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## **THE STRATEGY OF REGIONAL INTEGRATION IN AFRICA**

**By**

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## PART I: BETWEEN STANDSTILL AND PROGRESS

### INTRODUCTION

Economic cooperation among African states is a sine qua non for the achievement of national socio-economic goals, and not an 'extra' to be given thought to after the process of development is well advanced.

Adebayo Adedeji<sup>1</sup>

Economic cooperation and integration, like the political will or the will to develop, is a qualitative attribute of immense significance which cuts across the development scenarios under discussion. It can, therefore, be said that its absence or ineffectiveness is an inherent part of the development problem that Africa faces today.

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One of the prominent features of the contemporary international system is the heightened tendency of some state units to gravitate towards some degree of regional integration, particularly regional cooperation and integration. This process towards economic integration, as distinct from political integration, has become such a worldwide phenomenon that the post-World War period has been to some extent described as an 'era of regional integration' or, as scholars like Haberler would have it, 'the age of integration'. So much is this the case that nowhere in the world today do the policy-makers and economists tackle any problem of economic development without first taking into consideration theories and trends of economic integration both at home and abroad. For economists and social scientists today economic integration is an essential aspect of the dynamics of modern society in its continuous process of transformation. Moreover, it is acknowledged as an important factor of economic development in the developing countries and of more rapid growth in the industrial ones.

Linking the concept of regionalism with development has become so important that some scholars like John Sloan would prefer to substitute the term 'developmental regionalism' for that of regional economic integration, because the latter, they contend, is imprecise, static, and irrelevant to the development issue<sup>3</sup>. In most recent economic literature, the terms 'integration' or 'common market' have tended to become nearly synonymous with 'rapid economic growth', 'acceleration of economic development', or 'big push'. Regardless of the terminology used, there can be no doubt that the process of regional integration is now inextricably linked to that of economic development.

It is against this broad background - coupled with the postwar progress towards integration in Europe culminating in the establishment of the European Coal and Steel Community (ECSC) (1951), the European Economic Community (EEC) (1957) and, to a lesser degree, the European Free Trade Association (EFTA) (1960) - that during the 1950s and early 1960s the idea of economic integration became attractive to political and economic leaders of the Third World. The potential power of the EEC triggered a desire for emulation both to reap the perceived benefits and to seek protection against the EEC's capacity to export and import goods. Hence over the past three decades more than a dozen free-trade areas, customs and monetary unions, common markets and other regional cooperative arrangements have mushroomed in Latin America, Africa and Asia. The Latin American Free Trade Association (LAFTA) (1960), Central American Common Market (CACM) (1961), the Central African Economic and Customs Union (UDEAC) (1964), the Association of South-East Asian Nations (ASEAN) (1967) and the Caribbean Free Trade Association of 1968 form the main instances of the early wave of regionalism in the developing countries.

In the case of the Africa, promotion of regionalism has long constituted a significant aspect of African development strategy. The myriad regional and subregional organizations testify to the intensive efforts made to harness regional cooperation to the task of African development<sup>4</sup>. Its merits as a desirable strategy for a large number of African states have been well documented in various studies on African development and reflected in virtually all recent internal and external action programmes or guidelines for sub-Saharan Africa<sup>5</sup>. These studies assign a major development role to economic cooperation and integration.

The strategy of regionalism was given a new lease of life with the adoption in April 1980 of the Lagos Plan of Action (LPA) and the Final Act of Lagos (FAL) in which African leaders committed themselves to the 'creation, at the national, subregional and regional levels, of a dynamic and independent African economy' and thereby pave the way for the essential establishment of an African common market leading to an African economic community<sup>6</sup>. Regionalism, which is discussed in virtually every chapter of the Lagos Plan, constitutes an integral condition for its implementation. So central is the concept of regionalism to the Plan's prescription of collective self-reliance that, as Browne and Cummings comment, 'without regional integration the LPA collapses as a concept' and strategy, 'so no allowance is made for failure in achieving it'<sup>7</sup>.

Ironically, however, experience has made many students of the history of economic integration arrangements in Africa pessimists or even cynics. For by 1980 - when the Lagos Plan was adopted - almost all the economic cooperation schemes optimistically launched in the 1960s - had become largely moribund. Besides, those groupings established in the 1970s and 1980s have not made much progress. Despite the setbacks it has been clear to African Governments and policy-makers that the formulation of regional and subregional groupings is inevitable for the long-term, sustainable and self-reliant development of the continent. For Africa the realities still point to the imperative of regionalism.

The striking contradiction between general emphasis on the need for economic cooperation and integration in Africa and the scanty evidence of practical success has raised some crucial

questions and provoked debates and exchanges on regionalism as a key element of African development. With this in mind, after this introductory section, Part I of this lecture seeks to focus special attention on the rationale for regionalism in Africa; an overview of the experience of the existing regional economic communities; and analysis of the constraints or the interlocking problems of regionalism in Africa. Part II highlights policy measures towards enhancement of regional integration in Africa.

#### **i. THE CASE FOR REGIONAL INTEGRATION IN AFRICA**

The case for regional and subregional economic integration and inter-African economic cooperation is indisputable and has long been recognised. Since the massive movement towards independence in the late 1950s and early 1960s, there was immediate recognition that, while independence had been the primary goal, African countries were largely artificial by-products of the colonial scramble of the era of the 1884-85 Berlin Conference. The present fragmentation and small African markets emanate from the specific political and economic conditions in which the continent found itself at independence. Africa has most of the world's mini-States: nine countries with a population of less than one million and thirty five with a population of less than 10 million. Only five African countries - Ethiopia, Egypt, Nigeria, Zaire and South Africa - have a population of more than 30 million. History in the last century and a half indicates that only very large national units have a sufficient resource base, climatic diversity, and population size to afford what Oteiza and Sercovich have termed, 'an autarchic self-reliant model'<sup>8</sup>. As

Ruth Morgenthau notes, the typical developing African nation has a sparse population, small internal market, limited infrastructure, new and fragile borders, and economies vulnerable to fluctuating world prices<sup>9</sup>.

Specifically, so many African countries are economically so small, with such small and such poor populations, that production for the domestic markets alone must be extremely restricted. Domestic production for such small markets will be at extremely high cost if economies of scale are of any importance. Without access to the larger market area that could be created by measures of economic integration, it is impossible to see how the economies of these small countries could be developed and diversified. Without access to a larger market for new productive activities, these countries will remain tied to the world economy as producers of primary commodities and importers of manufactures. Indeed, the balkanization of Africa appears to be one of the most enduring of the colonial legacies.

Of considerable significance is the fact that the smallness of the economies in Africa leads to a second perspective: when combined into a larger market behind a common external barrier, the larger, combined market remains small by world standards, and further constrained by high costs of transport and communication.

Economically, African States include a high proportion of the world's least developed countries; in 1991, the World Bank reckoned the poorest of all as Mozambique with a GNP per capita of a mere US\$80, while of the 32 countries in the world with per capita incomes of less

than US\$500, no fewer than 21 were to be found in sub-Saharan Africa. The combined domestic product of the entire continent, excluding only South Africa and Arab North Africa, is less than that of Belgium<sup>10</sup>. At US\$80,000 million, the GDP (1989) of the sixteen-member Economic Community of West African States (ECOWAS), with a population of 180 million and poor infrastructure, is smaller than that of Denmark with its GDP of US\$90,000 million, population of 5.1 million, and integrated, comparatively low-cost transport and communication services. The 20 member Preferential Trade Area for Eastern and Southern Africa (PTA) with a GDP of US\$70,000 million and a population of 192 million has an even smaller market than ECOWAS<sup>11</sup>. While the sum of the markets is much larger than the individual markets of the participating economies, thus raising the potential for inward-looking industrial growth to a level which is not possible in the individual states, the combined market is still not large enough to reach high levels of industrial development through import substitution.

Given this background, it is not surprising that economic integration has been seen as a means of helping to overcome the disadvantages of small size, low per capita incomes, small populations, and narrow resources bases, and of making possible a higher rate of economic growth and development. It has also been seen as a means of consolidating the political independence of African countries and thereby strengthening their overall position vis-à-vis that of the developed countries, especially the former metropolitan powers. In brief, therefore, economic integration in general is not only desirable, it is necessary if Africa is to industrialize, develop intra-African trade, develop the capacity to participate effectively in the evolving global linkages and interdependence, reduce her vulnerability to fluctuating overseas markets, mobilize



and maximize scarce resources of capital and skills, and finally forge the way to effective African unity, both political and economic.

It is no wonder therefore that African countries fully accept that they cannot make real progress with economic development without close coordination and harmonization of their sectoral plans and national development policies, and they continue to adopt resolutions and declarations to that effect, as reflected not only in the LPA and the Final Act of Lagos, but also in Africa's Declaration on Economic Cooperation and Development (1973), the Monrovia Strategy (1979), Africa's Priority Programme for Economic Recovery (APPER) (1985), Africa's Submission to the Special Session of the United Nations General Assembly on Africa's Economic and Social Crisis (1986), the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD) (1986), the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) adopted in 1991 and the Cairo Agenda for Action (1995), -- all contain fresh proposals and undertakings about more effective approaches to the goals of economic integration. This is mainly because post-colonial African leaders were faced with the task of generating sustainable economic development in, as noted above, restricted, uneconomic domestic markets of several mini-states that were desperately short of capital and skills, and which before independence had survived through direct economic links with, and financial and technical assistance from, the metropolitan countries. They had no alternative but to forge inter-African economic links to replace links with ex-colonial powers.

In brief, therefore, regional economic integration among a group of small developing countries such as those in Africa, which provides for the pooling of resources and coordinated efforts in the use of the pooled resources, can bring about results in development and enhanced external bargaining power that are greater than the sum of results if each country acted alone. Indeed, in Africa, regional integration is the only viable strategy for optimal development of all the peoples of the region in the contemporary economic and political circumstances in the continent as well as in the world as a whole. It is not surprising that even before the departure of the colonial powers African leaders had realized the significance of establishing economic integration schemes, which are linked to the pan-African movement of the 1950s and 1960s<sup>12</sup>.

By 1990 forty-nine African states, with a total population of 465 million, had already regrouped themselves in broader subregional economic communities with the result that, apart from Egypt, all African countries are now involved in the process of economic integration. In West Africa has been established the French-speaking West African Economic Community (CEAO) 1973, the Mano River Union (1974), and the most ambitious of them all, the Economic Community of West African States (ECOWAS) 1975. And quite recently in 1994, the French-speaking West African countries have established an economic and monetary union known as UEMOA. In North Africa is the Arab Maghreb Union (UMA) 1989; in Central Africa, the Customs and Economic Union of Central Africa (UDEAC) 1964, the Economic Community of the Great Lakes Countries (CEPGL) 1976, the Economic Community of Central African States (ECCAS) 1983 and the recently created economic and monetary union - CEMAC (1994).

In Eastern and Southern Africa are first, the Southern African Customs Union (SACU) 1910; the Southern African Development Coordination Conference (SADCC) 1980, which was transformed into the Southern African Development Community (1992); and the Preferential Trade Area of Eastern and Southern African States (PTA) 1981, now transformed into the Common Market for Eastern and Southern Africa (COMESA) 1993. And in June 1991 was established the all-important African Economic Community embracing all the African countries. However, it remains to be seen exactly how these institutions have achieved their objectives and thus paved the way gradually for the effective take-off of the newly established continental economic community. What have been the principal aims and objectives these regional communities? And how have they performed?

## **ii. PROBLEMS AND PROSPECTS**

The aims and objectives of the economic communities - the PTA/COMESA, ECOWAS, ECCAS and SADCC -- are all embracing and directed towards the eventual establishment of an African Common Market. They all broadly aspire to promote and enhance economic development through close cooperation among the member States in all fields of economic activity. Specifically, the member States undertook, in the treaties establishing their communities, to increase their existing transport and communications links and to create new ones as a means of strengthening the physical integration of the subregional groupings and promoting the movement of persons, goods and services within the communities. In the production sector, the member States declared with regard to industrial development that they would endeavour to promote

autonomous industrialization within the communities through the development of the large intermediate and capital foods industries, promotion of the multinational enterprises, and especially development of the strategic natural resources of the subregions by establishing heavy industries, including metallurgical, chemical and petrochemical industries as well as intermediate and secondary industries such as mechanical, electrical and electronic industries. This, with a view to establishing an industrial base to support the development of agriculture and other key sectors. The integration of industry and the other sectors was meant to help trigger off a process of autonomous and self-sustained economic development and internal accumulation and put African economies in a better position to counter international competition.

To stimulate intra-community trade, the states undertook to gradually reduce and then abolish customs duties and the non-tariff barriers, which their trade is currently subject to so as to build up potential markets of between 180 to 200 million consumers in say, the West or Eastern and Southern African subregions. They also committed themselves to co-operate in the area of standardization and control of the quality of goods, adopt trade facilitation measures and promote monetary and financial co-operation among themselves, through the establishment of clearing houses, making their national currencies convertible and instituting common monetary zones. Closely related to this was the undertaking to set up financial institutions and development banks or funds to finance projects aimed at increasing the complementarity of the economies of the member States.

On the whole the economic communities are expected to play a vital role in the socio-economic transformation of the African economies and help alleviate mass poverty through sustained recovery and growth. There are, however, a number of searching questions that force themselves upon us. To what extent, for example, have the African countries been willing to take the necessary measures that will give practical effect to their declared objectives? Why there is this striking contradiction between general emphasis on the need for economic integration in Africa and the scanty evidence of practical success? Or why the success of African economic groupings has so far been rather limited, with little or no impact on the economic growth of the cooperating countries? What have been the challenges, experiences, stresses and strains of these economic community schemes as they strive to translate articulated objectives into concrete results?

### **Performance of Existing Economic Communities**

A critical appraisal of the achievements of the existing economic cooperation arrangements should focus attention on the extent to which they can make a contribution to development. At the purely economic level, the key object of integration is to expand the opportunities for investment that will profit the African peoples, and that will contribute to the mobilization of their underdeveloped resources. To this end, their primary goal should be to reduce the dependence of the members on the outside world and to create conditions that will make self-sustained, autonomous development possible. In the African setting, such development can only come about through the transformation of productive structures. Have ECOWAS,

PTA/COMESA, SADCC or ECCAS contributed to this type of change? Are they the appropriate vehicles for the achievement of collective self-reliance in the African subregions? To what extent have they addressed problems in the right order? Why have they given priority to policy areas which are of little immediate relevance? And what type of cooperation and integration arrangements have they established and with what results?

Not unlike the integration schemes launched in the 1960s, evidence suggests that to date none of the economic groupings established in the 1970s and 1980s has made any appreciable inroads towards the all-engaging objective of creating a subregional economic market, let alone an economic community, despite the human and financial resources deployed. For example, the main objectives set out in the Final Act of Lagos in 1980 in the field of promotion of cooperation at the sectoral level are yet to be achieved. This is particularly true of such a priority sector as agriculture where, as stressed below, not much headway has been made in the setting up of subregional food security arrangements or an African Food Relief Support Scheme, which are intended to assist member countries in times of emergency. Similarly, very little has been accomplished by way of promoting inter-country agronomic research programmes as espoused in the Lagos Plan of Action.

### **Experience in Intra-regional Trade**

An important segment of the integration process is the issue of commitment to the promotion of trade expansion which, according to the LPA, is meant 'to constitute the mainstay

for the present [African development] strategy'. Yet, given the North-bound vertical orientation of the African economy, none of the economic integration schemes appears to be meeting this crucial challenge in the area of market integration. There is still a low percentage of intra-subregional trade, the average being below 5 percent as is reflected in Table 1. African trade remains predominantly oriented towards the North, perpetuating the dependence of the continent on exports. Although intra-regional trade, which increased to 8.4 per cent of total trade in 1993, was significant improvement over previous years, Africa still trails other regions in this important area: Western Europe (7.2 per cent), Eastern Europe (46 per cent), Asia (48 per cent) and North America (31 per cent). If an interpretation of long-term data is to be trusted, it might also be noted that Africa is the only region which has experienced a consistent decline in this share, from 10 per cent in 1982 to 6 percent in 1989.

Thus, although almost all the subregional integration groupings have adopted market integration approach, progress towards trade liberalization, which constitutes a significant aspect of this approach, has been painfully slow. This is of major concern because trade liberalization is the first major step towards the formation of free trade areas, customs unions and common markets. A case in point is the ECOWAS trade liberalization scheme which was adopted on 1 January 1990, ten years after the original schedule, the Community having failed to implement the single trade liberalization scheme adopted in May 1983. The Single Trade Liberalization Programme optimistically launched in 1990 has still not advanced much beyond ratification of the scheme. Neither has ECOWAS been able to adopt a common external tariff, which is the backbone and distinguishing characteristic of any customs union. Consequently, intra-

Community trade has not been stimulated, and has shown a tendency to decline in importance. Nor could ECOWAS have been expected to stimulate trade when its major instrument for this purpose, the liberalisation of trade, has made so little progress.

**Table 1: Intra-Regional Trade as a Percentage of Total Exports of Regional Group**

	1970	1980	1985	1990	1992
AMU	1.4	0.3	1.0	2.3	3.0
UDEAC	4.9	1.8	1.9	2.4	2.1
ECCAS	2.4	1.6	2.1	2.3	2.1
ECOWAS	2.9	10.1	5.2	8.3	7.8
CEAO	6.6	9.8	8.3	9.9	10.5
Mano River Union	0.2	0.8	0.4	0.3	0.0
Economic Community of the Great Lakes	0.4	0.2	0.8	0.3	0.4
PTA	9.6	12.1	5.6	6.6	6.7
SADC	5.2	5.1	4.8	5.2	4.4

Source: UNCTAD, *Handbook of International Trade and Development Statistics*, (Geneva: 1993)



The effectiveness of approved trade liberalization programmes of almost all the economic groupings has been constrained by, among other things, low product coverage, low preferential tariff margins and a lack of progress in eliminating non-tariff barriers which are also difficult to define and classify. In addition, the enterprise sector was often not a participant in the drafting of trade liberalization programmes or the corresponding selection of product items for preferential treatment. Consequently, the enterprises were not only unaware, but could not take advantage of the preferences granted. Weakness in production linkages has also hindered intra-regional trade expansion.

Without doubt, intra-regional trade could be an essential vehicle for the promotion of diversification and the establishment of linkages between production units in different African countries. Not only will this contribute to improved productivity and greater competitiveness for African products, it would also provide a stronger basis for an effective participation of the African region in the evolving global linkages and interdependence of production units. Therefore, the present slow progress of the various integration schemes in Africa has not been helpful to the diversification process.

### **Poor Performance in Policy Integration**

Besides trade liberalisation, ECOWAS, PTA/COMESA, ECCAS and AMU, have not made much progress in policy integration, that is, in the foreshadowed measures of positive economic integration and policy harmonization. The aim of policy integration is the creation of a common

policy framework that creates equal conditions for the functioning of the integrated parts of the economy. The harmonization of the economic policies of the member countries is an essential ingredient of an integration scheme. Indeed, it may be seen as one of the features that define integration. The higher the degree of integration, the closer the degree of policy harmonization that is required, and the smaller the scope for independent and divergent policies which could prevent effective integration. Harmonization does not mean the pursuit of identical policies by the various members, but of policies that are compatible with each other and with the aims of integration. The question, then, is, how have the existing economic communities fared in policy harmonization or integration?

So far not much progress has been made on measures leading to industrial and fiscal harmonization, which form such an important ingredient of the treaties establishing the communities. There is generally the lack of harmonization of sectoral policies in agriculture, industry, transport, energy, etc., and no basic studies for the formulation of such policies. The designing and adoption of agricultural and industrial programming policies have not yet been defined or elaborated in many integration groupings. Common rules governing foreign direct investment such as those concerning investment incentives are matters still under discussion. In effect, the necessary policy guidelines and programmes for subregional industrial development have not been put in place. As a result, most economic communities in Africa have not been able to establish major multinational industrial projects, for example.

On the whole, then, given the absence of cooperation in agricultural and industrial development, it is perhaps just as well that nothing much has really happened in such major subregional economic communities as ECOWAS, PTA/COMESA and ECCAS, in the way of 'positive' or 'negative' integration, that is, liberalisation of intra-community trade and harmonisation of sectoral policies. It has been difficult for the member States of these communities to surrender to a regional authority a measure of control over such matters as the structure and content of their development plans, a tax regime with respect to foreign capital, external trade regime, and monetary policies. It has not been equally easy for them to consider that such a surrender must be accepted as a trade-off against the benefits that the integration scheme is expected to bring, in particular a more diversified economic structure, an increase in national income and a higher rate of growth.

### **Lack of Progress in Infrastructural Integration**

The success of the efforts to increase production and income growth in Africa is greatly dependent on the efficient performance and effective support of the transport and communications sector. Weaknesses in the transport and communications system greatly constrain economic and social activities as well as efforts towards economic integration and trade. Since the African Governments have committed themselves to seeking rapid integration of their economies and expansion of intra-trade as promulgated in the LPA and the FAL, there is the great need to develop transport and communications which is the critical support sector for development.

Thus joint infrastructural development has been viewed in the treaties which established the economic communities as a priority area of co-operation. However, not much has been achieved to meet the challenges of the lack of poor quality of regional infrastructure and networks - historically oriented more to developed countries - which have acted as a brake on intra-African trade expansion and industrial growth. Regional transport and communication networks within most subregions of Africa are either obsolete and dilapidated or are virtually non-existent. Yet without adequate and efficient transport and communications infrastructures, full market integration cannot take place in the ECOWAS, PTA/COMESA or ECCAS subregions. Hence, the strategy for economic integration recognises the need to develop adequate transport and communications facilities as a sine qua non for economic development, in general, and for the expansion of intra-regional trade in particular.

On the whole, the member States have not effectively responded to the undertakings which they have made in the respective treaties to evolve coordinated and complementary transport and communications policies, to improve and expand the existing links and establish new ones as means of furthering physical cohesion of their countries. Their achievements in this sector are somewhat meagre, despite its significance in the process of economic integration. Indeed, much needs to be done by the subregional groupings, as continental roads, railways, airline and telecommunication facilities linking African countries are still very few. Such important areas as upgrading, maintenance and repairs of roads, railways, airports and harbours to enable them to cope with increased intra-grouping trade have still not been given adequate attention. And so is the urgent need to increase telecommunications and postal facilities to facilitate contacts among

people in the business community which will enable further exploitation of new market and investment opportunities.

### **Limited Performance in Monetary and Financial Integration**

One other area of importance is monetary and financial integration. Although it is widely recognised that monetary and financial cooperation must play a major role in the process of cooperation and of regional integration, and in a more general sense must provide a major contribution to the solution to the African development problematic, the economic communities have not effectively responded to the challenges posed by this sector. Measures have, however, been taken towards clearing arrangements. In 1976, for example, ECOWAS established the West African Clearing House (WACH), in an attempt to mitigate payments difficulties. The PTA Clearing House (PTACH) was established in 1984 for Eastern and Southern African States. So far, experience with these payments arrangements has been mixed.

Several factors have been instrumental in limiting the operations of the clearing arrangements established by ECOWAS and PTA respectively. Chief among them are (i) weaknesses in the intra-trade of the integration groupings; (ii) imbalances in the trade exchanges of member States which fostered persistent debtor-creditor patterns; (iii) restrictions on the types of goods for which transactions could be cleared through the clearing arrangements; (iv) the avoidance of the clearing system by member countries on account of foreign exchange problems; (v) policies associated with economic liberalization in member States; (vi) indifference of the

banking sector including the Central Banks; (vii) delays in settlement of payments; (viii) length of settlement period; (ix) exposure to interest as well as foreign exchange risks -- these are the main reasons responsible for the low volume of transactions and the decline in the use of the clearing houses.

To sum up, it has become quite evident that in all the four major segments of the process of regional integration that is integration of markets, integration of infrastructure, positive integration/policy harmonization and the fiscal and monetary integration - not much progress has been made by ECOWAS, PTA/COMESA, ECCAS and the other regional groupings. The clearest proof of the failure of regional integration in Africa is provided by the abysmal growth performance of Africa as a whole. As reflected in the LPA, economic integration was supposed to promote 'self-sustaining development and economic growth'. Instead, in the past decade, as Foroutan has recently highlighted, Africa as a whole 'has registered' the worst economic results of its post-independence history by seeing real incomes of individuals falling at a sustained pace'<sup>13</sup>, in lieu of growing. It may be argued that the disappointing results could partially be attributed to the structural weakness of the economies of sub-Saharan African countries and outside events, especially the collapse of world commodity prices in the 1980s. It remains true, however, that despite great expectations, economic integration was unable to bring any structural changes to the economies of Africa that might have lessened their vulnerability to commodity price fluctuations.

All this raises some disturbing questions. Why so little progress and such faltering steps? Is it because African states have failed to see the advantages of regional economic integration or collective self-reliance? Or, are there some undercurrents which rock the very foundation of cooperation? Does the failure to date imply that regional economic integration as a model of development is harmful or infeasible and should be abandoned altogether? What has, in short, gone wrong? These are the critical issues that need to be examined.

### **iii. CHALLENGES, STRESSES AND STRAINS**

It has become necessary to find out the reasons for the wide consensus over the disappointing results of the process of economic integration in Africa, despite the continuous rhetoric about the need for regional cooperation and integration. The complexity and sensitivity of the subject does not appear to allow for simple explanations. A multiplicity of factors have played a role in the poor record. Among these are the challenges of the approach to African economic integration, which do not seem to have received much attention in the extensive literature on the subject.

#### **The Problem of Approach**

The focus of the majority of regional integration groupings in Africa has been on market integration or, specifically, liberalisation of trade relations with a view to quickly establishing

preferential and free trade areas, customs unions and common markets. This approach to economic integration has raised some crucial questions and provoked debates and exchanges on regionalism in Africa. How appropriate, for example, is the market approach to economic integration in the developing areas, especially Africa? How valid is the traditional treatment of trade as central and of other areas of cooperation as either trade-facilitating or secondary? Even if it is valid with respect to industrial economies, is it with respect to sub-Saharan Africa, where structural changes and qualitative development in production, not just marginal changes in output patterns and sustained growth within only gradually changing production structures are required? Where are the commodities in which African states are to conduct trade? In other words, since all the African states have primary products to offer with no complementarity between them and since there are no manufacturing or processing industries in Africa to absorb the raw materials, will the mere formation of payments union or a common market necessarily enhance the flow of trade in Africa? Is economic regionalism in Africa best analyzed as a branch of applied international trade theory or as an extension of applied national development theory? Is the model of market integration the most appropriate means to effect development and growth in a regional setting in Africa? What kind of approach to the process of integration will be most effective in realizing the potential of the African region for the benefit of its populations?

It is generally agreed among economists, Africans and non-Africans alike, that the major cause of the poor return on economic integration efforts in Africa over the past thirty years has to do with the integration approach adopted by African economic groupings. Almost all of them have been modeled on the classical EU prototype, which is designed for developed countries.



The model's underlying assumptions, as Ahmad Aly has recently stressed, 'are far from relevant in the African context'<sup>14</sup>.

A realistic approach to economic integration in Africa must start with the recognition that African countries lack most of the prerequisites that are considered necessary for successful economic integration to take place. But most of those prerequisites were developed in the context of the industrialized world, and most in fact, were derived from the experience of the European Union. In Europe, the formation of the EU and EFTA were intended to increase trade among the European nations, but the situation in Europe is entirely different from that of Africa. The rate of industrialization and the rate of economic development are high in most of the countries of Europe, and the creation of the EU merely catered to trade in the existing products. The EU nations are able to offer products for mutual exchange. Furthermore, it is possible for the EU nations to switch their markets to the partner countries in substitution for the loss of outside markets. Since a common market has the effect of trade diversion, the initial steps taken by the EU are to fill up the gaps in trade with the goods from the member countries. This cannot be done in Africa, since the African countries must first create an economic base on which the other institutions can be built.

Furthermore, past experience with successful market integration in Western type economies suggest first, economic homogeneity, that is the lack of strong subregional disparities; second, national economic performance, that is sustained economic growth on a national level to help to contain domestic opposition to exposing domestic industries to regional competition and third,

political commitment in a legally binding way underlying the irreversibility of intra-regional liberalization and making economic integration credible. These are major shaping factors in the formation of free trade areas or customs unions. Sub-Saharan Africa has never enjoyed the privileges of these three factors.

It is quite evident, therefore, that none of the preconditions are sufficiently present in the regional integration process among African countries. As a consequence, ECOWAS, PTA/COMESA and the other subregional economic schemes, which have adopted the market integration approach, operate in an environment quite different from that of Western Europe, and it could very well be that the dynamics of the integration process will be quite different.

In Africa, the low levels of development and the limited possibilities for profitable intra-subregional exchange simply do not provide the basis for integration at the present time. As the perquisites for integration do not presently exist, subregional or regional cooperation must start from the premise that these perquisites must be created. This is in contrast to the dominant approach of the existing economic communities which tended to entertain the belief that integration in Africa could be legislated from above, ex nihilo. There is little purpose in liberalising trade when the parties have nothing to exchange: regional cooperation, inter alia, must create the basis for trade. Otherwise, market integration in Africa will merely be for promoting non-African goods and services.

Hence the continuing emphasis of the economic schemes in Africa on customs unions based on the European experience of market integration is entirely inappropriate for such an underdeveloped region as that of Africa where the problems are non-orthodox, i.e., where the principal need is not for the consolidation and rationalization of existing production according to comparative advantage, but to promote development by employing previously non- utilised factors of production.

Given this background, it is evident that the main thrust of the integration strategies of the subregional economic communities in Africa has not been helpful. The accent has been on integration of markets and much valuable time has been spent on measures at liberalization of trade with little or no impact on the volume of intra-subregional or even inter-state official trade. The whole debate on regionalism in Africa has generally taken for granted the validity of the market approach and incrementalism. This is evident in the concept of regional cooperation as a process and discussion of its major stages or forms beginning with a free trade area or the liberalization of the movement of goods regionally produced, to be followed by the establishment of a customs union and so on. The framework of ECOWAS, PTA/COMESA and ECCAS, for example, was therefore largely influenced by approaches to apparently similar problems in Western Europe. The fields of cooperation covered by the schemes accordingly corresponded to the trade preoccupations of organizations such as the European Free Trade Association and the EU, where the existence of mature economies was an established feature, rather than to a context in which the structural transformation of economies was the overall goal.

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

The major reason why trade might not rapidly increase is the lack of very much to trade, particularly once the unrecorded trade (smuggling) is totally ignored. It is basically the low level of production that would be tradeable in African markets that accounts for the small volume of intra-African trade and the likelihood that the mere removal of trade barriers would not produce a rapid expansion of such trade. Undoubtedly, trade has a role to play in making available products to where demand exists. But, if supply, that is, production and infrastructure for the transportation of goods do not exist or not at the appropriate level, trade facilitation mechanisms will function in a vacuum as is presently the case. As Hazlewood stressed many years ago:

*... integration is not simply a matter of lowering tariffs. The existence of tariffs is not the sole, or even the primary impediment to trade between the countries of*

*Africa. The main reason for the low level of trade is to be found in the economic structure of the countries (and in) ... the fact that the 'infrastructure' for intra-African trade is generally lacking<sup>15</sup>.*

The lack of progress of ECOWAS, PTA/COMESA or ECCAS is also the reflection of the discontent of participating governments with the design and results of the subregional market integration schemes, as has been analyzed elsewhere<sup>16</sup>. Suffice it to say that these schemes do not provide demonstrable benefits to the participants. While they impose maximum constraints on decision-making autonomy they offer minimal prospects for the realization of immediate benefits. A case in point is the loss of revenue derived from indirect taxes - mainly import and export duties as a consequence of the removal of barriers and tariff harmonization. And while the impact of tariff harmonization on revenue would be felt immediately the expected benefits might be of a long-term nature and less certain. Hence, tariff harmonization, a crucial aspect of market integration, which entails the removal of tariffs in intra-regional trade may not appeal to the political leaders, particularly in view of the perceived inability to recoup the resultant loss of revenue from the expected long-term benefits of enhanced regional integration<sup>17</sup>. Moreover, so far, none of the schemes has devised effective measures of 'positive integration' to effect the loss of tariff revenues.

This last point is worth elaborating. A characteristic feature of the majority of the member States of the subregional economic communities is that a significant proportion of their revenue is derived from indirect taxes -- mainly import and export duties. Consequently, a great deal of

importance is attached to custom duties in their countries as a share in their foreign trade and GDP as well as their share in total government revenue. United Nations sources for 1973 indicate large variations in the degree of dependence of many African countries on customs duties as a source of government incomes<sup>18</sup>.

Given the widespread financial crisis in the continent and the high share of custom duties as public revenues in most countries, African governments find it difficult to abolish tariffs altogether. They either show outright reluctance to reduce, let alone eliminate tariffs, or they try to get around relevant provisions by levying other charges that have an equivalent effect. Table 2 shows that four of the thirty-nine listed sub-Saharan African countries derive about three-fourths of their revenue from custom duties, and nine obtain more than two-thirds of their income from this source. Nineteen countries receive more than half of their income from custom duties, and thirty-six more than one fourth<sup>19</sup>.

The situation is compounded by the inability of the compensatory arrangements to compensate member countries for revenue losses. The solidarity funds, in the case of ECOWAS, the compensation fund, that lack their own resource depend instead on contributions by member countries, which in most cases are 'virtually unable to honour their obligations, given their worsening financial positions<sup>20</sup>. Indeed, attempts to integrate regions, especially in the developing world, will need to include much more effective arrangements for equalizing the gains from regionalisation to secure the continued commitment of the smaller, less developed economies to a regional market for sufficiently long for the gains from credible integration to

emerge, as alluded to above. To maintain momentum in favour of economic cooperation and integration, its future thrust has to have built-in mechanisms for redistributing regional benefits more equitably to other partners in ways that accelerate their levels of overall development.

**Table 2: Customs Duties as Percentage of Total Tax Revenue in Sub-Saharan  
Africa, 1969 and 1980**

Country	1969	1980	1969	1980	1969	1980
Benin	56.3	62.6	5.1	1.9	61.4	64.5
Botswana	65.1	56.4	3.4	0.5	68.5	56.9
Burkina Faso	53.1	48.5	2.9	3.7	56.0	52.2
Burundi	23.5	21.3	17.9	31.5	41.4	52.8
Cameroon	38.0	48.9	16.6	3.8	54.6	52.7
Cape Verde	24.0	24.6	0.1	0.2	24.1	24.8
Central African Republic	38.1	33.9	3.8	9.4	41.9	43.3
Chad	39.7	51.8	8.0	10.0	47.7	61.8
Comoros	56.5	58.9	20.2	14.0	76.7	72.9
Congo	30.0	36.4	5.7	0.4	35.7	36.8

Country	1969	1980	1969	1980	1969	1980
Ethiopia	28.5	28.3	8.1	26.1	36.6	54.4
The Gambia	70.8	66.7	17.0	10.2	87.8	76.9
Ghana	16.1	19.3	29.8	23.7	45.9	43.0
Guinea	34.8	20.1	3.0	-	37.8	20.1
Guinea-Bissau	25.7	24.1	5.6	4.3	31.3	28.4
Côte d'Ivoire	36.9	37.7	19.4	12.3	56.3	50.0
Kenya	29.5	20.0	0.4	-	29.9	20.0
Lesotho	74.1	70.8	3.5	0.7	77.6	71.5
Liberia	32.1	40.1	0.9	0.6	33.0	40.7
Madagascar	26.6	34.1	6.8	9.0	33.4	43.1
Malawi	26.3	21.2	-	-	26.3	21.2
Mali	38.4	32.3	7.1	4.1	45.5	36.4
Mauritania	36.1	45.5	1.1	0.7	37.2	46.2
Mauritius	34.2	37.2	9.6	12.6	43.8	49.8
Niger	15.6	15.6	4.8	4.8	20.4	20.4
Nigeria	19.9	17.1	0.2	0.1	20.1	17.2
Rwanda	23.2	33.7	22.1	19.8	45.3	53.5
Sao Tomé & Principle	10.7	11.6	18.0	35.6	28.7	27.2
Senegal	39.1	43.6	2.8	1.8	41.9	45.4



Country	1969	1980	1969	1980	1969	1980
Seychelles	63.5	47.7	2.1	0.4	65.6	48.1
Sierra Leone	36.6	38.0	10.5	17.4	47.1	55.4
Somalia	48.5	50.9	4.2	1.9	52.7	52.8
Sudan	41.9	45.5	6.2	4.0	48.1	49.5
Swaziland	25.6	52.3	0.1	11.1	25.7	53.4
Tanzania	23.6	16.3	3.1	7.8	26.7	24.1
Togo	57.3	30.6	6.9	9.8	64.2	40.4
Uganda	19.6	3.6	19.3	70.4	38.9	74.0
Zaire	29.5	17.8	21.8	11.6	51.3	29.4
Zambia	17.0	6.5	-	-	17.0	6.5

**Source:** IMF, Taxation in Sub-Saharan Africa, 1981.

**Note:** I have tried in vain to update this table. The situation seems to have worsened, or, in the best of circumstances, remained unchanged throughout the 1980s.

Although regional integration should result in substantial benefits - economic, political and security-related - there is legitimate concern in many developing regions, especially Africa, that the gains from market integration would accrue mainly to the larger or more industrially developed member countries which are in the most advantageous position to capture immediately the additional income benefits from an open

accessible regional market. Asymmetries in the relative economic weight and capability of regional partners has contributed in the past to the disintegration of many regional arrangements in the developing world despite specifically designed measures to redistribute some of the gains captured. Such problems have been encountered in the Andean Pact countries and have slowed down the process of closer integration in ASEAN. Other cases in point, in Africa, are the respective experiences of the defunct EAC, the UDAO, UDEAO and the withdrawal of Chad in 1968 from the membership of UDEAC. The PTA/COMESA has similarly been confronted with the problem of inequitable distribution of costs and benefits of integration. Countries like Rwanda, Djibouti and Comoros have argued that because of their low level of development, their structures of production, commodity composition of exports, if any, they have little to gain from integration<sup>21</sup>. Mauritius even submitted a notice of withdrawal in 1986 (which was subsequently cancelled).

It is no exaggeration to say that the key to the viability of integration schemes in Africa will obviously be their capacity to balance the benefits of common market operations in a manner acceptable to their members. The point worth emphasizing here is that no government can be expected to justify its participation in a grouping to its people by saying that their interests should legitimately be sacrificed to those of the group as a whole. Although the less favoured countries might still expect to benefit in the long term from cooperation, no African government can afford to adopt this time horizon. Perceptions that neighbouring countries have gained a disproportionate share of the

benefits from integration usually lead to moves that have the consequences, whether intended or not, of restricting the scope of regional co-operation. Arthur Hazlewood has driven home this important aspect of the integration process in a recent study:

*The case for integration, for a particular country's participation in an integration scheme, rests on the benefits that country itself will obtain from integration. The case of integration is not a case for helping others; it is a case for helping oneself. However, it must be appreciated that integration will not benefit one country, or at any rate not for long, unless it also benefits the others; the case for integration arises from self-interest, but the pursuit of self-interest requires the interest of others to be simultaneously served. Integration will not succeed unless every partner benefits, because any who think they will not benefit will not participate, and there will then be no integration. The benefit is for everyone or no one<sup>22</sup>.*

Thus even if the political rhetoric were to indicate that some member States see ECOWAS, PTA or ECCAS primarily or solely as a step towards the eventual political union or an African economic community, these schemes will command the loyal support of all their members and succeed only if each member is likely to be better off inside the community than it would have been outside it. They would be attractive and receive support only if they could show demonstrable benefits to their participants, and the

arrangements for co-operative action provide good reason to believe that such benefits can be realized. Indeed, unless governments can be convinced that economic cooperation and, eventually, integration will strengthen their capacity to cope with urgent domestic problems better than they could on their own, they will continue to be preoccupied with managing policy issues with a national orientation and lose sight of the significant benefits that regional cooperation can bring.

And finally, market integration which gives no priority to the basic industries, reinforces the position of the foreign private sector in the African countries and increases economic domination from abroad. It creates problems for the participating states with regard to the sharing of gains with transnational corporations (TNCs). There is always the tendency on the part of the TNCs to either become the main beneficiaries of the larger market, to the detriment of the indigenous agents of production and trade, or to fragment the market both at national and subregional levels and entrench external dependence, thus defeating the objectives of subregional economic integration and self-reliance. The analysis by Langdon and Mytelka<sup>23</sup>, of UDEAC reinforced by the 1981 ECA evaluation report<sup>24</sup> provides an excellent case study of the way in which TNCs derive benefits from regional economic schemes.

On the whole, while recognizing current integration arrangements in Africa as a *fait accompli*, we should note that experience in Africa and elsewhere in the developing world reveals that market integration is not effective. By and large, diversifying

industrial growth, the final goal of the development-oriented market integration model, has not materialized. An important reason for this failure has already been discussed: the model demands unrealistic levels of political commitment and of technical and administrative expertise which are not always available in developing regions such as Africa. Where the creation and strengthening of national identity are strong, as many African countries, governments are naturally loath to sacrifice national sovereignty. Furthermore, the asymmetry in the size and levels of development of the participating economies leads to polarized development. Consequently, the distribution of the costs and benefits of integration becomes the focal point of the integration exercise. This gloomy picture about market integration approach adopted by ECOWAS, PTA/COMESA and ECCAS and the other smaller communities like CEAO, UDEAC and MRU is compounded by some complex problems relating to the management of economic integration at the national and subregional levels.

### **Africa's Ruling Classes Versus Concept of Regionalism**

By order of priority and responsibility, the African states come first as far as the implementation of the treaties establishing the economic communities are concerned. This is underlined by the LPA and the Act which stipulates that it is the responsibility of the African states to take 'measures to effect the establishment of an African Common Market' that would lead 'to the attainment of the aims and objectives of the African Economic Community'<sup>25</sup>. This is particularly important because, as development studies

scholars like Stockwell and Laidlaw have recognised, the role of government in development has risen steadily to a point where successful growth is not really possible without the active support of government<sup>26</sup>. John Lewis has gone so far as to argue that there is 'no substitute for the continuing lead that governments must supply to development-promotion efforts'<sup>27</sup>. It follows that if a government is unwilling or unable to play an active positive role, then the government itself can be considered a barrier to development or a fundamental cause of failure of policy orientation.

This is particularly evident in the case of regional cooperation and integration where the most crucial factor is strong and sustained political commitment to keep to the agreed regional agenda. This makes the African political leaders key figures in cooperation and integration. It is their decision which determines the role of the regional organisations and institutions, as well as that of the private sector. Likewise, it is their decisions and commitment to succeed which determine the response of the international community. Hence the establishment of effective subregional economic schemes crucially depends upon the extent to which the member States have committed themselves to the concept of regionalism in Africa. For while regional policies are formulated at the regional level, responsibility for implementation rests with the various national governments. So far evidence suggests what appears to be a lack of special interest in, support and total commitment on the part of African states to, the cherished goals of the existing economic groupings. In the scheme of things in most African countries matters of economic cooperation are not accorded the same priority in the official mind as

primarily national issues. And in most cases, commitment expressed to subregional programmes at community fora becomes very difficult to implement once their practical implications, such as the loss of national control becomes evident.

The lack of commitment to regionalism has manifested itself in member countries independently developing their own strategies, plans and priorities, with regional cooperation hardly reflected in them. Although African countries continue to speak of collective action for regional integration, no single state has as yet designed its national plans to be consistent with the promotion of effective integration for development. As discussed below, most have not even developed a national apparatus for monitoring and coordinating their involvement in the different inter-governmental organizations. The lack of commitment has also been reflected in tardy payment of budgetary contributions and a low level of participation in meetings, as well as in the fact that not all member States have ratified and implemented the protocols, acts and decisions of the groupings. As at the end of March 1992, the total arrears owed to the Executive Secretariat of ECOWAS alone stood at UA21.5 million, equivalent to over US\$30 million<sup>28</sup>.

#### **Lack of Viable National Institutions**

Nor has adequate and viable institutions been established for management of economic cooperation process at the national level. While the literature on regional cooperation in Africa largely focuses on enhancing the role and functions of regional

institutions, far less attention is being paid to the institutions required at the national level to manage regional cooperation processes. This has particularly been the case as the 'rush since independence to create new institutions at the regional level to promote increased cooperation has diverted attention from national level requirements for cooperation'<sup>29</sup>. Hence decisions at the regional level by Heads of State and Government and by ministers have seldom been reflected in decisions at the national level in the form of legislation and regulations. In fact, these national decisions are often taken without reference to regional decisions.

Thus although integration organizations have been duly established in all the subregions, as envisaged in the Final Act of Lagos, co-operation agreements have not been internalized in national administrations and development plans. In most African countries, cooperation does not go far beyond the signing of treaties and protocols. The objectives of the treaties are not integrated in national development plans or in the sectoral programmes of appropriate substantive ministries. The officials and ministers who participate at intergovernmental meetings on the implementation of the treaty of cooperation generally come to the meetings without the mandate of their cabinet colleagues and, on returning to their respective capitals, they do not brief their colleagues on the proceedings and decisions taken at the meetings. What seems to be the practice is that the reports of the meetings are shelved and gathered dust until the next round of meetings.



Not only does this appear to reflect a lack of political commitment to decisions taken at the regional level but also a failure to develop the institutional measures which are required to follow-up and manage these regional decisions. Almost no African state has the essential well-structured or strong institutions and managerial skills at the national level for the implementation of the large and increasingly diverse number of conclusions and recommendations formulated within regional cooperation and integration schemes. Consultation and coordination machinery at the governmental level as well as between the government and the private sector and other societal groups are generally weak and ineffective. There is no relevant institutional machinery in place to enable the people, the business community, the private sector or agents of socio-economic activity and their organized associations, like the chambers of commerce and industry and professional associations to find appropriate and adequate channels of participation in economic development activities at the subregional and regional levels.

What progress, then, can be expected in this context of weak and ineffective policy instruments and institutions? Even with the necessary political commitment the results of regional co-operation efforts will remain poor if the institutional machinery is not in place. To be sure, unless these issues are addressed, the frequently-asserted objective of closer regional cooperation and integration will remain exactly that --- an assertion without implementation. In other words, unless national institutions and administrative processes are adapted to ensure that regional policies and programmes are

integrated into national decision-making, little or no substantial progress can be achieved in the process of African regionalism.

### **Deficiencies of Community Institutions**

The situation at the subregional or community level is no better. Although the institutional deficiencies of the regional economic communities to formulate and carry out policy making functions effectively have long been recognized as a critical factor, not much reference is made to this aspect of the management of economic cooperation and integration in Africa. Yet, the secretariats of almost all the existing communities suffer from a lack of real decision-making process, and their resources are totally inadequate for independent, practical cooperation and integration activities. Their development is blocked by the marked dominance of nation-state interests, allowing genuinely supranational regional development policies only within a narrow framework. This situation is compounded by first, the lack of clarity of the tasks and objectives of the institutions and flexibility in the programme implementation; and second, the problems relating to the ability of the institutions to reconcile national and multinational interests in the implementation of programmes.

The functioning of African economic communities is put to the test by their meagre financial resources. Their source of revenue is essentially contributions of member States, the majority of whom do not pay such contributions. Some member

States have accumulated considerable arrears in their financial contributions. For example, in ECOWAS as of December 1990, most of the member States had accumulated arrears amounting to over four years of contributions<sup>30</sup>. The communities are thus not only deprived of the resources for implementing their programmes but they are also unable to meet their current expenditures: salaries of employees, electricity and water costs, etc. This, notwithstanding, the policy-making organs request the secretariats to conduct numerous studies each year.

Another cause of the deficient functioning of the economic communities is the poor choice of personnel of the secretariats by the member States. Both in qualitative and quantitative terms most economic groupings in Africa are inadequately staffed. It is a fact that the institutions of the European Union were served by first class European personalities such as Gaston Thorn, Jacques Delors, Raymond Barre, former Prime Minister of France. On the other hand, in the case of the African economic communities, the quality of staff is low, largely because most of the executive and professional positions are usually filled on political and geographical representation grounds rather than on experience, technical and administrative competence. Invariably, member governments put their own narrow national interest above those of the communities by insisting on politically desirable appointees to head multilateral organizations. The political appointees at the head of the economic communities do not always fully comprehend the problems of economic integration. Some of the executives, therefore, lack conviction, the determination to promote subregional economic integration

because they themselves do not know what direction the communities should take. With no vision for the future, they contend themselves with the day to day running of their secretariats. Evidence from all African subregions suggest that inexperienced leadership has largely contributed to the paralysis or poor performance of quite a number of regional groupings. The situation is aggravated by the lack of grassroots support at the national level or credible genuinely effective regional or subregional lobby in the individual countries.

### **Lack of Grassroots Support**

A significant aspect of the African economic integration scheme is the apparent lack of a forum created for exchange of views with interest groups such as civil societies, employers associations, trade unions, market women associations, who are directly interested in and likely to be directly affected by many of the provisions of the treaties establishing the various economic groupings. To what extent, for example, do the broad masses of the people participate in or influence the decision-making process of the African economic integration groups? Or is the idea of economic integration normally "sold" to a reluctant, an uncommitted, and sceptical working population? This extremely important aspect of the strategy of developmental regionalism in Africa has so far not received adequate attention<sup>31</sup>.

Indeed, in general, participants in the decision-making process within African regional organizations are the political elite, the bureaucratic elite, and representative of foreign interests. Hence the broad masses of the people are excluded from effective participation in the economy as both producers and consumers. This low level of economic mobilization of the broad masses of the people means that they are unlikely to be involved in regional integration efforts based on functionalist strategies. This implies, therefore, that regional groupings in Africa will be between only a tiny fraction of the population of the states concerned<sup>32</sup>. The leadership fails to explain fully to the people the reasons for participating (or joining) in the arrangements and what advantages will accrue to the majority. The treaties or articles of association become the private property of a few politicians and civil servants. Nobody else reads or knows of them. To the extent that cooperation arrangements are (or were) forged without the full participation and knowledge of the population, their stability and the implementation of their programmes cannot be guaranteed. Indeed, it has to be admitted that if an integration process remains a bureaucratic affair and the people are not really convinced of its usefulness, it is unlikely to succeed.

## **SUMMARY AND CONCLUSIONS**

We have attempted in Part I of this lecture to do five things. First, to introduce the subject, we have tried to review the concept of regionalism as a well-accepted part of international development policy. Second, the significance of regionalism or regional

economic cooperation and integration as a key element of African development strategy has been briefly analyzed. It has been stressed that regional economic integration is widely recognized and accepted as a necessary condition for the long-term sustainable development of African countries. There are a number of reasons for this. The single most important one is the acute fragmentation of the African continent. As a consequence of this fragmentation, very few single African countries possess the resources and market size necessary for viable industrialization. Even fewer African countries can participate on their own in the rapid technological and information revolution now sweeping the world. The African countries themselves and the international community, in various convergent policy declarations and statements, have underlined intra-African economic integration and cooperation as indispensable for the socio-economic transformation of African countries.

Thirdly, an attempt has been made to critically appraise the experience of regionalism in Africa and the extent to which the existing economic integration schemes have achieved their pre-established goals. Consequently, fourth, considerable attention has been devoted to the reasons for the limited progress made and faltering steps. In this regard, we have questioned the appropriateness of the market integration approach which has been adopted by almost all the regional economic integration schemes in Africa, highlighting the complex problems generated by this approach, as for example, loss of government revenues, distributional crisis, and the adverse impact of TNCs on the economic communities.

And finally, fifth, we have highlighted the poor management of economic cooperation and integration in Africa at both national and regional levels stressing, among other things, the lack of commitment of African ruling classes to regionalism as a strategy for development; the equally lack of adequate and viable institutions; the meagre financial resources; inadequate staffing both qualitatively and quantitatively; and finally, the limited role of the private sector and interest groups.

The critical question which now forces itself upon us is: what is to be done? What are the major issues requiring priority attention for revitalising as well as adjusting the process of regional integration to the new realities of the 1990s? In particular, what type of realistic approach to regional integration in Africa should be adopted to enable African states realize the aims and objectives of their economic communities? What mechanism should be established to encourage the participation of the private sector, business community, the chambers of commerce and industry, the trade unions, market women and professional organisations in the design and implementation of regional trade and production programmes and projects, as has been the case of the regional groupings in Asia, Latin America and Europe?

However important the role of the private sector, or enterprises or NGOs, it is government action which, through its influence on the other actors, will be the most decisive factor in determining the role of regional organizations and institutions as well as the success or failures of regional initiatives in cooperation. How can we obtain a

strong and sustained political commitment of African governments to the agreed regional agenda?

More significantly, too, what are the crucial factors in the implementation of the Abuja Treaty establishing the African Economic Community, which is Africa's response to the challenges posed by the regionalist fever which has spread rapidly all over the globe - in the Americas, in East-Asia, and especially in Europe, the "Fortress Europe" 1992 - all of which threaten to isolate Africa from world markets? In brief, therefore, what policy measures are required to enable Africa move towards a new direction in order to effectively meet the interlocking development challenges of the brave new world of the twenty-first century? These critical issues will be the focus of Part II of this lecture.



**PART II:**

**MEASURES TOWARDS ENHANCEMENT OF REGIONALISM IN AFRICA**

The external challenges to regionalism, following the emergence of trading blocs in Europe, the Americas and Asia, the technological developments accompanied by globalization of world production and rapid trade expansion, coupled with the obstacles encountered in managing the phenomenon of regionalism as a viable development strategy for Africa, and lessons derived from past experience show that existing economic conditions are not particularly favourable to intra-African economic integration. Accordingly, policy measures are required for establishment of an enabling environment for supporting regional and subregional economic cooperation and integration. This requires the removal of internal deficiencies facing groupings in the broad areas of institutional arrangements, and emphasizing objectives, policies and instruments. Thus, if the coming decades are to witness the evolution of a viable dynamic process of intra-African economic cooperation and integration, and if regionalism is to be the basic element of a long-term development strategy for Africa, the revival process needs to be set in the context of a realistic appraisal of past experience and the new regional and global realities.

The purpose of this second lecture, therefore, is to identify major issues requiring priority attention for revitalizing as well as adjusting the process of economic cooperation and integration to the new realities of the 1990s and to forge a new direction. The paper is divided into six closely related sections: (i) towards a new approach; (ii) strengthening national institutional and managerial capacity; (iii) strengthening the institutional capacity of the economic communities; (iv) crucial factors in implementing the treaty of the

African Economic Community; (v) towards sustainable developmental regionalism; and (vi), summary and conclusion. Surely, it is time to rethink strategy, review our approach to economic integration, reconsider commitment and management of regionalism in Africa in order to effectively meet the interlocking challenges posed by the global resurgence of interest in regional economic integration in the 1990s and the renewed emphasis being given to it in Africa today.

#### **i. ALTERNATIVE A NEW APPROACH TO REGIONAL INTEGRATION**

It has become quite evident that the traditional or European model of economic integration with its emphasis on integration of markets rather than physical infrastructure and production is inappropriate because of virtually non-existence industrial base in Africa. It is like 'putting the cart before the horse'. The analyses so far point both to the prematureness and inadequacy of the market integration approach in the particular context of underdeveloped Africa, and the dangers that such a strategy has in reinforcing and strengthening the horizontal extensions of some of the existing vertical linkages of the continent with the advanced industrialized countries of the North. Not surprisingly, the success of African economic groupings has so far been rather limited, with little or no impact on the economic growth of the co-operating countries; not even the limited objective of intra-African trade expansion has been achieved in Africa. Therefore, a

new approach is required, that is, the integration of the African economies that involves three related dimensions: the integration of physical and institutional structures, of production structures, and of the African markets.

### **Integration of Physical Structures**

There is general consensus on the importance of physical infrastructures which enable and foster efficient operations and sustainable development of national and subregional economies, as well as fair and equitable distribution of products, services and other amenities among various peoples of a country, subregion or region. Transport and communications development is the key to the integration of physical and institutional structures. To accelerate the goal of integration, efforts should be made to address the problem of disjointed physical space with excessively extroverted transport and communications networks and limited horizontal links between African countries. The opening of line of communication between the member States of a subregional or regional economic grouping is a prerequisite to the exploitation of the basic strategic materials, especially those located in the hinterland. Rural infrastructure requires particular emphasis as it is vital to the agricultural development of the region. In this regard, stress needs to be placed on development of rural roads, air transportation into centres of importance to agriculture and porthandling facilities.

As a priority segment in the process of regional economic integration, cooperation on developing and maintaining efficient, reliable communications linkages, inland (road, rail and air) transport linkages and ocean transport networks regionally should be strengthened because these elements facilitate regional trade as well as minimize the inherent costs. The economic communities could take more initiatives in this direction, while strong commitment and support from member States would be required in tackling the task. The business sector should also be encouraged to participate in the establishment of regional and subregional road, railways, maritime shipping and civil aviation companies. It would help to develop competitive, financially viable and moderately comfortable transportation facilities. If well planned, carefully targeted, efficiently priced and operated, and well maintained, infrastructure systems can play an important role in facilitating subregional and regional economic activities, in creating opportunities for production, increasing equitable distribution of economic opportunities, reducing rural-to-urban migration pressures, as well as minimizing pressures on the environment and on reducing poverty.

### **Integration of Production Structures**

The second high priority is for the economic community schemes to address the weak production structures with virtually no inter-sectoral links, that is, between the primary and the secondary sectors in general and between agriculture and industry, between mining and manufacturing, in particular. Therefore, policy measures should be

adopted by the recently revitalized ECOWAS and the newly transformed Eastern and Southern African economic groupings - COMESA and SADC -, among others, to give top priority to production and devote substantial resources to production integration in order to reduce the excessive external dependence, critical lack of productive capacity and internal non-viability of member-economies.

There is the fact that production is the only permanent basis for sustained development and trade. So without production integration, other forms of international cooperation will be severely limited by inadequate productive capacity. Hence Africa must cooperate effectively in production activities in order to make headway in trade and other areas.

It is from the integration of the productive structures that the veritable gains of Africa's self-reliance will be derived. First, it is at this level that the benefits of the economies of scale will be reaped. Second, given the natural complementarities of endowments in Africa, the integration of the productive structures would generate new forward and backward linkages in the process of subregional development. And third, integrating the production structures would alleviate the persistent constraint of financial resources, as it would enable countries to pool resources and establish multi-country programmes in areas like iron and steel and the development of lake and river basins.

To say this is not to ignore or underestimate the importance of market integration in the building up of effective subregional economic schemes. The point at issue is that, on the basis of past experience, attempt to integrate markets through the removal of trade barriers without simultaneous effort to promote a joint approach to the expansion of production capacities, will be largely ineffective. Not only is it important that the two endeavours should proceed simultaneously and be mutually reinforcing, it is also essential that the removal of trade barriers should be pursued in the context, and as an integral part of agreements and understandings relating to the planning of production improvements on a subregional basis.

Finally, integration of production structure is important in another respect. It constitutes Africa's response to current world trends. In an increasingly competitive world, where it will be ever more difficult to resort to protective measures, a high level of productivity is undoubtedly the key to improved competitiveness of African products in world markets. To this end, integration process in Africa must go beyond the mere integration of markets. It must deal as well, and effectively, with integration of production at the regional and continental levels. This will encourage and facilitate the participation of African countries in the global trend towards the integration of production processes on a world-wide basis, involving the establishment of linkages between production units in different countries. African countries must face the reality that, in a world of free markets and fierce competition, productivity is the king. Therefore, one major task facing African integration groupings in the 1990s and beyond is to improve

the productivity of African industries, and to promote regional trade in raw materials and intermediate products.

### **Integration of Markets**

The third priority to which policy measures should be directed is to address the cumbersome tariff and non-tariff obstacles to intra-regional trade in order to bring about subregional trade liberalization and market expansion. Trade liberalization is a major building bloc of economic integration and cooperation. In Africa, its potential remains to be fully realized. This deficiency should be corrected. Coincidentally, the scope for liberalization of trade has widened in the new atmosphere of movement towards general liberalization and opening up of economies in developing countries.

The actual launching and full implementation of trade liberalization programmes deserve high priority in economic groupings. Member States will need to identify and resolve quickly the problems blocking progress. This could be done through measures such as: identification of locally produced products which have major trade potential then concentrating the trade liberalization efforts on those product; adoption of less restrictive rules of origins which may enhance the benefits of regional tariff preferences accorded; promotion of a foreign investment policy that is friendly; and adoption of special or



differential treatment in favour of the lesser advanced member States - all this should be geared to correcting, rather than compensating for imbalances, particularly through the creation of productive and export capacities.

Finally, besides the three major segments of integration for which new policy measures are required, it should be emphasised as an important directive that member states of the regional economic communities - ECOWAS, COMESA, SADC or AMU - should not be expected or required to participate in economic integration and cooperation activities at the same speed as is the case at present. There should be some flexibility in the sequencing of member States' participation in regional development. Being at different levels of growth and development, member States cannot move at the same speed. Besides, different member States have different interests in relation to the measures envisaged within the context of a regional grouping. It is therefore unrealistic to expect them to move along at the same pace, unless one accepts that one pace will be that of the slowest moving member. The process of arriving at common policies tends to become more complex as the number of participating countries increases. Therefore the process of integration must be based on the concept of multi-speed development by which two or more member States can agree to accelerate the implementation of specific treaty provisions or other common agreements, while allowing others to join in later on a reciprocal basis. Future programmes should therefore be pegged on the "fastest moving

member State". But the whole integration process would be tremendously accelerated by adopting measures to encourage participation of the enterprise sector and a greater role for the service sector.

### **Greater Role for Service and Enterprise Sectors**

Against the background of the current technological revolution, the services sector has emerged as an area of critical importance in the context of structural transformation and industrialization of developing countries. This has been reinforced by the recently concluded Uruguay Round Agreement under which, African countries have to accept an obligation to undertake to liberalize their trade in services, under the General Agreement on Trade in Services (GATS). While services have a great role to play in the promotion of economic cooperation and integration at the regional and subregional levels, joint initiatives in the services sector have remained marginal or inoperative in African integration programmes<sup>33</sup>.

Concrete measures are now necessary for the development of critical service activities to constitute an important component of integration strategies at the subregional, regional and interregional levels. To this end, there is a need for (i) preparation of policy oriented sectoral studies on different service activities, in close coordination between member countries, which could provide the basis for the development and implementation within integration groupings of appropriate policy measures and mechanisms for joint

cooperation in this sector; (ii) development of regional and subregional programmes geared to the improvement of the statistical data base on service activities, in particular those related to international exchange; (iii) organization of regional and subregional seminars and workshops on cooperation and integration services; and (iv) continued support for and intensification of concerted effort towards the development of service infrastructure, especially transportation, communications and information services to facilitate such flows. As far as transport is concerned, harmonization and simplification of customs policies and transport documentation, and granting the right of transit to the means of transportation of member countries could constitute good examples of measures to be taken. In the field of tourism, cooperation in promotion and marketing, reduction of travel barriers and promotion of intra-regional flows of tourists could favour cooperation within the subregions.

Of particular significance is the greater role which enterprises should play in the integration process in Africa. After all, in countries where production is not predominantly in the hands of government, it is the private sector and the non-governmental institutions that must respond to the integration process and implement the changes in production that are the aim. Therefore, with a view to promoting and increasing a more active participation of the business community in the integration process, in particular in trade and industrial cooperation, mechanisms should be established in all the economic communities to encourage the participation of enterprises in the design and implementation of regional trade and production programmes and

projects. Enterprises would become aware of, and take advantage of, incentives to produce and create trade within groupings, especially if they were linked into the whole trade liberalization process. The experience of the Latin American Integration Association (ALADI) and the Association of South East Asian Nations (ASEAN) in involving the regional business community in trade cooperation activities could be of benefit to groupings in Africa. In ALADI, sectoral industrial groups have been organized to review and propose industrial products for preferential treatment. In ASEAN, the business community has been invited to participate in ASEAN's dialogue with its major development cooperation partners on trade and economic cooperation<sup>34</sup>.

Governments of the member States of the economic groupings need to ensure that an enabling environment exists for the private sector to fulfil its role and potential. Without the appropriate regulatory, legal and legislative framework, the right fiscal and other incentives, the supportive macro-economic climate, it will not be possible to encourage the private sector to become a key stakeholder and an important partner in the integration process of the African economic communities. The security of investment, the predictability of policies, the building of investors' confidence are extremely important. Increasing production and trade in goods and services, as well as diversification should be recognised as the highest priority. The role of the private sector in attaining these objectives will be critical in the future. It is this sector which will invest in productive enterprises, produce the goods and services, and move them across national frontiers. One important way of encouraging the enterprise sector will be to

establish closer coordination between regional integration objectives and trade promotion policies. Achieving this effectively will involve a second very important measure, namely ensuring greater participation and deeper involvement of chambers of commerce and industry, as well as other appropriate private sector groups in the policy formulation process.

## **ii. STRENGTHENING NATIONAL INSTITUTIONAL AND MANAGERIAL CAPACITY**

### **African Governments and Regionalism**

However important the role of the private sector, enterprises or non-governmental organisations (NGOs), the process of integration must begin with and be sustained by governments and politicians. At all levels - national, subregional and regional groupings and social groups - cooperation requires basic political will to conceptualize, push and sustain it, especially where it involves sovereign states that must ratify protocols, waive national laws and allocate scarce national resources on the basis of critical priorities. Thus the most crucial factor in regional cooperation and integration is strong and sustained political commitment to keeping to the agreed regional agenda. The experience of the last three decades has demonstrated that it is the vision, will, and commitment of those directly involved, and especially of the top political leaders, that have proved to be crucial factors in the success or failures of initiatives in cooperation. It is their decisions

which will determine the role of the regional organisations and institutions, as well as that of the private sector. Likewise, it is their decisions and commitment to succeed which will determine the response of the international community. Put differently, although the private sector and the regional organisations have a major role to play, it is government action which, through its influence on the other actors, will be the most decisive factor in the present African context.

In brief, as one of the important preconditions and features of successful integration and cooperation, strong political commitment is required to advance integration towards common objectives. It is not enough to have a strong motivation in the initial stages. The commitment must be sustained over a long period. In this regard, it is worth noting that the European integration process has been in construction for almost half a century now. The most remarkable feature in this regard was the irreversible nature of progress accomplished. Politicians could not back-track once the process was engaged.

### **Strengthening National Integration Structures**

For the economic schemes to be effective, regional economic relations must be given a central role in the activities of governments, which must adopt an administrative structure that gives to those responsible for pursuing integration the weight and power they must have if they are to succeed. Thus if regional economic schemes is to yield the

expected results, regional cooperation must become an integral part of the national policy making and planning processes. Member countries of regional economic groupings should seek the opportunities offered by regional cooperation to enhance national economic management and performance.

It is needless to stress that at the national level, member States of groupings should endeavour to give prominence to subregional or regional development in national development plans. This approach would facilitate the adoption of national development policies that make allowance for subregional and regional development objectives. National policies for developing productive capacities, expanding trade and, in general, making structural adjustments should be consistent with subregional and regional integration policies. At the level of groupings, the formulation of development plans and programmes should, as far as possible, ensure a careful reconciliation of the individual interests of member States with those of the group as a whole. Such a linkage could be promoted through the establishment and strengthening of mechanisms for regular dialogue, consultation and exchange of views and experiences on national policies among member States of groupings at the ministerial level as well as at the level of working officials. In the European context, this role is played by Permanent Representatives, who provide feedback to their national administrations and perform a bridge-building function between national policy and union policy.

Undoubtedly, therefore, successful regional integration would depend on the extent to which there exist national and subregional or regional institutions with adequate competence and capacity to stimulate and manage efficiently and effectively the complex process of integration. Weak national institutions may seriously hamper effective cooperation and integration. It is often noted that implementation is lagging behind because of limited administrative and managerial capacity at the national level. In many cases, responsibilities are dispersed over different ministries<sup>35</sup>. A situation may arise where measures agreed in one context are not compatible with measures agreed upon in another.

Therefore, a well-structured national apparatus capable of coordinating involvement of member States in different regional organisations, is vital if they are to exercise a multiplicity of new tasks and roles. Establishing national integration structures in each country will make for better coordination among member States and would facilitate implementation of decisions. It will also make for quicker decisions. Arguably this would lead to easier consultation and harmonisation at the subregional or regional level.

The establishment of national units of the regional economic community schemes in member countries, as evidenced in the ECOWAS subregion, is only a second-best proposition. Not only would this not reflect the need for visible demonstration of national commitment to regional cooperation, it is also hard to believe that it would ever



become an accepted part of the national bureaucratic process. Thus, it would be in danger of being even more marginal to the determination of government policies than the units in existing ministries.

A separate Ministry of Economic Cooperation and Integration might constitute a most desirable step in the direction of better regional cooperation and integration management. This ministry should have adequate authority to ensure effective implementation of integration measures at the national level as well as implementation of South-South cooperation policies and programmes and to carry out such functions as:

- . Coordination of all government relationships with subregional, regional, international economic and development organisations;
- . Monitoring and reviewing the member State's involvement and participation in such organisations with a view to making periodic assessments of the costs and benefits from these organisations;
- . Coordination of close liaison with relevant ministries, departments, private sector or business community on issues of regional, international and bilateral cooperation;

- . Maintenance of close liaison with the top officials of regional and international economic groupings both in and outside Africa with a view to exchanging information of common concerns and learn from their experience as appropriate;
- . Dissemination of regular information on the member State's activities in the area of economic integration and also publicizing through the media various forms of cooperation both in and outside Africa to the general public.

As regard staffing, it would be necessary to offer career incentives to public servants to attract them to serve in institutions established under cooperation arrangements. The staff would have to be selected with the specific needs of regional integration and international economic cooperation in mind. They must be both narrowly technocratic and at the same time adopt broad perspectives and multidisciplinary approach to development and its relationship to regional issues. Regionalism, integration and cooperation, whatever it is called, will not succeed if it is seen as a matter of secondary importance; secondary, say, to the important concerns of relationships with the US, with Britain, with France, with the European Union, and particularly, in recent years, with the World Bank or the IMF.

Besides the ministry of economic cooperation and integration, there should also be established a consultative body such as National Commission for Cooperation and Integration (NCCI) for permanent consultation on all issues of subregional, regional and international cooperation under the chairmanship of the Head of State or Government. The NCCI should be composed of Government representatives, representatives of socio-economic associations - chambers of commerce and industry, association of manufacturers, employers' unions and all other social and economic operators to provide a democratic framework of regionalism. This institutional machinery would enable the people to find appropriate and adequate channels of participation in the member State's formulation and implementation of cooperation strategies and decisions at the subregional, regional and international levels.

There should be established, also, an Inter-Ministerial Coordination Committee (ICC) to formulate national policy and coordinate Government action in the area of subregional, regional and international economic cooperation. It should play a central role in the pursuit of national policies and initiations of economic integration strategies. The membership of the ICC should include ministers of foreign affairs, finance, planning and national development, commerce and industry, agriculture, transport and communications. The point must be stressed that apart from regional institutions, strong institutions at the national level are indispensable for implementing the large and increasingly diverse number of conclusions and recommendations formulated in regional cooperation or integration schemes.

At the risk of repetition, it is worth stressing that national development plans and integration strategies must be formulated in a mutually reinforcing manner, especially with regard to national policies that are linked to the external sector. To promote reflection of subregional programmes in national plans, each country could formerly set out, in its statements of national policy or its development plan, explicit objectives relating to subregional or regional cooperation. A country adopting a five-year indicative plan could, for example, outline its strategy for subregional and regional cooperation, laying down specific targets and highlighting the links between such cooperation and national objectives. In addition, there should be regular procedures, including the use of statistical and other indicators, for reviewing performance in meeting goals of cooperation with other countries.

### **iii. STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE ECONOMIC COMMUNITIES**

The institutional deficiencies of the economic communities have already been noted as a critical factor in the management of economic integration in Africa. For there can be no doubt that strong, autonomous institutions play a crucial role in regional cooperation and integration. Strong and independent institutions are required to ensure that the grouping pursues clearly identified regional interests rather than the (sometimes) conflicting interests of different member States. This means that the economic community institutions should be endowed not only with sufficient amount of

automatically available resources and a clear mandate as well as decision-making powers; they should also have a well-defined institutional framework and a skilled and competent personnel.

### **Rationalisation of Institutional Framework**

The first step to strengthening the economic communities appears to lie in the genuine rationalisation of the present institutional framework with a view to harmonizing the activities of the different subregional groupings. The rationalisation and restructuring of Africa's IGOs has become much more compelling and urgent to enable the continent to participate meaningfully and effectively in the emerging world of trading blocs and in the growing global linkages and interdependence. The establishment of a single but effective economic community in each of the subregions that can authoritatively speak for and negotiate on behalf of member States of the subregion on important economic and social issues will better enable African countries to face the difficulties that lie ahead. Since, for example, Africa will be dealing with an increasingly monolithic Europe, it cannot afford to continue to speak with a multiplicity of voices. Rather, the simple logic of economic self-preservation should awaken the countries of the various subregions to the need for greater unity and collective action.

Without doubt, rationalization will yield tremendous advantages. First, it will enable the subregional economic communities to contribute more effectively to the

economic development of their member States, and reverse the present situation where many of them have little to show to justify their budgets. Second, it will promote the cost-effectiveness of these communities. Besides minimizing the dissipation of scarce resources which member States can ill afford, rationalisation will also diminish the scope for persistent conflicts in the objectives and operations of those organisations that have constituted major obstacles to the process of economic integration in Africa.

### **Importance of Community Own Resources**

A second crucial step towards strengthening of the community institutions is to ensure that the institutions have enough autonomy and own resources to undertake the tasks assigned to them. No serious development endeavours and integration programmes, for that matter, can be exclusively based on foreign assistance. Put differently, an organisation to promote integration should have a certain independence from the participating governments so that it can effectively pursue "community" interest rather than the sum of national interests. This independence requires a claim to own resources to carry out the community tasks. Otherwise the integration organisation will constantly have to beg for funding and will not be able to formulate and implement integration policy.

There is a wide range of possibilities as far as the origin of "own" or autonomous resources is concerned. It may be a percentage of duties levied on goods traded within

the subregion, a specific tax for economic integration purposes, a portion of duties levied on goods originating from outside the subregion, etc. The important thing is that such resources should be identified as those of the economic groupings concerned and that member States should have no bearing on them. The European experience shows how important a self-financing mechanism is and no significant progress towards economic integration can be achieved so long as economic groupings in Africa will not have at their disposal a regular and sufficient flow of resources.

### **Training on "Technology" of Regional Integration**

While financial resources are sine-qua-non for accelerating the process of integration, training or human resources development constitutes the third crucial step towards enhancing the capacity of the community institutions. Improving human resource capacity is a key element for the promotion of regional integration and cooperation. Put other way, human resource development and administrative, technical and research capacities are indeed fundamental in any strategy to promote regional cooperation. There is thus a need for more training on the "technology" of regional cooperation and integration. Training of government officials and technocrats at both the national level and the level of secretariats charged with implementing regional policies as well as finding ways to motivate them, are key factors that may help to achieve the objective of economic cooperation and integration of the 1990s and beyond. A critical mass of dedicated people within the administration at both the national and subregional levels is

needed to ensure continuity. Exchange programmes and increased contacts at the personal level also play a major role in building support for subregional cooperation initiatives and in creating a common language between the actors and stake holders - both public and private - in the countries concerned.

With the objective of bringing about professionally and technically strong community secretariats, a comprehensive training and capacity building programme targeted to all categories of staff would need to be developed and implemented. The personnel of the economic communities should be of high professional calibre and commitment able to produce first-class practical results with solid widespread impact on critical subregional and regional development problems, and thereby establish strong credibility and respected reputation for itself and the institutions it serves.

To ensure that the gains from training programmes are consolidated, steps should be taken to establish a Training and Management Improvement Unit within the secretariats of the communities to plan, conduct, evaluate and generally coordinate regular and specialist training programmes, and undertake management improvement work either on its own, or in collaboration with external institutions or consultants.



## **Harnessing Information for Regional Integration**

The fourth crucial step towards strengthening the institutions of the economic communities is information management. Information, including data, is a tool for development. Timely and reliable information and data are needed for economic policy-making in the public sectors, for business decisions by private economic agents and for economic integration policy issues by community top executives. Information technology, driven by the convergence of computers, telecommunications, satellites, and fibre optics, is crucial for the knowledge-based economy of the future.

There is, in the secretariats of a number of communities, an acute lack of awareness of what other African countries can offer to substitute for the products presently being imported from developed countries. Institutionalised access to and quick transmission of information on rules and regulations implemented in partner countries and on bureaucratic procedures, publications and standardized statistical data, etc. are needed to lay the groundwork for effective regional cooperation and integration.

### **iv. IMPLEMENTING THE AFRICAN ECONOMIC COMMUNITY TREATY**

One other significant issue which should preoccupy the attention of African leaders and policy-makers is the need to accelerate the implementation of the June 1991 Abuja Treaty establishing the African Economic Community. This is a historic undertaking

which must be seen as vital for Africa's survival in the new world of trading blocs, and in the face of its economic crisis and growing marginalisation in world affairs. It is a giant step towards Africa's long-cherished goal of unifying the continent's fragmented and vulnerable national economies into a single, more powerful economic bloc with a view to translating the dream of pan-Africanism and continental economic integration advocated by Kwame Nkrumah of Ghana.

Although the Abuja Treaty was ratified in May 1994 to pave the way for its implementation, the Community has still no secretariat of its own to vigorously and effectively pursue the task of implementation. The proposal to have a single OAU/African Economic Community secretariat with the Secretary-General of the OAU as the Secretary-General of the Community would surely not give the all-important African Economic Community the much needed identity, impact and independence of action. The recently assumed new role of the OAU in conflict prevention, management and resolution, on which almost nearly all attention of the Organization is being focused, would for a long time continue to dominate the issue of the African Economic Community treaty implementation.

What is required is a separate AEC secretariat with its own secretary-general, technically equipped and well trained professional staff, to be responsible for the establishment, servicing and functioning of all other institutions of the Community, from the most supreme, the Assembly of Heads of State and Government, to task forces and

ad hoc bodies set up to deal with specific issues; for taking action on and supervising implementation of the AEC treaty, protocols, decisions and resolutions of the legislative organs; for initiation of ideas and proposals for action by other institutions, on a vast range of subject areas bearing on the operations of the Community and the realisation of its aims and objectives; for ensuring that the integration process is on course and that the dynamics of the process are guided and directed towards desirable ends; and in this regard, for formulating policies, plans and programmes and taking charge of their execution.

Indeed, against the background of the major changes evolving on the international political and economic scene which have given new impetus to regionalism, the AEC would require an independent, vibrant secretariat that could provide a new direction to current integration process in Africa, direct the surge of interest on the subject of economic integration into constructive and productive channels and respond to the globalization of the economy and of financial services, as well as the tremendous developments in information technology which threaten to marginalize Africa further. Sharing a secretariat with the OAU, an essentially continental political organ, which operates under severe constraints and suffers from an overwhelming crisis of confidence, credibility and relevance and, above all, has an extremely limited capacity to effectively handle the intricacies and challenges of regionalism of the 1990s and beyond - all this does question our hope for a future dynamic African Economic Community.

To meet the challenge posed by the changing international trading environment of the 1990s, Africa has to move fast towards the implementation of the African Economic Community treaty to enable the continent to participate in the global trends that are going to shape the future of international economic relations. In the evolving world trading situation, the real winners will be those countries which are able to keep pace with technological development, creating and maintaining efficient, competitive production structures which would allow them to respond adequately to changing trends in demand in the world markets. The industrialized countries have responded to this challenge well ahead of the developing countries, especially those of Africa, as they have already adopted new policy measures and strategies as reflected in the creation, for example, of Europe 1992 and the North American Free Trade Agreement.

As one of the "best responses" to the growing regionalism in the world, there is great need for Africa to consolidate and strengthen its programmes for regional and subregional cooperation and integration. With a large number of mini-states which collectively account for only a very tiny proportion of world trade, a proportion which has declined even further in the past two decades, there is little doubt that Africa needs regionalism more than other regions. This explains why the strengthening of the integration mechanisms occupies a central position in the 1995 Cairo Agenda for Action. The Agenda calls on African countries to pool their resources and enhance cooperation, in order to achieve regional economic cooperation and integration so as to be competitive in world trade<sup>36</sup>. The growth of regionalism has therefore made it more important for

African countries to speed up their integration programmes and, in particular, to ensure a steady and consistent implementation of the Abuja Treaty establishing the African Economic Community.

In responding to the challenge of Europe 1992 and other emerging changes in the global economy, the African subregional economic communities and African Economic Community should learn from the experience of the European Union itself. The acceleration of the process of European economic integration in recent years stems largely from the growing realisation by the European leaders that as the twenty-first century approaches, the nation - state has become increasingly inadequate for creating the right environment for the promotion of welfare and security. The willingness of Europe to put an end to parochial nationalism in the drive for economic integration is paradoxical and instructive for ECOWAS, COMESA, SADC and other subregional economic communities. Given the weakness and smallness of the economies of these groupings, integration and the surrender of sovereignty which it implies are a sine-qua-non for halting the economic decay and ensuring the survival of the member States of these communities in an increasingly competitive international economic system that is divided into blocs. If the marginalisation and increasing immiserisation of the countries of these economic groupings in the global economy is not to be aggravated, economic integration with an approach appropriate to the African conditions, has to be pursued with greater vigour. In the final analysis, the optimal response of member States of the African subregional and regional economic communities to Europe 1992 and the other trading

blocs should be intensification, rationalisation and revitalisation of their integration process leading to a continental African economic interaction.

Overall, the adverse development from Europe 1992 and the other regional trading blocs should offer real opportunities to Africa in many areas. They should force African countries to diversify their exports more rapidly; engage in increased export processing; seek alternative export markets; expand intra-African trade; raise the quality of their exports; promote South-South trade and general cooperation; enforce reduction of excessive external dependence through diminished foreign exchange earnings and rising import cost; and increase national and collective self-reliance with growing internationalization of the engine of African development.

Economic integration should no longer be considered as a mere development option in Africa. There is a growing recognition, strengthened by the integration process in Europe, America and South-East Asia, that such integration is a real necessity for the economic survival of the African countries and key element of successful international competitiveness and trade performance. For these countries, the need for more substantial and sustained collective efforts within integration frameworks cannot be over-emphasized; it is essential both for acquiring technical capabilities and for designing competitive, efficient production structures.

## **v. TOWARDS SUSTAINABLE DEVELOPMENTAL REGIONALISM**

To enable Africa to move towards sustainable developmental regionalism, policy measures should be initiated towards the strengthening of the popular base of the process of regionalism in Africa - the need for a group of a popular dynamic in support of regionalism: pressure groups both for participation and mobilization of public opinion in the direction of the economic communities. The group of popular dynamic means a momentum propelling integration forward. It means, as well, an attachment or commitment to integration and action to give effect to the attachment or commitment. Indeed, it is the dynamic that would provide the motivation for actions to promote integration, and support for actions taken. And as long as groups in the African subregions remain more or less on the sidelines or limited participants, there would be little or no dynamic propelling and supporting the movement towards evolution of subregional economic communities.

To be sure, unless the people of Africa are themselves aware of the process of regionalism and are interested in, and enthusiastic to make an effort, all the extensive and desperate efforts to revitalize or redesign existing arrangements and to create new ones, as evident in recent years, may not improve the current low rate of success. The centrality of the people and their institutions in the process of integration and community building is critical to the process of regionalism. Regional integration in Africa will continue to be a pipe dream unless the peoples of the subregions determine its content,

form and directions; and are themselves its active agent. While the national governments must no doubt be in control of the commanding heights of the economy and must lay down policies and guide the direction of change, ample opportunities should be provided for the active participation of the people in the development process -- that is in the conception, planning and programming and implementation. Therefore, the effective mobilization of public support should be regarded as a crucial ingredient in recipes for implementing and maintaining cooperation and integration oriented towards collective self-reliant, indigenous, and self-sustaining development. Hence though ECOWAS, COMESA, SADC and the all-embracing AEC may be a powerful means for achieving economic communities and accelerating development in Africa, in the final analysis, man is both the means and the end. The best study of the strategy of economic integration, particularly in the 1990s, a decade of human development strategy, is man.

There should therefore be deliberate efforts on the part of the subregional and regional economic communities in Africa to create active, supporting integration constituencies among, in particular, socio-economic groups in the population: trade unions, professional associations, chambers of commerce, employers' organizations, academic bodies, women and peasant organizations. These groups must be given the opportunity to mount systematic pressure to generate the necessary political will for sustainable developmental regionalism. In particular, trade unions and employers' associations, which are the fundamental social partners in development and democracy must be given adequate recognition at national, subregional and regional levels. The



trade unions may be responsible for broadly-based and organized popular opinion favourable to the economic communities. Their support will be dictated by the fact that it is through common economic efforts at the community level that the standards of living may be raised and full employment secured. Apart from articulating popular support, the unions may, when properly organized, be in advance of some of the member governments in giving priority to community over national interests when some elements of choice occur.

Above all, the economic communities in Africa must encourage and devote some of its resources to the foundation of integration journals and promotion of research and seminars in the field of integration. Such an undertaking would in no small measure contribute to the broadening of outlook of socio-economic groups in the subregions as well as the enlargement of their regional understanding, all of which would help to create a favourable nationwide climate for the development of integration movement. As a corollary of this, in order to infuse among the younger generation of Africans, a tradition of integrative spirit and thinking, a course on economic integration should be taught as an independent branch of study in all research institutes, schools, colleges, and higher institutions in Africa. And to facilitate communication between the various cultural and linguistic groups, the study of French and English, and possibly Portuguese should be made compulsory in all high schools and colleges in Africa. All this would help create a long-lasting intellectual foundation for the movement towards African economic community.

Closely related to this is the instrumental role which the media and the press should play in the popularization of the economic cooperation and integration schemes to increase the level of awareness of the largest section of the population about the contribution which regionalism can make to African economic and social development. The success of the implementation of the Abuja Treaty establishing the African Economic Community, the new COMESA and SADC treaties and the revised ECOWAS treaty will depend not only on the actions to be taken by African governments alone, but also on the extent to which the various segments of African society will be sensitized and made aware of the main objectives of these treaties. In this regard, it is the media and the press which, given the requisite enabling environment, should inculcate into all segments of the population what one may term an "integration ideology" to stimulate responses from the industrial, commercial, agricultural, labour, elite and student leaders.

There is, undoubtedly, the imperative need for a systematic media and press campaign in Africa to highlight (i) the importance of the AEC, ECOWAS, SADC, COMESA and other subregional communities for Africa's survival in view of the political and economic changes taking place in other parts of the world; (ii) benefits to be derived from communities for African peoples and countries in the short-, medium- and long-term; (iii) the role and contribution of each African in the establishment and success of these communities; (iv) national legal and administrative reforms required for the realisation of the objectives of the communities; (v) and finally, the role which the AEC in particular, can play in the global economy. Besides, to stimulate the active

participation of the African people in the integration process, the Conference of African Ministers of Information should give top priority to the popularization of the AEC and the subregional economic communities at the national, regional and continental levels. Copies of the AEC treaty, as well as the ECOWAS, COMESA and SADC treaties be widely circulated to educational institutions, organs and bodies of the private sector, the military and religious establishments and student organizations. Furthermore, instances of a successful regional economic grouping like the European Union could be pointed out to counter "fatalistic pessimism", and also show how people in various walks of life can facilitate such cooperation. All this is required not only to dispel apathy arising from insufficiency of information about the communities, their aims and objectives but also to limit the intensity of efficacy of the national sovereignty concepts prevalent in Africa and to overcome the lack of political will.

Consequently, one important function that the governments in African countries must perform in order to enhance promotion of the process of economic cooperation and integration is to create the enabling environment for developmental regionalism. Besides creating an environment to facilitate, inter-alia, the intra-regional movement of goods, services, capital and labour and other customs union or trade matters, there must be an environment for private sector operators with a view to first, involving them more closely in regional initiatives, and second, increasing dialogue between the private sector and government departments and institutions responsible for regional initiatives. Above all, there must be an environment in terms of political freedom and human rights: freedom

of speech, or thought, and of association; freedom from economic and personal insecurity; and freedom from arbitrary arrest. Individuals must be able to express new ideas, to articulate thoughts without being molested. It is in such a society that values of self-reliance, dedication and loyalty can be developed. In other words, there must be the democratisation of the development process at the national, subregional, and regional levels.

## CONCLUSION

The main theme that we have attempted to stress is that if genuine and sustainable economic integration is to be pursued in the 1990s and beyond, then adoption of new policy measures towards the management of regionalism as a crucial element of African development is a sine - qua-non. Among other things, the approach to date, in particular, the denial of participatory democracy to socio-economic groups in the process of regionalism, should be changed. Not only does the strategy require rethinking, but also the mechanisms need to be reviewed. Regionalism cannot be imposed from above. It has to develop from the grassroots. Hence the importance of encouraging active participation of non-governmental social and economic operators whose relative neglect is undoubtedly one of the major causes of the lack of progress in the process of economic cooperation and integration. Therefore, it is imperative for Africa, in the light of current developments in the rest of the world, to map out a strategy of regionalism which incorporates the human factor and the democratic imperatives in order to face the

challenges posed by the emerging regional age and lay the foundation for sustainable development in the twenty-first century. It is time for action.

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