within two years, by 2002. But the introduction of common external tariffs did not proceed as anticipated and was deferred to 2005 so that the common external tariffs of ECOWAS and UEMOA can be harmonized. It should be noted that UEMOA adopted a common external tariff in 1998 and revised it in 2000. The inter-regional CET harmonization initiative is supported by the European Union under the Regional Indicative Programme (RIP).

3. Common Market

128. ECOWAS deserves special credit for its integration programme on the free movement of persons, macroeconomic policy harmonization and monetary union. In addition to the introduction of a common passport, entry permit and visa requirements have been abolished, except by Liberia. A bona fide ECOWAS citizen in possession of a valid travel document and a certificate of international vaccination can enter a member state and stay for a maximum of ninety days. While the significant progress made in the free movement of persons is an appreciable development, some member states continue to create countervailing barriers in the form of multiple checkpoints and other forms of administrative obstacles. According to a survey of ECOWAS Secretariat, covering journey by road between six pairs of cities, travellers were reported to face checkpoints every twenty-five kilometres on the average[12].

129. The ECOWAS Travel Certificate was introduced to facilitate the intra-regional movement of people, but there are variations in the colour and quality of the paper used by different countries. Under statutory arrangements, a holder of the travel certificate is not required to fill out a standard form during entry to a member state, but immigration officials routinely breach the right. Seven countries have started issuing the travel certificate to their citizens. Refer to Table 18 in the annex on the implementation status ECOWAS market integration programme.

4. Monetary Union

[12] www.ecowas.int

130. As a prelude to the establishment of a West African Monetary Zone (WAMZ), under a common currency and a common central bank, ECOWAS reached a decision of easing a soft variant of monetary barrier by enabling community travellers the use of local currencies for limited items such as air tickets, airport taxes and hotel expenses. Thirteen countries—except Liberia and Sierra Leone—have adhered to the interim arrangement, but Ghana continues to demand foreign exchange for road transit tax.

131. The West African Clearing House (WACH) was created to promote intra-community trade with the use of local currencies against a background of exchange control dictated by the scarcity of hard currency in most member states. The West African Monetary Agency (WAMA) has replaced WACH, but the debt of two member states (Guinea Bissau and Liberia) remains to be settled[13]. With the collaboration of the Committee of Central Bank Governors and the WAMA, the ECOWAS travellers check was introduced in 1998 and went into circulation the following year to facilitate intra-community trade and other business transactions, but it was phased out in the aftermath of less restrictive exchange controls accompanying increasing economic liberalization in the aftermath of structural adjustment programmes in member states.

132. Against the background of eight UEMOA member states (Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo) belonging to the CFA monetary zone, ECOWAS took the first step of creating the West African Monetary Zone (WAMZ) by 2003, as a second monetary zone embracing six CFA non-members (Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone) by the Accra Declaration of 2000. In the second phase of the process, the two monetary zones will merge into one monetary union under a common currency and a common central bank—designated as the West African Central Bank (WACB). In addition to assuming the functions of WAMZ in the interim period, the West African Monetary Institute (WAMI) has been given the responsibility of making all necessary preparations for the launch of a single West African monetary union by 2004.

133. As part of the Monetary Cooperation Programme (MCP), the origin of an integrated West African monetary system dates back to 1997, when ECOWAS initiated a programme of macroeconomic policy harmonization by introducing the preliminary version of its convergence indicators, which was revised the following year through the collaboration of

[13] Guinea Bissau and Liberia jointly owe more than 13 million UA to WACH.

the ECOWAS executive secretariat and the WAMA As set forth in Table 7, the nine harmonized macroeconomic convergence indicators, adopted in 1999, are classified into two sets of primary and secondary criteria.

Table 7. ECOWAS Macroeconomic Convergence Criteria

Convergence Criteria	Priority	Parameter	Target Date
Budget Deficit	Primary	4%, maximum	2003
Central Bank finance of fiscal deficit	Primary	10%, maximum	2003
Inflation rate, annual	Primary	5%, maximum	2003
External reserves	Primary	6-month imports, minimum	2003
Domestic debt	Secondary	Liquidate outstanding and no new	Open
Tax Revenue/GDP	Secondary	20%, maximum	Open
Wage bill/Tax revenue	Secondary	35%, maximum	Open
Exchange rate	Secondary	Stabilize real rate	Open
Interest rate	Secondary	Maintain positive real rate	Open
Capital Expend./Tax Revenue	Secondary	20%, minimum	Open

Notes:

The maximum budget deficit does not include grants.
The maximum central bank financing of the budget deficit is based on the previous year's tax revenue.

Source: www.ecowas.int

134. Compliance with the four primary convergence criteria becomes mandatory in 2003, but adherence to the five secondary ones will remain less rigorous for an indefinite period. To enable monitoring the state of macroeconomic convergence, member states must formulate such programmes within the framework of the convergence targets and submit semi-annual reports to the Executive Secretariat of ECOWAS. Procedural default on planning and reporting entails the sanction of peers when the programme comes into full force. The assessment of on macroeconomic convergence is reportedly under study.

135. Measures of financial cooperation in ECOWAS are reflected in the establishment of several regional banks, beginning with the formation of the ECOWAS Fund for Cooperation, Compensation and Development (EFCCD) in 1975, which became operational four years later. The EFCCD was created to serve as a source of finance for the compensation of revenue loss accompanying regional trade liberalization and the promotion of balanced regional economic development by providing support to less developed member states of the community. It was later reorganized as the ECOWAS Bank for Investment and Development (EBID). The two subsidiaries of EBID are the ECOWAS Regional Development Fund

(ERDF) and the ECOWAS Regional Investment Bank (ERIB) with respective focus on public and private sector financing.

136. Considered a model of regional financial cooperation and integration, the ECOWAS Bank Group (Ecobank) is the parent holding company of subsidiaries in twelve countries of West and Central Africa. Ecobank provides commercial banking and other financial services to individuals and private as well as public sector organizations at its forty-four branches in the region and beyond. The ERDF is the major shareholder of Ecobank. The Ecobank Foundation, a philanthropic arm of the bank, is also involved in supporting scientific, cultural and humanitarian causes.

5. Sector Programmes

137. The sector programmes of ECOWAS are predicated on the premise that the economic integration of a developing community cannot be successful without the complementary development of infrastructure designed to facilitate the free flow of goods and people among its member states—a very compelling reason for integration programmes with special emphasis on telecommunication, roads and energy sectors.

138. The two-phase ECOWAS transport programme was initiated in 1980. The components of the first phase were road transport facilitation and road construction—notably, the Trans-West African and the Trans-Sahelian highway systems. According to a mission report on the status of their implementation, 83 percent of the 4560 km Trans-West African and 87 percent of the 4460 km Trans-Sahelian highway projects have been completed. Related initiatives in the transport sector include the ratification of a proposal to form a regional airline (ECOAIR), a private maritime company by private businesses and a study on the development of an interconnected railway system. While the airline and shipping projects are reportedly at an advanced stage, the required financing is being sought for the railway project.

139. The focus of the second-phase ECOWAS transport programme, adopted in 1988, is the integration of land-locked member-state roads with the regional highway network. Proposals to establish a multinational airline (ECOAIR) and a shipping line sponsored by the private sector are at advanced stages, but the required finance is begin sought for the feasibility study on networking regional railways.

140. The road transport facilitation sub-programme designed to promote the intra-regional movement of goods and people is the harmonized regulatory framework covering technical specifications of motor vehicles and related infrastructure, customs procedures, cross-border travel, and the motor vehicle insurance.

141. The ECOWAS third-party Brown Card motorcar insurance was introduced as a complementary measure to the free movement of goods and persons. Twelve member states of ECOWAS use the Brown Card and their counterparts from the UEMOA sub-group utilize a second motorcar insurance, known as *le Conference Interafricaine des Marchés d'Assurance* (CIMA).

142. TELECOM I, first launched in 1979, and TELECOM II make up the two-phase ECOWAS telecommunication programme. The improvement and expansion of regional telecommunication services, the completion of the West African sub-system of the Pan-African Telecommunication network (PANAFTEL) and the connection of regional capital cities with microwave technology make up the components of TELECOM I. The programme was implemented over a ten-year period between 1983 and 1992 through the major financing provided by the ECOWAS Fund. According to an evaluation report of the International Telecommunications Union (ITU), 95 percent of the project has been completed. The components of INTELCOM II consist of modernizing the existing regional telecommunication network by incorporating state of the art features such as wideband and multimedia.

143. The preparation phase of the ECOWAS regional energy master plan has been completed and is awaiting adoption before implementation. The components of the programme cover hydro-electricity, thermal and renewable sources, gas pipelines and electricity grid interconnection.

I. Indian Ocean Commission (IOC)

144. The Indian Ocean Commission is a regional economic community of four island nations—Comoros, Madagascar, Mauritius, and Seychelles—formed in 1984 by the Victoria General Agreement on Cooperation. By virtue of its status as a non-independent French overseas territory and a non-member of the African Union, Reunion is an indirect member of

the IOC through France. All member states of the IOC also form part of COMESA and two of them (Mauritius and Seychelles) are affiliated to SADC. The objectives of IOC are the advancement of a spirit of friendship and solidarity among the governments and peoples of the sub-region and the betterment of their living standards by advancing cooperation in all areas, with a particular emphasis of the economic dimension.

145. The most important initiative of trade liberalization in IOC is the Integrated Regional Programme of Trade Development or *le Programme Régional Intégré de Développement des Echanges* (PRIDE), adopted in 1996, with the aims of trade and investment liberalization policies within the region and their coordination with proximate RECs—COMESA and SADC. Even a technical committee constituted to follow up on trade liberalization had recommended a timetable of a tariff reduction programme towards the formation of a free trade area in 1999, there is evidence of its adoption. Except the elimination of bilateral tariffs between Mauritius and Madagascar since September 1999, the rest of IOC is a preferential trade area governed by the protocol on the rules of origin. The IOC rules of origin stipulate four conditions similar to those of COMESA: (1) primary raw materials obtained from the region or goods manufactured from them, (2) manufactured goods with a maximum imported material content of 60 percent, (3) general manufactured goods with a minimum value added of 45 percent of the factory price, (4) a minimum value added of 25 percent to the factory price on goods of special significance to economic development. Since the PRIDE does not raise the issue of a common external tariff and makes only a casual reference to the free movement of factors and policy harmonization, the formation of an IOC customs union and common market appears to be a long-term agenda. Considering the IOC's inclination to coordinate its trade liberalization programme with those of SADC and COMESA, it stands to reason that the date of introducing a common external tariff may coincide with COMESA's, which is schedule for 2004.

146. The comprehensive IOC sector cooperation programmes and projects include environmental protection and education, tourism, fruit fly eradication, the establishment of the University of the Indian Ocean, regional oil spill contingency planning, regional security project, fishery—notably, the Indian Ocean Tuna Commission—health, culture, plant protection, development of new and renewable energy, standardization and product quality, and commercial information (COI-Infonet). The status of these programmes and projects vary

from preparatory ones, those in progress to those finalized. Nearly all these programmes are financed with the support of the European Union and France.

J. Inter-Governmental Authority on Development (IGAD)

147. The Inter-Governmental Authority on Drought and Development (IGADD) was first established in 1986 by six founding member states—Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda—with the primary aim of overcoming problems associated with severe and recurrent drought confronting the region through mutual cooperation. The predecessor IGADD was reconstituted as the successor IGAD in 1996 with a much broader scope of cooperation in socio-economic development and economic integration. Eritrea joined the community in 1993 as the seventh member.

148. According to its charter, the principal objectives of IGAD encompass the realization of sustainable development and economic integration through the coordination and harmonization of macroeconomic and sector policies; the eventual establishment of a common market with the free movement of trade and factors of production; the rational utilization of natural resources and the protection of the environment; the coordinated development of essential infrastructure with particular emphasis on transport, telecommunication and energy; the pursuit and preservation of regional peace and security; the attainment of national and regional food security; the advancement of development oriented research in science and technology; and the mobilization of financial resources necessary for the realization of development programmes.

The current sector cooperation programmes of IGAD (Table 8) are organized into six groups of forty-eight component projects—distributed among agriculture and environment (15), economic cooperation (13), political and humanitarian affairs (6), documentation and information (5), and gender related schemes (6). Although IGAD refers to the preceding catalogue of items as sector programmes, it does not qualify for that designation in the strict sense of the word. A programme to be called as such must meet, at least, two basic conditions: the identification of the programme components and the estimated time required to realize them with starting and ending date. Since what are overstated as sector programmes do not measure up to the time-frame criterion of action plans, they should be taken more as a statement of strategic direction than a veritable programme. Even as an expression of strategic direction, the priorities of IGAD focus on cooperation in the areas of peace and

security, drought and the environment, development of the infrastructure, and agriculture and food security rather than on trade liberalization. It should be pointed out that another striking aspect of IGAD integration programmes is the extent of its over-dependence on financial support from bilateral and multilateral sources.

Table 8. IGAD Sector Programmes and Sources of Fund

Sector		Financial Sources	
Programme	Project	Bilateral	Multilateral
Agriculture and Environment	15	Germany, France, Finland, Italy, Netherlands, Norway, Sweden, UK, USA	EU, FAO, WMO, UNDP, UNSO, UNCDD
Economic Cooperation	13	Italy, Norway, Canada, USA	UNECA, OAU, WTO, ACP-EU
Political and Humanitarian Affairs	9		
Documentation and Information	5		
Gender (Women's Desk)	6		UNIFEM
Resource Mobilization		Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Ireland, Japan, the Netherlands, Norway, Sweden, Switzerland, United Kingdom, and United States	EU, UNDP, UNIFEM
Total	48		

Source: Compiled from www.igadregion.int

149. The thirteen so-called programme components, under the title of economic cooperation, do not include any item of integration pertaining to a free trade area, a customs union or a common market—much less a timetable for their formation. However, since IGAD is a sub-region of COMESA, the removal of internal tariff barriers and the introduction of a common external tariff may coincide with those of COMESA by default.

Kenya is the only IGAD member in rank the first nine frontrunners of the COMESA free trade area that have eliminated internal tariffs on trade among them as of 2000.

K. Mano River Union (MRU)

150. The Mano River Union (MRU) was established in 1973 by the Liberia and Sierra Leone, and Guinea joined it in 1908. MRU was founded with the ultimate goal of improving the living conditions of the regional community by means of cooperative and integrated development leading to the formation of a customs and economic union; removing barriers to the free movement of goods and services; common policies and programmes in trade, customs, investment, transport, communication, energy, social and cultural development; and cultivating a harmonious relationship among the governments and peoples of the community.

151. Despite the laudable motive of fostering a harmonious relationship among the peoples and governments of the member states, with which the MRU was conceived in the first place, the state of regional conflict and instability, both within and among the member states, has taken the centre state at the expense of economic cooperation and integration. On top of proving an impediment to regional development and integration initiatives, the condition of lingering conflict has exacerbated the financial problems of the MRU secretariat to the point of insolvency in paying even staff salary and the accumulation of salary arrears.

152. The short-term and medium term priorities of MRU focus on the restoration of durable peace and political stability, the repatriation and re-integration of refugees, the revitalization and financing of the secretariat, the restoration of political stability and the use of the Mano River as an important channel of transportation. Issues of economic cooperation and integration such as the design of regional development framework and the harmonized utilization of regional natural resources are deferred to the long-term as secondary priorities.

153. Prior to the breakdown of regional peace and security, MRU had taken some steps towards economic integration. Notable among them were the adoption of a common external tariff with third states in 1997 and the agreement governing liberalized trade among member states of the union, but there is no evidence of further progress of commitment to an implementation timetable. Other programmes of integration within the REC include the opening of two factories in Sierra Leone and Liberia for the production of oil extraction machinery with the financing of a regional development bank and the technology supplied by a Dutch firm, the construction and rehabilitation of inter-state and local roads, the construction of a bridge over Manor River, a maritime transport pilot project, agricultural resource evaluation, and the establishment of the Guinea Centre for Animal Husbandry.

L. West African Economic and Monetary Union (UEMOA)

154. The formation of the West African Economic and Monetary Union in 1994, known more popularly by its French acronym as UEMOA (*Union Economique et Monetaire Ouest Africaine*), coincides with the date of entry into force of the Treaty Establishing the African Economic Community. The eight current members of UEMOA—all from the CFA monetary zone—are Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. As integral parts of the common Franc CFA monetary zone, there is no greater convergence of integration programmes than those between the CEMAC and the UEMOA. The level of convergence between the two RECs can be attributed the establishment common monetary zone preceding earlier levels of economic integration—free trade area, customs union and common market.

155. UEMOA was created for the purposes of realizing financial and economic competitiveness among its members within a framework of an open and harmonious legal environment; ensuring the convergence of member-state economic policies and their implementation by institutionalising a multilateral monitoring system; coordinating sector national policies with special emphasis on human resources, regional planning, transport and communications, environment, agriculture, energy, industry and mines; harmonizing the proper functioning of the common market and national legislations in general and those of taxation in particular; attaining economic integration with increasing free movement of goods, services, labour and capital.

156. The advancement of economic integration among member states through the steady free movement of goods plus services and their factors of production, accompanied with national policy coordination and harmonization—as expressed in the objectives of the Union—is the equivalent of a progressive passage through an initial free trade area, an intermediate customs union and a final common market. This section reviews briefly how the progress of UEMOA programmes fair on those scores over a period of six years between 1996 and 2001[14].

1. Free Trade Area

[14] Although the community was founded in the second half of 1994, the intervening formative period of up to 1996 was devoted to preparatory strategic planning and setting up the organization system of UEMOA Commission.

157. The most significant step towards the formation of a UEMOA free trade area was the adoption of the Community Preferential Tariff (CPT) agreement in 1996. A number of regional trade liberalization steps have been taken since the agreement took effect the same year. In addition to the gradual formation of a free trade area and a customs union, the trade liberalization programme under CPT contains some elements of a common market.

158. Internal tariffs have been eliminated fully on agricultural commodities, livestock, and traditional handcrafts of UEMOA origin since 1996. Tariffs on approved manufactured goods of the union origin were reduced from 30 percent to 100 percent between 1996 and 2000, while those on unapproved manufactured goods were lowered by just 5 percent. The scope of approved industrial goods of UEMOA origin increased from 840 manufactured items and 228 companies in 1997 to 948 manufactured items and 244 companies subsequently. The evolution of the tariff reduction programme on approved manufactured products is summarized in Table 9.

Table 9. UEMOA Tariff Reduction Programme, 1996-2000

Date		Tariff Reduction (Percent)	Scope
Begin	End		
1996	1996	100	Agricultural produce
1996	1996	100	Livestock
1996	1996	100	Handcrafts
Jul-1996	Jun-1997	30	Approved manufactured goods
Jul-1996	Jun-1997	5	Unapproved manufactured goods
Jul-1997	Dec-1998	60	840 items of 228 firms, manufactured
Jan-1999	Dec-1999	80	840 items of 228 firms, manufactured
Jan-2000	Indefinite	100	948 items of 244 firms

Source: Complied from www.izf.net and www.uemoa.org

159. As a counter-measure to the potential loss of customs revenue arising from the reduction of tariffs on intra-community trade, UEMOA established the Community Compensation and Solidarity Fund in 1998, to be financed from a levy of 0.5 percent on imports from third states, which was subsequently raised to one percent. While tariff elimination undertaken by EUMOA is a creditable development as a programme, it is not a sufficient condition by itself for the formation of a veritable free trade area without an earnest commitment to its implementation on the part of its constituency and a corresponding plan of

action for the removal of non-tariff barriers. The track record on those fronts leaves much latitude for improvement. Although appreciable progressive developments have been made since then, according to a report submitted to a summit meeting of the UEMOA Authority of Heads of State and Government in 1997, problems undermining the progress of the planned free trade area included a differential commitment to integration among member states, delays in implementing agreed tariff reductions, obstacles faced in obtaining official authorization for the import of some legitimate products, the lack of consensus on the interpretation of finished and unfinished products, and general negative disposition from law enforcement personnel[15]. In all fairness to UEMOA and with due credit for all its achievements as the frontrunner among RECs, it should be pointed out that the general reluctance to implement tariff reduction programmes and the tendency to dilute them with subtler forms of non-tariff barriers—referred to as the lack of commitment in more euphemistic terms as the lack of commitment by member states—is an issue that cuts across many RECs.

2. Customs Union

160. The formation of the UEMOA customs union was launched with the initial introduction of a common external tariff in mid-1998, followed by further reduction of tariffs on consumer goods. Goods imported from third states, under the terms of the common external tariff, are classified into four digitally coded categories: 0 (a limited list of essential social goods), 1 (primary necessities, basic raw materials, capital equipment and specific inputs), 2 (intermediate products and inputs), and 3 (final consumers goods and other products not listed elsewhere). The structure of the common external tariff remained the same between 1998 and 2000 on the first three categories of imports: 0 (0%), 1 (5%), 2 (10%); but decreased from 30% to 20% on the fourth category. The evolution of UEMOA common external tariff is summarized in Table 10.

[15] As a case in point, Mr. Toure of Burkina Faso, the then High Commissioner of UEMOA, complained to a “le Sud” interviewer about his experience of fifty-one stops for routine check during an official trip by car between Ouagadougou and Cotonou in 1996. On recounting the incident to President Kerekou of Benin, the President reportedly reacted with alarm and remarked, "The integration process is not moving." Trade Liberalization: WAEMU’s First Tentative Steps Toward Regional Integration Could Benefit Senegal,” www.dakarcom.com/econ_waemu.htm

161. At the time of its introduction in 1998, the structure of common external tariff had been based on the tariff nomenclature of each member state, but the community adopted the harmonized system of tariff and statistical nomenclature subsequently according to the WCO standards. Preparations are also underway for the installation of EUROTRACE for the generation, analysis and reporting of external trade statistics. Since the contribution to the Community Compensation and Solidarity Fund comes from a levy of one percent on imports from third states, it should be noted that there is a difference of one percentage point between the UEMOA nominal and effective structure of common external tariffs.

Table 10. Evolution of UEMOA Common External Tariff, 1998-2000

Category of Imports		Common External Tariff (%)		
Code	Type	Jul-Dec 1998	Jan-Dec 1999	Jan-2000
0	Limited list of essential social goods	0	0	0
1	Primary necessities, basic raw materials, capital equipment, specific inputs	5	5	5
2	Intermediate products and inputs	10	10	10
3	Final consumption goods and other products not listed elsewhere	30	25	20

Source: Compiled from www.uemoa.org, www.izf.net

3. Common Market

162. The free movement of persons and the rights of residence and establishment within UEMOA are fully harmonized with those of ECOWAS, including the introduction of a common passport. Accordingly, while all UEMOA member states have abolished entry visa requirements and introduced the CIMA and the Brown Card motor vehicle insurance, six of them have established national monitoring committees. On the other hand, circulation is limited to two members in the case of travel certificate and to only one member state with respect to the harmonized emigration and immigration forms[16]. UEMOA and ECOWAS deserve to be credited for having made appreciable progress in the sphere of the free movement of persons leading the way to the establishment of a common market, arguably, more than other RECs.

[16] Please refer to Table 18 of the Annex for more details.

The reformation of UEMOA as an economic and monetary union in 1994—from the formation of UEMOA as a monetary union in 1974, with a common monetary zone (CFA) and a common central bank—*Banque Centrale des Etats de l'Afrique de l'Ouest*t (BCEAO)—gives it a comparative advantage of significant head-start over other regional economic communities in monetary matters impacting on the free movement of capital. The agreement between UEMOA and BCEAO in 1997 to transform the Abidjan Bourse to a regional stock exchange and the initiative to harmonize the regional accounting system through SYSCOA (*Système Comptable Ouest Africain*) in 1998 are affirmative actions towards the facilitation of the free flow of capital in the region. The adoption of community policied in agriculture, industry, mining and energy, and handcrafts (between 1999 and 2000) combined with the harmonization of consumer price indices, *l'**I**ndice **H**armonisé des **P**rix à la **C**onsommation* (IHPC), and the adoption of a convergence framework are notable developments in the spheres of sector and macroeconomic policy coordination and harmonization conducive to the prospective establishment of a common market.

M. Southern African Development Community (SADC)

163. The Southern African Development Cooperation Conference (SADCC), formed first in 1980 as a common front of political and economic liberation from the dominant neighbouring apartheid state, was transformed from a mere development cooperation conference of narrower scope to the more comprehensive Southern African Development Community (SADC) after the treaty establishing it took effect in 1994—a date coincidental with the foundation of the African Economic Community. The fourteen member states of SADC are predominantly from southern Africa (Angola, Botswana, Lesotho, Malawi Mozambique, Namibia South Africa, Swaziland Zambia and Zimbabwe), but the membership extends to three other regions: central (Congo DR), east (Tanzania), and the Indian Ocean islands (Mauritius and Seychelles).

164. According to article five of the treaty—with interdependent collective self-reliance as the underlying principle—the objectives of SADC cover a broad spectrum of development cooperation and economic integration: the advancement of social welfare as the ultimate goal of sustainable national and regional economic development; the convergence of a common system of political values and institutions; the achievement and preservation of regional peace and security; the pursuit of complementarities between national and regional

development strategies and programmes; the productive employment of human resources and the sustainable exploitation of natural resources; complementary to economic integration, the nurturing of diverse cultural and social ties among the peoples and institutions of the community; the coordination and harmonization of political, social, and economic policies; the development and adoption of policies progressively leading to the free movement of trade, labour and capital; the development and transfer of technology; the coordination and harmonization of international relations; and the mobilization of external finance for the implementation of development and integration programmes.

1. Strategy and Programmes

165. In keeping with the post-apartheid shift of regional priorities from political struggle to regional economic development and integration, SADC embarked on a major programme of restructuring the decentralized and ineffective organization system inherited from its predecessor as the first order of business in 2000. The step is in conformity with the recommendation of strengthening existing regional economic communities under the Abuja Treaty. Unlike other regional communities, where a multinational committee assumes the responsibility over sector coordination, the function was decentralized and distributed among individual member states during the time of SADCC. Under the restructuring exercise designed to make the secretariat more effective in the fulfilment of its new mandate, sector programme coordination hitherto scattered, are centralized around four sector clusters within a department. One of the sector clusters—trade, industry, investment and finance—is responsible for trade liberalization and has been operational since August 2001.

2. Free Trade Area

166. Within the framework of national and regional priorities, the development and coordination of social and economic sectors are the primary focus of SADC regional integration strategy. The SADC Programme of Action (SPA)—with more than 400 projects, over eight billion US dollars in estimated cost, and over-dependent on external financial support to the tune of 90 percent—is the centrepiece of SADC programme of development and integration. From more than twenty protocols signed or ratified under the SPA, the SADC Trade Protocol was launched in 2000 with the ultimate goal of forming a SADC free trade area by 2008, by means of increasing trade liberalization, efficient production based on comparative advantage, an investment friendly environment and diversified industrialization.

The SADC trade Protocol makes no reference to timetables for the establishment of a customs union or a common market.

167. Negotiations currently in progress on some remaining issues of trade liberalization in include tariff reduction timetable; outstanding aspects of rules of origin; removal of non-tariff barriers, preferential market access of selected goods, trade in services, standardization (quality assurance, accreditation, metrology). Although the harmonization of customs procedures and documents is a part of the negotiation on trade liberalization, some standard customs forms have been adopted: certificate of origin, declaration by producers, road freight manifest, transport approval certificate, and customs transit inspection report.

168. In the context of a sector-oriented SADC regional development and integration strategy, the Southern African Power Pool (SAPP) in the energy sector merits a brief attention as an exemplary case. The SAPP was formed in 1995 by a consortium of twelve national electricity companies: SNEL (Democratic Republic of Congo), TANESCO (Tanzania), ZESCO (Zambia), ENE (Angola), NAMPOWER (Namibia), BPC (Botswana), ZESA (Zimbabwe), EDM (Mozambique), SEB (Swaziland), ESKOM (Malawi and South Africa) and LEC (Lesotho). The aim of the power pool is the economical and reliable supply of electricity to member states by using natural resources rationally, protecting the environment, coordinated planning and operation of national power systems and generating synergy.

169. Even though the inter-regional coordination and harmonization of policies on tariff and non-tariff barriers along with common external tariffs are the agenda the fourth-stage modalities (2018-19), COMESA and SADC have already taken a head start in that direction . Since 2001 they have reached agreements on the coordination and harmonization of policies in a few areas of economic integration: elimination programme of non-tariff barriers; customs documents and procedures; a tripartite air traffic liberalization among COMESA, EAC and SADC; transport and telecommunication; road safety and motor vehicle insurance; regulatory framework for standards (quality assurance, metrology, accreditations); multilateral trade negotiations; and east-south master plan for infrastructure.

N. Southern African Customs Union (SACU)

170. The South African Customs Union (SACU) was formally established by the Customs Union Agreement of 1969, but its has been operating as such for nearly a century. The member states are Botswana, Lesotho, Namibia, South Africa, and Swaziland. SACU's long coexistence with a system of apartheid is a testimony to its capacity to separate issues of political divergence from those of economic convergence. Whereas SADC is just beginning to make preparations for the formation of a free trade area by 2008, SACU—a sub-region of SADC—has been a free trade area without tariff and non-tariff barriers and a customs union with a common external tariff since 1910.

171. With greater emphasis on trade, the objectives of SACU are the establishment of a customs union, a free trade area with the free movement of goods and services, diversified economic development with special attention to the less developed members and the equitable distribution of costs and benefits. There are no explicit provisions in the treaty establishing SACU to extend the scope of integration beyond the confines of a customs union to a common market or a monetary and economic union.

172. SACU has a number of peculiarities, which sets it apart from other regional economic communities: it is unarguably the oldest functioning REC in Africa, and the oldest customs union in the world arguably. Unlike any other, South Africa is a regional economic giant and dominant trading partner, among economic dwarfs. In the absence of a permanent secretariat, South Africa steers the course of SACU policies without intervention from other member states. In contrast with other regional economic communities, SACU has no protocols governing different areas of cooperation and integration. The economic power of South Africa has singularly contributed to the significant scale of intra-community trade in comparison with other regional communities where the relative magnitude is insignificant.

173. All customs and excise duties on intra-community trade are pooled into the Southern African National Revenue Fund and shared by the members according to a formula excluding South Africa, which takes the residual. In addition to setting the policy and programme, South Africa has been responsible for administering the Pool Fund. The performance of SACU has been helped by the existence of a quasi-monetary union with the Rand serving as a virtual common currency under the Common Monetary Area, replacing the Rand Monetary Area. Trade within SACU is facilitated by the easy convertibility of the currencies.

174. Receipts from the Fund make up a substantial share in the structure of government revenue for member states like Lesotho and Swaziland. The revision of the 1969 Customs Union Agreement has been in progress since 1994. The thrust of the treaty amendment is the democratisation of the organization and management system along the lines of other regional communities, hitherto dominated by South Africa, and the reform of the existing formula for the distribution of the pool Fund. The new revenue distribution formula incorporates three sub-pools: customs pool proportionate to the share of intra-SACU trade, excise pool proportionate to GDP, and 15 percent of the excise pool in inversely proportionate to per capita income for development fund.

III. Convergence of Integration Programmes: RECs and AEC

175. The two defining features of convergent phenomena are the target of convergence and the tempo of the actions necessary to reach the objective. In the context of convergence between the integration programmes of RECs and the AEC, the goals embodied in the respective treaties and the pace of the integration programmes to realize them within the target date are the equivalent of the dual attributes.

176. On the first score, the unity of purpose among RECs and the AEC is so harmonious the convergence of goals virtually borders on unanimity. The constitution or reconstitution of some RECs and the realignment of their names in the aftermath of the 1991 Abuja Treaty attest further to the convergence of their objectives: CEMAC (1994), CEN-SAD (1998), COMESA (1994), EAC (1999), ECOWAS (1993), IGAD, (1996), SADC (1994) and UEMOA (1996). However, a complete uniformity of objectives among all RECs cannot be expected on several grounds: historical origin, level of development, cooperation and integration priorities, resource endowment, geographic location, state of peace and security, severity of environmental issues and the scope of integration—varying from narrower trade liberalization in some cases, broader economic integration in most cases to ultimate political federation in the particular case of the EAC[17]. In terms of the second attribute, wide variations separate the progress of integration programmes in different RECs. With the milestones of progressive economic integration—free trade area, customs union, common market, monetary union and economic union—as the benchmark of convergence, the inter-regional assessment of the programmes of fourteen RECs is the focus of this part of the report.

A. Free Trade Area

177. Under the guideline modalities, the establishment of free trade areas at the regional level by 2016, with the gradual removal of tariff and non-tariff barriers, passes through three successive steps: (1) initial preparations preceding the adoption of removal timetable, (2) adoption of removal time table, (3) introduction and gradual removal. Based on such

[17] The objectives of the EAC include an aspiration to long-term political federation, according to article 5.2 of the Treaty.

convergence criteria, the tariff removal programmes of the fourteen RECs are broadly classified into four clusters with as much marked differences among clusters of RECs as within them. As presented in Table 12, the four clusters of RECs are arranged in an ascending order according to their pace of programme convergence: slow-paced (Cluster I), less slow-paced (Cluster II), less fast-paced (Cluster III) and fast-paced (Cluster IV)

Table 11. Tariff Removal Programmes of RECs: Convergence Clusters

Cluster	Relative Pace	Number	RECs	Tariff Removal Programme	Remarks
I	Slow-paced	6	CEN-SAD, CEPGL, ECCAS, IGAD, MRU, UMA	No timetable	
II	Less slow-paced	2	EAC, SADC	EAC 80-90% Reduction, 2008 SADC Timetable	Emphasis of sector cooperation by SADC
III	Less fast-paced	3	COMESA, ECOWAS, IOC	Introduced but not completed	Tariff abolition by 9 COMESA members. Tariff reduction on processed goods by Benin only in ECOWAS.
IV	Fast-paced	3	SACU, CEMAC, UEMOA	Other than unapproved manufactures in CEMAC and UEMOA nearly complete.	Respective: completion date: 1969, 1998, 2000.

Source: Based on convergence analysis.

Cluster I

178. As of 2003, the group six RECs in the slow first cluster (CEN-SAD, CEPGL, ECCAS, IGAD, MRU, and UMA) have not even taken the preliminary step of adopting timetables for the elimination of internal tariffs. In spite of a common lack of commitment to a definite schedule for the establishment of free trade areas, it would be an overstatement to lump them all together as a homogenous group, given the modest steps hitherto taken by some of them in the direction of trade liberalization.

179. To highlight some internal differences within the trailing first cluster, UMA has drawn up many agreements related to trade liberalization, endorsed a few of them, and

reduced tariffs on some agricultural commodities and manufactured goods. Within ECCAS, the CEMAC sub-group of countries has already attained the status of a free trade area. As a

Table 12. Convergence of Integration Programmes: AEC and RECs

	Level Integration	Intra-REC Free Trade Area	Intra-REC Customs Union	Inter-REC Free Trade Area	Inter-REC Customs Union	Inter-REC/AEC Common Market	Inter-REC/AEC Monetary Union	Inter-REC/AEC Economic Union
	AEC Stage	**2-3**	**2-3**	**4**	**4**	**5**	**6**	**6**
	AEC Years	**8**	**8**	**10**	**10**	**4**	**5**	
	AEC Date	**1999-2016**	**1999-2016**	**2017-18**	**2017-18**	**2019-22**	**2023-27**	**2023-27**
1	CEMAC	1993-1998	1993-2000	AU/AEC Role	AU/AEC Role	Passport introd.	1945	No timetable
2	CEN-SAD	No timetable	No timetable	AU/AEC Role	AU/AEC Role	No timetable	No timetable	No timetable
3	CEPGL	No timetable	No timetable	AU/AEC Role	AU/AEC Role	No timetable	No timetable	No timetable
4	COMESA	1984-2000	2004	AU/AEC Role	AU/AEC Role	Long-term: 2025	Long-term: 2025	No timetable
5	EAC	Ongoing	2001*	AU/AEC Role	AU/AEC Role	Ongoing	Ongoing	No timetable
6	ECCAS	No timetable	No timetable	AU/AEC Role	AU/AEC Role	No timetable	No timetable	No timetable
7	ECOWAS	1990-99	2005	AU/AEC Role	AU/AEC Role	Passport introd.	2005	No timetable
8	IGAD	Part of COMESA	Part of COMESA	AU/AEC Role	AU/AEC Role	Part of COMESA	Part of COMESA	Part of COMESA
9	IOC	Introduced	No timetable	AU/AEC Role	AU/AEC Role	Part of COMESA	Part of COMESA	Part of COMESA
10	MRU	No timetable	No timetable	AU/AEC Role	AU/AEC Role	No timetable	No timetable	No timetable
11	SACU	1969	1969	AU/AEC Role	AU/AEC Role	Not required	Not required	No timetable
12	SADC	2008	No timetable	AU/AEC Role	AU/AEC Role	No timetable	No timetable	No timetable
13	UEMOA	1996-2000	1998-2000	AU/AEC Role	AU/AEC Role	Passport introd.	1945	No timetable
14	UMA	No timetable	No timetable	AU/AEC Role	AU/AEC Role	No timetable	No timetable	No timetable

Source: Based on convergence analysis

* Time frame of the community development strategy not fulfilled by the first half of 2003

result of persistent regional conflicts, issues of peace and security take precedence over programmes of economic integration in ECCAS, CEPGL and MRU.

Cluster II

180. The adoption of the timetable for the introduction of free trade areas is the distinguishing feature of the two less slow RECs (EAC and SADC) in Cluster II. SADC has adopted 2008 as the target date for starting a free trade area. In preparation for the introduction of a free trade area on the target date, the SADC protocol on the rules of origin and related negotiations on trade liberalization are presently underway. The integration strategy of the EAC views the establishment of a free trade area as an ongoing process, but the community has already made a significant heady way by slashing internal tariffs to the tune of 80-90 percent on a broach range of goods.

Cluster III

181. The third cluster is made up of two less fast-paced RECs (COMESA, ECOWAS and IOC) that have formally introduced free trade areas, accompanied with the partial removal of tariffs. The establishment of a free trade area within COMESA has been in progress since 1984 to reach the full removal of internal tariffs and quota restrictions by nine of its member states in 2000—soon to increase by three more member countries when their announcement to partake in the free trade area at the Eighth COMESA Summit of 2003 is formalized.

182. A bilateral free trade area arrangement is in effect between Mauritius and Madagascar in the IOC. Although no timetable has been adopted for the reduction of tariffs covering the whole region, it is reasonable to expect the influence of the COMESA or SADC time frame—more likely, the former—in view of their overlapping membership.

183. The ECOWAS free trade area was launched in 1990 with the elimination of tariffs on unprocessed goods and local handcrafts. The complete removal of tariffs on both unprocessed and processed goods originating in ECOWAS was originally planned for 1999 without complete success so far. With the exception of Benin, no other member state has lived up to the preferential tariff reduction programme adopted on manufactured goods.

Cluster IV

184. The fourth cluster of frontrunners comprises CEMAC, UEMOA and SACU. The complete abolition of internal tariffs on all goods originating in these RECs, except on unapproved manufactured goods in the case of CEMAC and UEOMA, is what sets them apart from the rest. With the CFA franc monetary zone as the common denominator, the establishment of free trade areas in the CEMAC and the UEMOA progressed as the most convergent of all inter-regional integration programmes. In both cases, within systems of similar preferential trade regimes—the Generalized Preferential Tariff of 1993 in CEMAC and the Community Preferential Tariff of 1996 in UEOMA—the programme of integration began with the complete removal of tariffs on agricultural commodities, livestock and domestic handicrafts accompanied with their gradual reduction on approved manufactured goods. Excluding unapproved manufactured goods, the full removal of internal tariffs in CEMAC evolved between 1993 and 1998, and lasted from 1996 to 2000 in the case of UEMOA.

185. With a long history approximating one century as an effective customs union, the informal existence SACU as a free trade area predates its formal establishment in 1969. As a result, SACU is distinguished among all regional economic communities for the record of transcending the complete elimination of tariff and non-tariff barriers. SACU is peerless on another score: the overwhelming proportion of its intra-community trade relative to total trade—a status other regional communities can only aspire to in the very distant future. In contrast, the average share of intra-REC trade for the rest, relative to their total trade, barely approaches ten percent—a very difficult act to emulate by others. By virtue of South Africa's presence in its midst as a critical economic engine, the experience of SACU lends credence to the proposition that the presence of a more developed and dominant economy in a REC serves as a catalytic pacesetter for others to follow in the process of regional integration.

186. It would be instructive to point out the differences and similarities of some of the more forward-looking RECs in the classification of goods for purposes of internal-tariff removal. The categories of goods vary from agricultural commodities, traditional handcrafts, and industrial goods in CEMAC and UEMOA; processed and unprocessed goods in ECOWAS to all goods originating in the community, without distinction between primary and manufactured products, in the case of COMESA.

187. Apart from differences in the values of the variables, the rules of origin among RECs are largely based on the two criteria: (1) the proportion of value added to manufactured goods imported from third states with distinction between ordinary and strategic classes and (2) the proportion of domestic material content in products manufactured from goods imported from third state. The required percentage of value added to ordinary manufactured goods is invariably higher than the corresponding figure applicable to manufactured strategic goods.

188. A veritable free trade area must meet the essential condition of the complete abolition of the two barriers to intra-community trade: internal tariffs and non-tariffs. The four clusters identified earlier in the context of the removal of internal tariffs essentially reduce to a mere cluster of two when it comes to non-tariff barriers. SACU is arguably the only REC that has realized a complete free trade area with the full removal of both tariff and non-tariff barriers. Other than the relaxation of non-tariff barriers—exchange controls, quota restrictions and licensing—accompanying the familiar structural adjustment programme and impacting on trade liberalization policies, the end of non-tariff barriers in the remaining RECs, including the front runners, is deferred to a long-term agenda coinciding with the establishment of common markets.

B. Customs Union

189. Even though a free trade area ordinarily precedes a customs union, the establishment of both falls within the same time frame of eighteen years (1999-2016), allocated to the second and third stages of the integration modalities. From the second cluster of the relatively less slow-paced two RECs, SADC has not adopted the timetable for the introduction of common external tariffs. Within the framework of the EAC Second Development Strategy, the introduction of a customs union was planned for 2001, but the establishment of common external tariffs is pending the conclusion of the negotiations on the related protocol. Short of endorsement, the member states of the EAC have reached a consensus on the structure of their common external tariffs.

190. From the third cluster of RECs, the date for the introduction of customs union has been fixed by COMESA (2004) and ECOWAS (2005). Whereas the structure of common external tariff has been approved by COMESA, it is pending in ECOWAS. The launch of the

ECOWAS customs union had been previously planned for 2003, but was later deferred by three more years to harmonize the common external tariffs of UEMOA and the rest of the ECOWAS—the former, a sub-region of the latter.

191. From the fourth cluster of the three frontline RECs—SACU, CEMAC and UEMOA—the formal establishment of the eponymous South African Customs Union coincides with 1969, although its informal existence goes much further back. One of the most prominent features of SACU is the Southern African National Revenue Fund: a common pool of customs revenue distributed among the member states according to a formula and making up the major share of the fiscal revenue of the three other members, except that of the more prosperous Botswana and South Africa.

Table 13. Comparative Structure of Inter-REC Common External Tariffs

Cateory	Type	Unscheduled	Scheduled	Implemented	
		EAC	COMESA	CEMAC	UEMOA
I	Primary raw materials, essential drugs,medical equipment, plant and machinery, and agricultural inputs and other special goods	0	na	na	na
	Capital goods	na[1]	0	na	na
	Basic necessities	na	na	0	na
	Selected essential social goods	na	na	na	0
II	Raw materials	na	5	na	na
	Primary raw materials and capital equipment	na	na	10	
	Primary necessities, basic raw materials, capital equipment and specific inputs	na	na	na	5
III	Intermediate goods	10	15	20	10
	Finished consumer goods[2]	20-25	na	30	20
IV	Finished goods	na	30	na	na

[1] Not applicable.
2 The finished consumer goods category includes products not listed elsewhere in the case of UEMOA.

Source: www.eachq.org, www.comesa.int. www.izf.net

192. The CEMAC customs union was initiated in 1993, and UEMOA's in 1998. Similar to the features of their free trade areas, there is a striking convergence between the two customs unions both in the classification of goods imported from third states and the applicable tariff rate. Since introduction, tariff rates on consumer goods have been reduced repeatedly to reach 20 percent in UEMOA and 30 percent in CEMAC by 2000.

193. According to the comparative structure of inter-regional common external tariffs in Table 13, goods imported from third states are classified into three categories by the EAC and COMESA, and into four groups by CEMAC and UEMOA. The tariff rates vary from a minimum of duty free to a maximum of 30 percent. The minimum rate applies to a broader class of goods in EAC, capital goods in COMESA, all basic necessities in CEMAC and selected essential goods in UEMOA. The maximum rate is levied on finished goods in general, and finished consumer goods in particular. In view of no adoption of timetables for the introduction of customs union by the six RECs from the trailing first cluster, the remainder of this chapter will be mainly confined to the convergence of the integration programmes of the front-running two clusters.

C. Trade Facilitation

194. Trade facilitation is a function complementary to the efficient and effective operation of free trade areas and customs unions. In this regard, the last two clusters of frontline RECs—notably, CEMAC, COMESA, ECOWAS, and UEMOA—have made appreciable progress by adopting the harmonized system of customs and statistical nomenclature conforming with the standards of ISO and WCO, a simplified single customs declaration and a harmonized certificate of origin.

195. The harmonized system of customs procedures and trade statistics run on ASYCUDA and EUROTRACE, which are popularly used software packages by the leading RECs of the first two clusters. By networking regional centres with member states, the two software packages are used for the generation, organization, analyses and reporting of external trade statistics and simplifying customs procedures. Although some member states are still behind, the computerized systems have been implemented in COMESA and ECOWAS with the technical assistance of the European Union, but they are at a pre-installation stage in CEMAC and UEMOA due to financial constraints.

196. Other measures of trade facilitation introduced by the four communities include the national transit bond guarantee, inter-state road transit concerning the technical specification of motor vehicles and the third-party car insurance. The colour-coded insurance services are known as the Yellow Card in COMESA, the Brown Card and CIMA in ECOWAS and UEMOA, and the Red Card in CEMAC. The interest shown by some SADC member states to join the COMESA Yellow Card insurance scheme is good example of an early initiative in

the inter-regional harmonization policies, which is expected to occur during the fourth stage of the modalities (2017-18). In addition to facilitating the free movement of goods and services, the availability of intra-REC motorcar insurance service contributes to the free movement of persons.

D. Common Market

197. On top of free trade area and customs union, the free movement of factors of production combined with the coordination and harmonization of macroeconomic and sector policies make up the essential characteristics of a common market, targeted for introduction during the fifth stage (2019-22) of integration required under the Abuja Treaty. The integration programmes on the free movement of persons and capital vary significantly, both within and between, the last two clusters of more forward-looking RECs.

1. Free Movement of Persons

198. With reference to the free movement of persons, the progress differs from the introduction of intra-regional passports by the three RECs (CEMARC, ECOWAS, UEMOA), deferment to the long term by COMESA and non-requirement as a SACU treaty objective—with a limited scope of integration up to the establishment of a customs union. Hence, the informal movement of labour within SACU—notably, migratory labour to South African mines—cannot be equated to the formal free movement of persons within common markets governed by formal agreements.

199. Other than the expression of intent to relax restrictions in the short-term, COMESA does not have a programme or a protocol on the free movement of persons and lags behind its counterparts in Central and West Africa. The perspective plan on the free movement of persons in COMESA, including the rights of residence and establishment, is a long-term objective extending to twenty-five years from 2000 to 2025.

200. On programmes of the free movement of persons, the EAC sub-region is ahead of the COMESA region. The second EAC Development Strategy incorporates programme components on the relaxation of regional travel restrictions with the introduction of the East African Passport and temporary passes, elimination of charges on temporary cross-border movement of motor vehicles, extension of border crossing services to twenty-four hours and

the provision of an exclusive airport immigration window for community citizens. These measures were planned for implementation during 2001-02. A protocol on the free movement of persons is expected to follow the conclusion of the protocol on the establishment of a customs union.

2. Free Movement of Capital

201. The inter-regional free movement of capital largely depends on the liberalization of monetary policy and the formation of a monetary union. Of all RECs, there is no greater convergence of integration programmes than those between CEMAC and UEMOA. Both belong to the CFA franc common monetary zone, which permits the free transfer of money on current transactions within the monetary zone. But free movement of money on capital transactions is limited to the intra-REC level. The liberalized movement of capital in the two RECs is complemented by a common central bank to each, in addition to related monetary and financial institutions as well as harmonized macroeconomic policies such as convergence pacts.

202. The scope of integration in SACU does not look beyond a customs union as the treaty objective. However, the easy convertibility of national currencies within the framework of the Common Monetary Area and the prominence of the Rand as the virtual common currency serve well the free movement of capital in the sub-region—notably, transfer on current transactions.

203. In the programmes of monetary integration, ECOWAS leads COMESA by a significant time margin. As a result of eight member states of ECOWAS coming from the EUMOA sub-region of the CFA monetary zone, ECOWAS has adopted a two-phase program of first creating a second monetary zone (WAMZ) embracing six CFA non-members, and merging them into single ECOWAS monetary zone by 2004 with a common currency under a common central bank. As a complementary measure to the establishment a regional monetary union, ECOWAS has adopted the framework for the convergence macroeconomic policy.

204. The integration programme of COMESA at the level of a monetary union, comparable to that of ECOWAS, is a phased evolutionary process over the long-term extending to 2020. As a congruent complementary step, COMESA has also developed the

guideline criteria for macroeconomic convergence. The EAC sub-region of COMESA has moved further ahead in monetary matters by incorporating macroeconomic and monetary convergence sooner than COMESA combined with the consolidation of related financial institutions in the five-year integration strategy extending to 2005.

3. Sector Policy

205. Sector cooperation and policy coordination figures prominently in the integration programme of most RECs. In some RECs sector cooperation and policy coordination takes precedence over trade liberation, in others it assumes a complementary role. Outstanding cases of sector-oriented regional integration programmes include the SADC power pool (SAAP), a consortium of twelve national electricity companies and; in telecommunications, COMESA's COMTEL, a multinational joint venture for the broadband transmission of multimedia and TV by satellite and the two-phase TELECOM I and TELECOM II of ECOWAS.

E. Overlapping Membership

A report on the convergence REC integration programmes cannot be complete without raising the issue of overlapping membership and its impact on the pace of integration. The analysis of membership by 53 countries in 14 RECs (Table 14 and Table 15) shows that a representative country has an average overlapping membership in 2.3 RECs with following distribution: single membership (7 countries), double membership (24 countries), triple membership (21 countries) and quadruple membership by one country. The seven countries with no overlapping membership consist of Algeria (UMA), Cape Verde (ECOWAS), Gambia (ECOWAS), Ghana (ECOWAS), Mauritania (UMA), Mozambique (SADC) and Sao Tome & Principe (ECCAS). Among seven countries with no overlapping member ship three to ECOWAS, and two to UMA. The Democratic Republic of Congo holds the dubious distinction of the maximum membership in four RECs.

206. Multiple memberships in different RECs can affect adversely the pace of integration in some respects. In cases where relatively fast-track sub-regions are embedded in relatively slow-track regions, the pace setters become the slow members rather than the other way around. The cases in point are the overlapping memberships of SACU with SADC and COMESA, EAC with COMESA, UEMOA with ECOWAS and CEMAC with ECCAS.

207. Multiple memberships entail multiple membership fees with commensurately higher financial obligations. The net effect becomes more irregularity of financial contributions to the annual budgets of REC secretariats. As the focal points of integration programmes, the uncertainty financial support to REC secretariats, impacts on the progress of integration by impeding their statutory planning and control functions.

208. Systems theory warns that the potential breakdown of a system increases with the complexity associated with the number of component parts. The proliferation RECs and their overlapping membership can prove counterproductive by turning them from the desired building blocks of economic integration to undesirable stumbling blocks, as the metaphor goes. The task of the inter-regional coordination and harmonization of programmes becomes more difficult as the number of RECs and the redundancy of membership increase: the smaller the number of RECs, the fewer the number of programmes; the fewer the integration programmes, the easier the task of programme harmonization and coordination. The complexity of the scenario will be felt particularly when the level of integration evolves from the regional to the inter-regional level after the third stage of the integration modalities (2018-33).

Table 14. Distribution of in REC Overlapping Membership

Number of Membership Overlaps (OP)	1	2	3	4	Average	Total
Number of Member States (MS)	7	24	21	1	2.3	53
Product of OP by MS	7	48	63	4		122

Source: Table 15.

209. The issue of overlapping membership arises largely from the existence of too many RECs with similar missions, for which the first stage of the modalities most apportioned part of the blame. It stands to reason that a new REC cannot exist without new members. Since new RECs must have new members, the problem of overlapping membership is exacerbated by the provision sanctioning the conditional creation of new RECs as deemed necessary. What the establishment of the AEC actually needs in the interest of convergence is the consolidation and merge of already existing RECs, much more than the creation of new ones.

The first stage of the modalities should have anticipated the problem of multiple memberships by explicitly incorporating a consolidation or merger clause unless “strengthening” is broadly interpreted to include those courses of action as feasible options.

Table 15. Overlapping Membership of RECs

Id. No.	Region	North	Central			West			East		E/Southern	Southern		Multi-Reg.	Island	Total
	No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	Country/REC	UMA	CEMAC	CEPGL	ECCAS	ECOWAS	MRU	UEMOA	EAC	IGAD	COMESA	SACU	SADC	CEN-SAD	IOC	
1	Algeria	1														1
2	Angola				1						1		1			3
3	Benin					1		1						1		3
4	Botswana											1	1			2
5	Burkina Faso					1		1						1		3
6	Burundi			1	1						1					3
7	Cameroon		1		1											2
8	Cape Verde					1										1
9	C.A. Republic		1		1									1		3
10	Chad		1		1									1		3
11	Comoros										1				1	2
12	Congo		1		1											2
13	Cote d'Ivoire					1		1								2
14	D.R Congo			1	1						1		1			4
15	Djibouti									1	1			1		3
16	Egypt										1			1		2
17	Equatorial Guinea		1		1											2
18	Eritrea									1	1			1		3
19	Ethiopia									1	1					2
20	Gabon		1		1											2
21	Gambia					1										1
22	Ghana					1										1
23	Guinea					1	1									2
24	Guinea Bissau					1		1								2
25	Kenya								1	1	1					3
26	Lesotho											1	1			2

Cont'd

Id. No.	Region	North	Central			West			East		E/Southern	Southern		Multi-Reg.	Island	Total
	No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	Country/REC	UMA	CEMAC	CEPGL	ECCAS	ECOWAS	MRU	UEMOA	EAC	IGAD	COMESA	SACU	SADC	CEN-SAD	IOC	
27	Liberia					1	1									2
28	Libya	1												1		2
29	Madagascar										1				1	2
30	Malawi										1		1			2
31	Mali					1		1						1		3
32	Mauritania	1														1
33	Mauritius										1		1		1	3
34	Morocco	1												1		2
35	Mozambique												1			1
36	Namibia										1	1	1			3
37	Niger					1		1						1		3
38	Nigeria					1								1		2
39	Rwanda			1	1						1					3
40	Sao Tome & Principe				1											1
41	Senegal					1		1						1		3
42	Seychelles										1		1		1	3
43	Sierra Leone					1	1									2
44	Somalia									1				1		2
45	South Africa											1	1			2
46	Sudan									1	1			1		3
47	Swaziland										1	1	1			3
48	Tanzania								1				1			2
49	Togo					1		1						1		3
50	Tunisia	1												1		2
51	Uganda								1	1	1					3
52	Zambia										1		1	1		3
53	Zimbabwe										1		1			2
	Total	5	6	3	11	15	3	8	3	7	20	5	14	18	4	122

1 = REC member

Source: Annual Report on Integration in Africa (Aria II)

Conclusion and Recommendation

210. As of the date of this report in December 2002 and the end of the third-stage integration modalities in 2016, a balance of 14 years remains for the establishment of free trade areas and customs unions. By that standard, no REC can be considered behind the integration schedule of the African Economic Community, even though some RECs are more ahead than others. The distance separating RECs that are more ahead those that are more behind is the time it takes to close the convergence gap between a pre-free trade area of the slow-paced first cluster of RECs and a functioning monetary area in the case of the fast-paced the fourth cluster. With due credit to their better track record, there is little ground for complacency—even by the frontrunners, much less by the stragglers—when the long period of their existence, the disparity between what could have been, and what has been, achieved in the past and the complexity of integration programmes that lie ahead are taken into account. Eight of the fourteen RECs assessed in this report were reconstituted after the Abuja Treaty of 1991 and nearly all of them were established before the AEC, except the creation of CEN-SAD in 1998. Judging by their long time of existence, the pace of convergence of RECs, for the most part, has been much slower than expected.

211. Among factors holding back the progress of REC integration programmes, the lack of a strong commitment from member states, as reflected in the gap between the adoption of binding treaties and their timely implementation, and the prevalence of regional conflicts and instability top the list. Other related factors frequently cited as impediments to the pace of integration include a myopic priority order of sacrificing higher long-term gains accruing from trade liberalization for short-term fiscal expediency, undermining programmes of tariff reduction with subtler countervailing non-tariff barriers, mutual conflict between high level of structural domestic unemployment and the regional free movement of labour, the absence of a systematic public sensitisation programme targeting a broadly-based audience at the grassroots level, unsound financial policy of over-dependence on external support for the implementation of integration programmes, irregularity of financial contributions by member states to the annual budgets of REC secretariats and overlapping membership in too many regional and sub-regional RECs.

212. It goes without saying that primary peaceful coexistence, complemented by secondary constructive cooperation, takes precedence over economic integration at the tertiary level. As the experience of RECs without the benefit of regional stability—notably CEPGL, ECCAS and MRU—confirms that integration programmes are relegated to the back stage as along as political instability and violent conflicts, both within and between member states, take the front stage.

213. Fear of fiscal deficit, accompanying tariff reduction, and the staggering level of structural unemployment across all regions conspire to hold back the free movement of goods and persons. The lack of progress on the free movement of persons is often casually blamed on the lack of commitment from member states. But the real problem lies much deeper than the lack of national will: it is entrenched in the direct effect of massive and persistent structural unemployment confronting all RECs. Since people move to another country primarily in search of work, it is implausible to expect a country facing overwhelming domestic unemployment to escalate the problem by permitting the free movement of labour across boarders. On account of charity beginning at home in matters of employment, as it were, the rate of unemployment and the rate of free movement of labour move in opposite directions: the free movement of labour increases as the rate of domestic unemployment decreases. However distant the prospect, the huge and lingering structural unemployment must move down before the free movement of labour moves up.

214. The scarcity of financial resources required to implement integration programmes and to support REC executive secretariats figure prominently among other factors impeding the pace of integration programmes. The only two sources of finance for the implementation of integration programmes are internal and external. The over-dependence of most RECs on external financial resources for the implementation of their integration programmes is an unsound financial policy. There cannot be a sustainable implementation of integration programmes without a sustainable finance to match. External financial over-dependence is inadvisable due its inherent uncertainty of swinging with the political mood and the economic conditions of donor countries. For example, it is patently overoptimistic for the SADC Programme of Action, involving about 400 projects valued at eight billion US dollars, to expect 90 percent of the financial requirements to come from external sources. This is a very compelling reason for adopting a more realistic financial structure that subordinates external

sources to a supplementary role while shifting the major share of the financial burden to intra-REC internal sources.

215. Half of the funds required for the implementation of integration programmes, at least, must come from primary internal sources. To keep the convergence of integration programmes on course, a more appropriate financial structure would be in the range of two-third to three-fourth from primary internal sources and one-fourth to one-third from supplementary external sources. Otherwise, external financial over-reliance renders the pace of economic integration a slow and stopgap progress, over and above negating greater collective self-reliance as one of the core principles of economic integration.

216. The annual operating budget of RECs is financed from the contribution of member states and donor support. Many RECs are kept inactive as a result of irregular payments expected from member states. It should be pointed out that a concrete measure of commitment to economic integration, or the lack of it, is the gap between what should be paid and what is actually paid to the annual budget of REC secretariats. In this regard, the ECOWAS policy of requiring the inclusion of annual contributions to REC secretariat in the annual budget allocation of member states is a best practice that should be emulated by other RECs as a means of ensuring the regular payment of membership fees.

217. Organizations can cope with financial uncertainty by harmonizing the sources and uses of fund. In this respect, the organization structure of REC secretariats can be broadly classified into indirect and direct functions with corresponding operating cost structure as fixed and variable. Indirect staff functions consist of administrative and general services, while direct line functions comprise the activities of operating or programme departments. Indirect labour cost or administrative overhead is a fixed cost, but the direct labour cost of programme departments varies with operating capacity in the short-run. In aggregate terms, the amount of total variable cost changes with the level of activities, but total fixed cost remains the same in the short-run irrespective of operating capacity. In average terms, however, unit fixed cost varies inversely with the level of operating capacity, while unit variable cost generally remains the same at different levels of operating capacity.

218. The implicit assumption behind the variability of direct labour cost is the possibility of downsizing or scaling up the activities of operating or programme departments by laying off or recruiting the related staff, as the case may be, according to the availability of financial resources. But the variability of direct labour cost is only a theoretical construct. In actual practice, direct labour cost cannot be changed at will, because there are limiting conditions to the hiring and firing of regular employees on short notice. On the other hand, the activities of programme departments can be made variable through outsourcing instead of internalising them by employing regular staff.

219. In view of the financial uncertainty confronting the annual operating budgets of RECs, the dichotomy of operating cost as fixed and variable coupled with the options of internalising or outsourcing programme activities have significant implications for the design of REC organization system and corresponding operating cost structure. In labour intensive organizations such as REC secretariats, the dominant share of the annual budget is allocated to payroll with its fixed and variable components. By keeping fixed administrative overhead to the minimum possible and largely outsourcing operational activities, REC secretariats can be in a better and more flexible position of rolling back or forward, operating activities in response to the uncertainty of financial resource inflows expected from member states. In cases where some REC secretariats (CEPGL, ECCAS, MRU) have been mainly dormant, their payroll could be reduced to the minimum administrative overhead while downsizing projects that may be outsourced as a countermeasure to the unavailability financial resources, instead of accumulating the avoidable salary arrears of inactive staff in operating departments.

220. Organization systems overburdened with the payroll of fixed administrative overhead and regular employment in programme divisions forego the manoeuvrability of coping with the irregular of financial contributions from the sponsors. Perhaps the most revealing example of an elaborate organization system with a potential financial problem is the organization structure of CEMAC (Figure 1).

221. Data are the raw materials, and information the processed output, of knowledge-oriented institutions such as REC secretariats. The strategy of downsizing fixed administrative overhead and outsourcing programme activities should be leveraged with higher productivity associated with the use of information and communication technology.

Presently, one in four of the fourteen RECs do not have even websites. A network of information infrastructure linking national nodes at the periphery with REC secretariats at the centre has not been given the attention it deserves by all RECs. It is to the advantage of all REC secretariats to sponsor jointly the acquisition or development of standardized software projects and share the related costs and the benefits of the final product. Such joint venture in software development, specifically dedicated to regional integration, in addition to making regional offices and the focal points in member states more productive, will also contribute to the monitoring of integration programmes based on information system with features of relevance, reliability, timeliness, organization, analysis, evaluation and reporting.

222. RECs are voluntary associations without the benefit of the political clout to enforce binding treaties and policy decisions to meet the targets set for economic integration. Although some RECs have formulated the parameters for macroeconomic convergence and adopted multilateral mechanisms for monitoring the convergence of integration, the requisite authority of enforcing policy decisions is wanting. In this regard, ECOWAS deserves recognition for identifying primary convergence criteria that will be subject to sanction for non-compliance in the future. In the absence of a supra-national body with the power of sanctioning non-compliance with integrations targets, extending the scope of the African Peer Review Mechanism on political and economic governance to incorporate performance on economic integration merits consideration in the context of commitment to regional integration. Based on an effective monitoring system at reasonably short intervals, designed to enable a timely course correction towards convergence, member states may be cajoled to move faster through peer pressure.

223. The treaties of some RECs draw due attention to the important roles of different stakeholders such as the private sector, civil society and the general public in the achievement of regional integration, but African public consciousness of RECs varies from outright ignorance to benign indifference. By contrast, issues of economic integration are settled by referendum based on the popular participation and informed decisions of the constituency in other economic communities such as the European Union. Hence, a broadly based sensitisation campaign about the essence of economic integration at different levels must be initiated by means of regular media programmes, school curriculum, scholarly research and publications, intra-regional and inter-regional track and football tournaments in collaboration with pertinent continental sports organizations.

Table 16. COMESA Intra-Regional and External Trade Aggregates, 1991-98

In Million US Dollars

Year	1991	1992	1993	1994	1995	1996	1997	1998	Average
Total Intra-COMESA Exports	812	911	893	1,184	1,460	1,729	1,888	2,100	1,372
Total Intra-COMESA Imports	812	911	893	1,184	1,460	1,729	1,888	2,100	1,372
Total Intra-COMESA Trade	1,624	1,822	1,786	2,368	2,920	3,458	3,776	4,200	2,744
Total COMESA Exports	16,313	16,077	15,051	17,624	19,628	22,034	22,291	23,134	19,019
Total COMESA Imports	23,834	26,258	23,929	26,929	32,907	35,228	36,518	44,976	31,322
Total COMESA Trade	40,147	42,335	38,980	44,553	52,535	57,262	58,809	68,110	50,341
Total COMESA Trade Balance	(7,521)	(10,181)	(8,878)	(9,305)	(13,279)	(13,194)	(14,227)	(21,842)	(12,303)
Percent									
(Export (Intra-COMESA/Total))	5	6	6	7	7	8	8	9	7
(Import(Intra-COMESA/Total))	3	3	4	4	4	5	5	5	4
(Trade (Intra-COMESA/Total))	4	4	5	5	6	6	6	6	5
Annual Growth Rate									
Total Intra-COMESA Exports		12.19	-1.98	32.59	23.31	18.42	9.20	11.23	13.12
Total Intra-COMESA Imports		12.19	-1.98	32.59	23.31	18.42	9.20	11.23	13.12
Total Intra-COMESA Trade		12.19	-1.98	32.59	23.31	18.42	9.20	11.23	13.12
Total COMESA Exports		-1.45	-6.38	17.10	11.37	12.26	1.17	3.78	4.73
Total COMESA Imports		10.17	-8.87	12.54	22.20	7.05	3.66	23.16	8.74
Total COMESA Trade		5.45	-7.92	14.30	17.92	9.00	2.70	15.82	7.16
Trade Balance		35.37	-12.80	4.81	42.71	-0.64	7.83	53.52	16.35

Source : www.comesa.int

Table 17. EAC Development Strategy Policy Matrix, 2001-05

Category		Class			Period
Category	Action	Sub-Class	Type	Action	
Macroeconomic Policy	Coordinate/Harmon	Macroeconomic Policy	Macroeconomic Policy	Harmonize	Ongoing
Fiscal & Monetary Poli	Harmonize	Fiscal & Monetary Policy	Consultaton	Continue	Ongoing
Fiscal & Monetary Poli	Harmonize	Fiscal & Monetary Policy	Single Currency	Introcuction, Organize/Facilitate	Ongoing
Fiscal & Monetary Poli	Harmonize	Fiscal & Monetary Policy	Fin. Cr. Rating: Institution/Instrument	Establish	Jan-2001
Capital	Movement Freely	Capital	National Stock Exchanges (SE)	Companies, Cross-List	Jun-2002
Capital	Movement Freely	Capital	Capital Accounts (CA)	Liberalize Fully	Jun-2003
Capital	Movement Freely	Capital	East African Stock Exchange	Establish	Jun-2002
Capital	Movement Freely	Capital	Forex/CA: Flow Mgt & Monitoring Sys.	Establish	Dec-2002
Capital	Movement Freely	Capital	Capital Market Policies	Harmonize	Jun-2002
Capital	Movement Freely	Capital	Legal Framework Harmonization (SE)	Speacific Area, Investigate	Jun-2001
Trade	Liberalize.& Develo	Customs Union	Protocol	Conclude	Dec-2001
Trade	Liberalize.& Develo	Free Trade Area	EAC Rules of Origin	Develop	Dec-2001
Trade	Liberalize.& Develo	Free Trade Area	Exemption regime	Harmonize	Jun-2001
Trade	Liberalize.& Develo	Free Trade Area	Internal Tariffs	Remove Completely	Ongoing
Trade	Liberalize.& Develo	Capital	Common External Tarff	Establish	Dec-2001
Trade	Liberalize.& Develo	Free Trade Area	Trade & Customs Unit	Establish: CU trade barriers	Jul-2002
Trade	Liberalize.& Develo	Customs Union	Non-Tariff Barriers	Study Design: Monitoring Sys.	Dec-2001
Trade	Liberalize.& Develo	Customs Union	Double Tax Agreement (DTA)	Dvelop: Negotiation Model	Jun-2002
Trade	Liberalize.& Develo	Free Trade Area	Rules of Origin	FTA, Monitor	Ongoing
Trade	Liberalize.& Develo	Free Trade Area	Rules of Origin	Certification, Explore	Dec-2001
Trade	Liberalize.& Develo	Customs Union	Toxic Waste	Trade Isssues, Study	Jun-2002
Trade	Liberalize.& Develo	Customs Union	Toxic Waste Trade	Prevention Framework, Establish:	Jun-2002
Trade	Liberalize.& Develo	Customs Union	Competion Policy & Law	Institute	Jun-2003
Trade	Liberalize.& Develo	Customs Union	Competion Policy & Law	Autonomous Office, Establish	Dec-2003
Trade	Liberalize.& Develo	Customs Union	Competion Policy & Law	National Law, Enact	Dec-2002
Trade	Liberalize.& Develo	Customs Union	Anti-Dumping	Regional Law, Finalize	Dec-2002
Trade	Liberalize.& Develo	Comom Market	Export promotion	Fair Rule, Study Harmonization	Jun-2002
Trade	Liberalize.& Develo	Comom Market	ExportPpromotion/Duty Drawback	Harmonize	Jun-2002
Trade	Liberalize.& Develo	Comom Market	Competitive/Comparative Advantage	Area, Identify:	Ongoing
Trade	Liberalize.& Develo	Comom Market	Competitive/Comparative Advantage	Study	Ongoing
Trade	Liberalize.& Develo	Comom Market	Competitive Hinderances	Measure, Purse	Ongoing
Trade	Liberalize.& Develo	Comom Market	Collective Negotiation	Build: Capacity	Ongoing
Trade	Liberalize.& Develo	Services	Liberalization	Coordinate/Harmonize	Ongoing

Cont'd

IdCode	Category		Class			Period
	Category	Action	Sub-Class	Type	Action	
1100	Macroeconomic Policy	Coordinate/Harmonize	Macroeconomic Policy	Macroeconomic Policy	Harmonize	Ongoing
2100	Fiscal & Monetary Policy	Harmonize	Fiscal & Monetary Policy	Consultaton	Continue	Ongoing
2200	Fiscal & Monetary Policy	Harmonize	Fiscal & Monetary Policy	Single Currency	Introcuction, Organize/Facilitate	Ongoing
2300	Fiscal & Monetary Policy	Harmonize	Fiscal & Monetary Policy	Fin. Cr. Rating: Institution/Instrument	Establish	Jan-2001
3100	Capital	Movement Freely	Capital	National Stock Exchanges (SE)	Companies, Cross-List	Jun-2002
3200	Capital	Movement Freely	Capital	Capital Accounts (CA)	Liberalize Fully	Jun-2003
3300	Capital	Movement Freely	Capital	East African Stock Exchange	Establish	Jun-2002
3400	Capital	Movement Freely	Capital	Forex/CA: Flow Mgt & Monitoring Sys.	Establish	Dec-2002
3500	Capital	Movement Freely	Capital	Capital Market Policies	Harmonize	Jun-2002
3600	Capital	Movement Freely	Capital	Legal Framework Harmonization (SE)	Speacific Area, Investigate	Jun-2001
4111	Trade	Liberalize.& Develop	Customs Union	Protocol	Conclude	Dec-2001
4112	Trade	Liberalize.& Develop	Free Trade Area	EAC Rules of Origin	Develop	Dec-2001
4113	Trade	Liberalize.& Develop	Free Trade Area	Exemption regime	Harmonize	Jun-2001
4114	Trade	Liberalize.& Develop	Free Trade Area	Internal Tariffs	Remove Completely	Ongoing
4115	Trade	Liberalize.& Develop	Capital	Common External Tarff	Establish	Dec-2001
4116	Trade	Liberalize.& Develop	Free Trade Area	Trade & Customs Unit	Establish: CU trade barriers	Jul-2002
4117	Trade	Liberalize.& Develop	Customs Union	Non-Tariff Barriers	Study Design: Monitoring Sys.	Dec-2001
4118	Trade	Liberalize.& Develop	Customs Union	Double Tax Agreement (DTA)	Dvelop: Negotiation Model	Jun-2002
4119	Trade	Liberalize.& Develop	Free Trade Area	Rules of Origin	FTA, Monitor	Ongoing
4120	Trade	Liberalize.& Develop	Free Trade Area	Rules of Origin	Certification, Explore	Dec-2001
4121	Trade	Liberalize.& Develop	Customs Union	Toxic Waste	Trade Isssues, Study	Jun-2002
4122	Trade	Liberalize.& Develop	Customs Union	Toxic Waste Trade	Prevention Framework, Establish:	Jun-2002
4211	Trade	Liberalize.& Develop	Customs Union	Competion Policy & Law	Institute	Jun-2003
4212	Trade	Liberalize.& Develop	Customs Union	Competion Policy & Law	Autonomous Office, Establish	Dec-2003
4213	Trade	Liberalize.& Develop	Customs Union	Competion Policy & Law	National Law, Enact	Dec-2002
4214	Trade	Liberalize.& Develop	Customs Union	Anti-Dumping	Regional Law, Finalize	Dec-2002
4215	Trade	Liberalize.& Develop	Comom Market	Export promotion	Fair Rule, Study Harmonization	Jun-2002
4216	Trade	Liberalize.& Develop	Comom Market	ExportPpromotion/Duty Drawback	Harmonize	Jun-2002
4217	Trade	Liberalize.& Develop	Comom Market	Competitive/Comparative Advantage	Area, Identify:	Ongoing
4218	Trade	Liberalize.& Develop	Comom Market	Competitive/Comparative Advantage	Study	Ongoing
4219	Trade	Liberalize.& Develop	Comom Market	Competitive Hinderances	Measure, Purse	Ongoing
4220	Trade	Liberalize.& Develop	Comom Market	Collective Negotiation	Build: Capacity	Ongoing
4310	Trade	Liberalize.& Develop	Services	Liberalization	Coordinate/Harmonize	Ongoing
4320	Trade	Liberalize.& Develop	Services	Professional Qualification	Mutual Recognition, Develop	Ongoing
5110	Supply Capapcity	Enhance	Agriculture/Food Security	CooperationDevelopment	Strategy, Complete/Implement	Ongoing
5120	Supply Capapcity	Enhance	Agriculture/Food Security	Common Ag. Policy (CAP)	Food Security, Harmonize/Adopt	Ongoing

Cont'd

IdCode	Category		Class			Period
	Category	Action	Sub-Class	Type	Action	
5130	Supply Capapcity	Enhance	Agriculture/Food Security	Food Shortage fromDrought/Flood	Early Warn. Sys.Establish/Manage:	Ongoing
5210	Supply Capapcity	Enhance	Investment/Industry	Promotion/Development, Investment Code	Model, Prepare	Dec-2001
5220	Supply Capapcity	Enhance	Investment/Industry	Promotion/Development, Investment Code	Model, Adopt	Jun-2002
5230	Supply Capapcity	Enhance	Investment/Industry	Trade & Invest.	Promote jointly	Ongoing
5240	Supply Capapcity	Enhance	Investment/Industry	Strategy	Finalize	Dec-2001
5310	Supply Capapcity	Enhance	Tourism /Wild Life	Single Market Liberalization Impact	Phase II Study, Finalize	Dec-2001
5320	Supply Capapcity	Enhance	Tourism/Wild Life	Hotel Standard & License	nt'l Standard, Harmonize	Jul-2002
5330	Supply Capapcity	Enhance	Tourism/Wild Life	Cooperation Framework	Establish	Dec-2001
5340	Supply Capapcity	Enhance	Tourism/Wild Life	Coordinated Conservation Policy	Develop	Dec-2002
5350	Supply Capapcity	Enhance	Tourism/Wild Life	Cooperatin (hunting, poaching, etc.)	Study	Dec-2002
6100	Environment	Develop	Lake Victoria/Basin	Regional Coordination Structure	Organize	Jun-2001
6200	Environment	Develop	Lake Victoria & Basin	Development Strategy	Formulate comprehensively	Jun-2001
6300	Environment	Develop	Mangement/Conservation	Shared (watershed/catchement/eco.sys)	Study	Dec-2001
6400	Environment	Develop	Pemba Channel	Pemba Channel	Potentials, Study	Dec-2001
6500	Environment	Develop	Regulatory Harmonization	Forestry products	Cross boerder trade, Address	Dec-2002
7100	Water & Minerals	Cooperate& Develop	Water Vision	Water Vision	Develop	Dec-2002
7200	Water & Minerals	Cooperate& Develop	Water Policy	Water Policy	Develop	Dec-2003
7300	Water & Minerals	Cooperate& Develop	Strategy	Strategy	Develop	Dec-2004
7400	Water & Minerals	Cooperate& Develop	National Policy	Minerals Mgt. & Development	Harmonize	Ongoing
8110	Infrastructure	Develop	Roads	Comprehensive Traffic Laws	Harmonize	Jun-2002
8120	Infrastructure	Develop	Roads	Regional Priority	Rehabilitate/Construct	Dec-2005
8130	Infrastructure	Develop	Roads	Transport Agreement	Ratify	Dec-2001
8140	Infrastructure	Develop	Roads	Safety	Improve	Ongoing
8210	Infrastructure	Develop	Telecommunication	Digital Transimisssion Telecom. Project	Complete	Jun-2002
8220	Infrastructure	Develop	Telecommunication	Common Policy	Addpt	Dec-2001
8230	Infrastructure	Develop	Telecommunication	Privatization	Finalize	Jun-2001
8310	Infrastructure	Develop	Civil Aviation	Unified Upper Area Control Centre	Recomend:	Dec-2001
8320	Infrastructure	Develop	Civil Aviation	Search & Rescure Agreement	Ratify	Jun-2002
8330	Infrastructure	Develop	Civil Aviation	National Air Transport Policy Formulation	Formulation, Conclude	Dec-2001
8340	Infrastructure	Develop	Civil Aviation	Common Policy	Formulate	Dec-2001
8350	Infrastructure	Develop	Civil Aviation	Soroti Training Institute	Centre of Excellence, Strengthen:	Ongoing
8410	Infrastructure	Develop	Railways	Tanga-Arush-Musoma-Portbell/Jinja	Feasibility, Study	Dec-2001
8420	Infrastructure	Develop	Railways	Network Status	Study	Apr-2002
8430	Infrastructure	Develop	Railways	Joint Secretariat	Establish	Jun-2002
8510	Infrastructure	Develop	Inland Waterways	Transport Agreement	Ratify	Dec-2001

Cont'd

Category		Class			Period
Category	Action	Sub-Class	Type	Action	
Border Crossing	Ease	Border Post Opening	Tanzania & Uganda	Issue	Jun-2002
Border Crossing	Ease	Border Crossing	24 hours	Extend	Ongoing
Border Crossing	Ease	Border Crossing	Airport Charges (tax rates)	Harmonize	Dec-2001
Border Crossing	Ease	Protocol (after CU Protocol)	Free Movement (Persons, Services)	Develop	Dec-2002
Border Crossing	Ease	Common Standard Policy	Travel Document & Employment	Introduce	Dec-2002
Labour & Employment	Review Study	Municipal Law	Int'l Labour Conventions Context	Conduct: Review Study	Jun-2002
Labour & Employment	Harmonize	Core Labour Areas		Study: Identificaton	Jun-2002
Labour & Employment	Survey	Labour Force	Survey & Related Information System	Undertake	Jun-2003
Labour & Employment	Harmonize	Labour & Employment	Labour Law & Legislation	Harmonize	Jun-2004
Labour & Employment	Harmonize	Work Permit	Procedure & Charges	Harmonize	Jun-2002
Labour & Employment	Movement Freely	Residence Permit	Procedures & Fess	Harmonize	Jun-2002
Legal & Judicial	Cooperate	Lushoto Judicial Admin.Instit	To Reg. Jud. Training Inst.	Transform	Dec-2001
Legal & Judicial	Cooperate	Legal	Training & Certification	Harmonize	Jun-2002
Legal & Judicial	Cooperate	Different Sectors	Laws & Regulatoins	Harmonize	Dec-2003
Political	Cooperate	Political	Cooperation	Strengthen	Ongoing
Peace & Security	Undertake	Peace & Security	Joint Measures	Undertake	Ongoing
Stakeholder	Participate	Role of Women	National Gender Policy	Facilitate: Formulation/Implementati	Dec-2001
Stakeholder	Participate	Stakeholder	Stakeholder	Participate	Ongoing
Stakeholder	Participate	Role of Women	Gender in EAC Development Prog.	Study:Mainstreaming Framework	Jun-2002
Stakeholder	Participate	Pvt. Sector Development:	Strategy	Finalize: Formulation	Jun-2002
Stakeholder	Participate	Pvt. Sector Development:	Small/Medium Enterprise Promotion	Study	Jun-2002
Stakeholder	Participate	Pvt. Sector Development:	Internal Capcity	Build: Capacity	Ongoing
Stakeholder	Participate	Pvt. Sector Development:	Busines Dispute Settlement	Develop: Mechanism	Jun-2004
Stakeholder	Participate	Civil Society	Harmonization Method, Issues	Study	Jun-2002
Reg/Int'l Relations	Multiple REC memb	Multiple REC membeship	Multiple REC membeship	Multiple REC membeship	Ongoing
Reg/Int'l Relations	Harmonize	Int'l Trade Policy Agreements	Harmonization	Harmonize	Ongoing
Reg/Int'l Relations	Enhance	Int'l Negotiating Capacity	Enhancement	Enhance	Ongoing
Secretariat	Strengthen	Pvt. Sector & EAC	Involvement mechanism	Establish	Dec-2002
Secretariat	Modalities	Pvt. Sector & EAC	Involvement mechanism	Study	Dec-2001
Secretariat	Strengthen	Secretariat Capacity	Secretariat Capacity	Build	Ongoing
Secretariat	Establish & Stregth	Consultancy Fund	Consultancy Fund	Establish/Strenghten	Ongoing
Secretariat	Identifiy	Sources of Fund	Identification	Identify	Ongoing
Inst., Financial	Cooperate	EA Development Bank	Improving Capital Base	Develop	Ongoing

Cont'd

Category		Class			Period
Category	Action	Sub-Class	Type	Action	
Financial Inst.	Cooperate	EA Development Bank	Development Role	Enhance	Ongoing
Inst., Academic	Cooperate	EA University Council	EA University Council	Strengthen	Ongoing
Fisheries	Cooperate	Lake Victoria (LVFO)	Lake Victoria (LVFO)	Strengthen	Ongoing
EAC Organs	Operationalize	Legislative Assembly	Establishing/Operationalization	Complete	Dec-2001
EAC Organs	Operationalize	EAC Court of Justice	Functionning	Put in place	Dec-2001
EAC Organs	Operationalize	Neotiating Capacity	Regional & Int'l levels	Improve	Ongoing
EAC/Pvt.Sector	Operationalize	EAC Programmes	Coordination/Synchronization	Improve	Ongoing
Benefits & Costs	Distribute	Anticipated	Benefit & Cost	Study	Dec-2003

Source: EAC Secretariat, The East African Community Development Strategy 2001-2005, Arusha, 2001.

Table 18. ECOWAS Market Integration Program: Implementation Status

Stage	Years	Date	Phase	Process	Level
I	5	1994-98	Before Free Trade Area	RECs, strengthening of existing and creation of new	Intra-REC
II	8	1999-2006	Free Trade Area	Tariff barriers, stabilization and removal timetable adoption	Intra-REC
			Free Trade Area	Non-Tariff Barriers, stabilization and removal timetable adoption	Intra-REC
			Customs Union	Common external tariff, removal timetable adoption	Intra-REC
			Free Trade Area	Sector, strengthening integration	Inter-REC
			Free Trade Area, initial preparation	Activities, coordination and harmonization	Inter-REC
III	10	2007-16	Free Trade Area	Tariff barriers, gradual removal	Intra-REC
			Free Trade Area	Non-tariff barriers, gradual removal	Intra-REC
			Customs Union	Common external tariff, adoption	Intra-REC
IV	2	2017-18	Free Trade Area/Customs Union	Tariff barriers, coordination and harmonization	Inter-REC
			Free Trade Area/Customs Union	Non-tariff barriers, coordination and harmonization	Inter-REC
			Free Trade Area/Customs Union	Common external tariff, adoption	Inter-REC
V	4	2019-22	Common Market	Sector, common policy adoption	Inter-REC
			Common Market	Policy harmonization: monetary, fiscal and financial	Inter-REC
			Common Market	Application: free movement, residence & establishment rights	Inter-REC
VI	5	2023-27	Common Market, African	Structure, consolidation and strengthening	AEC
			Common Market	Sector integration: economic, political social and cultural	AEC
			Common Market, Single	Establishment, initial stage	AEC
			Economic and Monetary Union, Pan-Af.	Establishment, initial stage	AEC
			Pan-Af. Economic and Monetary Union	Establishment, initial phase	AEC
			African Monetary Union	Establishment, final stage	AEC
			Single African Central Bank	Establishment, final stage	AEC
			Single African Currency	Creation, final	AEC
			Pan African Parliament	Establishment and election, final stage	AEC
			Regional Economic Communities	Harmonization and coordination, final stage	Inter-REC
			African Multinational Enterprises	Establishment of structures in all sectors, final stage	AEC
			AEC Executive Organs	Establishment of structures, final stage	AEC
I-VI	34	1994-2027	FTA to Monetary and Economic Union	Minimum transition period without a six-year grace period	Intra-REC to AEC
I-VI	40	1994-2033	FTA to Monetary and Economic Union	Maxiumum transition period with a six-year grace period	Intra-REC to AEC

Source: Compiled from the Treaty Establishing the African Economic Community, Abuja, 1991.

Table 19. Key to Table 19

Integration Programme	Action Taken	Yes	No
Free Movement: Persons			
Entry Visa and Permit Requirement	Abolished	1	0
Monitoring Committee	Established	1	0
Brown Card Insurance	Introduced	1	0
Travel Certificate	Circulated	1	0
Harmonized Immig/Emig.Forms	Circulated	1	0
Free Movement: Goods			
Harmonized Customs Documents	Introduced	1	0
Certificate of Origin	Introduced	1	0
Customs Nomenclature (HS)	Introduced	1	0
Declaration Form	Introduced	1	0
Inter-State Transit Certificate (ISRT)	Introduced	1	0
Tariffs: Unprocessed Goods	Eliminated	1	0
Tariffs: Industrial Products[1]	Eliminated	1	0
TLS for industrial products	Participates	1	0
Monetary Cooperation Program			
Monetary Non-Tariff Barriers	Eliminated	1	0
WACH	Member	1	0
Contribution to WACH	Fully Paid	1	0
Protocol: Community Levy			
Ratified		1	0
Included in Appropriation Bill		1	0
Payment: Contributions			
Executive Secretariat	Fully Paid	1	0
The Fund	Fully Paid	1	0
Headquarters' Construction	Fully Paid	1	0
Debt Payment	Fully Paid	1	0