

## BRIEF N° 8

### REGIONAL INTEGRATION : THEORY AND REALITY IN WEST AFRICA.

#### Contents:

1. Opportunities and Challenges of regional integration.
2. U
3. Western African coastal zones pollution.

---

## 1. Opportunities and Challenges of regional integration

- *Regional integration as a stepping-stone towards increasing trade and trade liberalisation :*
  - Strengthened position for negotiating with other trading blocs;
  - 'Gradual liberalisation' through a slow increase in levels of competition that allows domestic sectors to adjust and build some comparative advantage before facing global competition;
  - Ease in addressing difficult issues (such as agriculture or services) within a small group of countries compared to a multilateral setting.
  - Proponents of "regionalism" propose creating "circles of free trade that expand until they finally converge".<sup>1</sup>
- *Challenges faced by the development of regional country groupings to further regionalisation:*
  - Political instability and war;
  - Lack of civil society awareness of the benefits of implication of civil society and awareness of the benefit of regional integration;
  - Overlap among RTAs;
  - Lack of dominant countries in all regions;
  - Lack of macroeconomic convergence;
  - Lack of diversification including intra-RTA for similar exports, concentration of industrial production in a few countries;
  - Role of the adjustment program required by donors and creditors, giving priority to promotion of competitive exports to the global market (a few goods under the influence of potential instable world price).
  - The importance of informal trade (most trade between members states is informal, not concerned by lower tariff barriers induces by regional integration).

---

<sup>1</sup> "Growth of Regional Trade Agreements", Centre for International Development at Harvard University – Global trade negotiations homepage (<http://www.cid.harvard.edu/cidtrade/issues/regionalism.html>).

- *Institutional and government-related constraints to regional integration :*
    - weak government commitment;
    - weak macroeconomic policy environment;
    - weak regulations and rules including their implementation; and,
    - scarcity of human capacity (including low levels of education) to implement regional integration.
- ⇒ *There have been some successful examples of South-South cooperation between poor and economically dependent countries. Lowering poverty and achieving higher levels of economic growth condition the potential benefits of regional integration.*

## **2. Different Types of Regional Integration**

- *Preferential Trade Agreement:* customs duties on trade among members are reduced compared to those on trade with non-member countries.
- *Free Trade Area (FTA):* tariffs and quotas on trade between members are removed, but members retain control over their own restrictions on trade with non-members; the different rules applying to external trade make a system of rules of origin necessary.
- *Custom Union:* in addition to free internal trade (as in the FTA) member countries apply a Common External Tariff (CET) on trade with non-member countries, rules of origin are no longer required.
- *Common market:* in addition to a custom union, there is free movement of factors of production; common restrictions apply to the movement of factors with non-member countries.
- *Economic / Monetary Union:* in addition to a common market, major economic policies (such as fiscal and monetary policies) are coordinated.

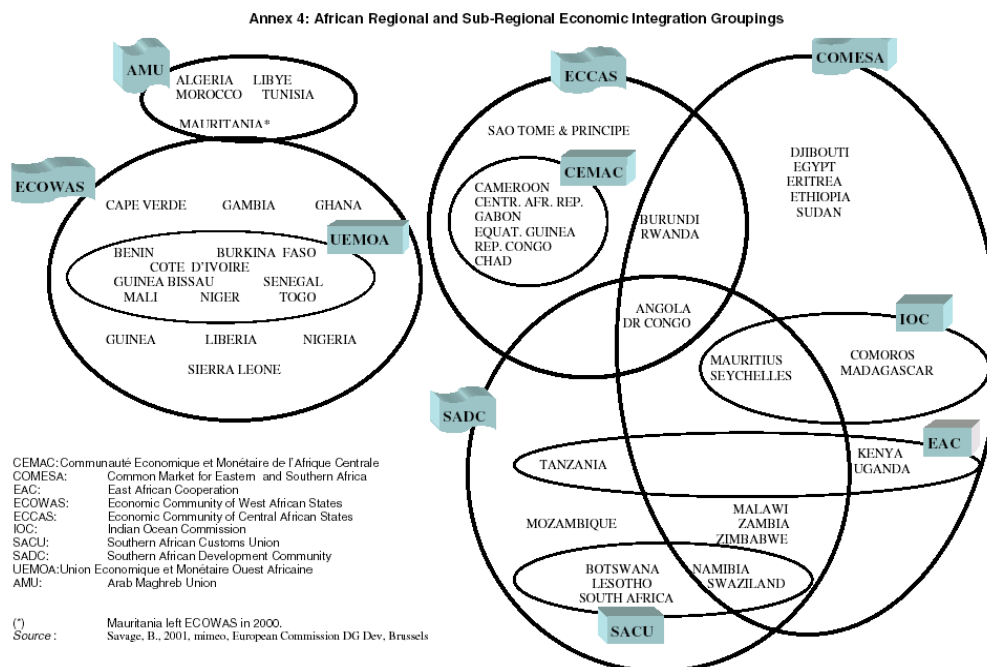
A different way of classifying forms of regional economic integration is by type:

- ⇒ product market or trade integration
- ⇒ labour market integration
- ⇒ capital market integration
- ⇒ monetary integration
- ⇒ integration of government activity and regulation or cooperation.

### 3. Regional Groupings for the ACP-EU SIA

| <b>Table 1. Country Groupings for ACP-EU SIA study</b> |   |  |
|--|---|--|
| <b>Region</b>  | <b>Regional Organisations</b>   | <b>Countries</b>   |
| <b>Western Africa</b>                                  | Economic Community of West African States (ECOWAS)<br><br>+Mauritania       | Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo plus Mauritania.  |
|  | West African Economic and Monetary Union (WAEMU)                            | <i>[WAEMU: Benin, Burkina Faso, Ivory Coast, Mali, Niger, Senegal, Togo, Guinea-Bissau.]</i>   |
| <b>Central Africa</b>                                  | Economic and Monetary Community of Central Africa (CEMAC)                   | Cameroon, Central African Republic, Chad, Congo, Gabon, and Equatorial Guinea.   |
| <b>Southern and Eastern Africa</b>                     | South African Development Community (SADC)<br><br>(minus South Africa)      | SADC: Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia, and Zimbabwe.  |
|  | Common Market for Eastern and Southern Africa (COMESA)<br><br>(minus Egypt) | COMESA: Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe.            |
| <b>Caribbean</b>                                       | CARICOM<br><br>+ Dominican Republic   | Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, plus the Dominican Republic. |
| <b>Pacific</b>   | Pacific Island Countries Trade Agreement (PICTA)                            | Cook Islands, Fiji Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.   |

## 4. Complex overlapping of African Regional and Sub-regional Economic Integration Groupings



Two more general initiatives also exist to harmonise groups of African countries:

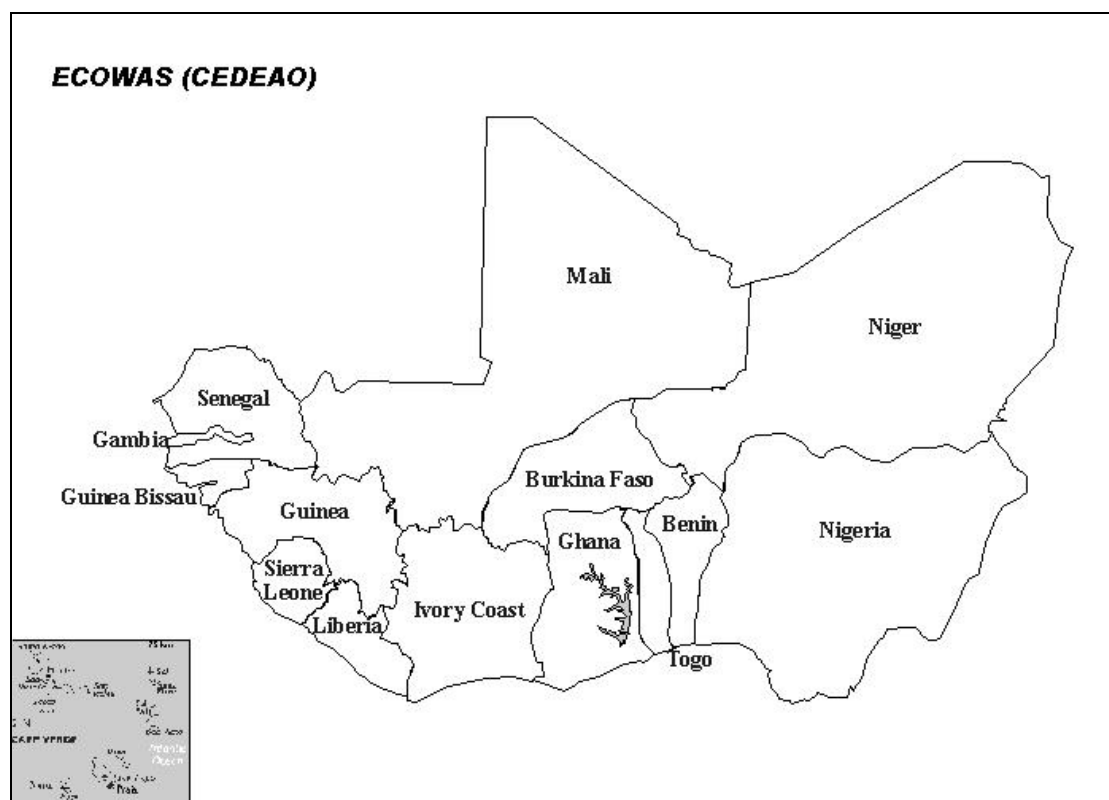
- NEPAD (New Partnership for Africa's Development) aims to "bridge the gap" between Africa and developed countries :it looks at the region as the relevant operational area, rather than individual states. NEPAD will develop in ten main sectors in each of the following five principal regions of Africa: West Africa, North Africa, Central Africa, Eastern Africa and Southern Africa-Madagascar.
- The African (Economic) Union defines a timetable for 'continental integration' by 2028.

## 5. West African Regional Integration

- *SIA in West Africa : ECOWAS + Mauritania*
- In Western Africa : Economic Community of West African States (ECOWAS) plus Mauritania as the reference point for the regional country groupings for SIA<sup>2</sup>.
- ECOWAS created in 1976 in Lomé (Togo) to promote cooperation and integration :
  - ⇒ to create an economic union in West Africa,
  - ⇒ to eliminate of customs tariffs and other non-tariff measures,
  - ⇒ to create a common external tariff (CET),
  - ⇒ to harmonize economic and financial policies,
  - ⇒ to create a single monetary zone.
- Revised ECOWAS Treaty signed in July 1993 :
  - ⇒ to accelerate economic integration and
  - ⇒ to increase political co-operation;
  - ⇒ adoption of principles of supra-nationality
  - ⇒ creation of supranational institutions.
- ECOWAS include: Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo.
- Mauritania, which is a past member of ECOWAS and whose economy is closely integrated with the other countries, will be associated with ECOWAS in this country grouping for Western Africa.
- *ECOWAS Achievements & weaknesses*
- A critical geographic and economic mass but still slow economic integration
- At present, more a political union than an economic union.
- Adoption of well-developed criteria for convergence.
- Benefits from membership of a major African country (Nigeria), not only by far the largest economy in the region, but also providing some political leadership.
- Considering the countries of Western Africa together could promote existing efforts at integration.

---

<sup>2</sup> ECOWAS was created in 1976 in Lomé (Togo), to promote cooperation and integration. Its specific aim was to create an economic union in West Africa, to eliminate of customs tariffs and other non-tariff measures, create a common external tariff (CET), the harmonize economic and financial policies, and create a single monetary zone. In July 1993 a revised ECOWAS Treaty was signed, designed to accelerate economic integration and increase political co-operation; principles of supra-nationality were adopted and supranational institutions were created.



- Existing efforts to encourage integration in ECOWAS to achieve a FTA.
- Liberalisation process slated to be completed with a CET for all 15 (16) countries, in order to transform ECOWAS into a customs union.
- Nigeria recently been willing to play an active role in ECOWAS :
  - ⇒ putting forward a “fast track” approach
  - ⇒ creation of a sub-regional FTA with Ghana, Benin, Togo, Niger, Burkina-Faso and Mali.
- Recent creation of *a second monetary union* including ECOWAS member countries (except Cape Verde and Liberia which are not members of UEMOA/WEAMU) – in addition to the UEMOA with which it formally seeks to merge in 2004.

**Table 2 – Progress and agenda of sub-regional integration in West African ACP**

| Regional economic Communities (REC) | Number of countries | FTA     | Customs Union (CET)             | Common Market | Economic Union            | Monetary Union |                          |         |
|-------------------------------------|---------------------|---------|---------------------------------|---------------|---------------------------|----------------|--------------------------|---------|
| ECOWAS                              | 15                  | 2004    | 2007                            | 2019          | 2019                      | 2007           |                          |         |
| Macroeconomic convergence criteria  | GDP (growth rate %) |         | Inflation (annual average in %) |               | Budget deficit (% of GDP) |                | External Debt (% of GDP) |         |
|                                     | 1999                | 1994-99 | 1999                            | 1994-99       | 1999                      | 1994-99        | 1999                     | 1994-99 |
| Criteria                            | -                   | -       | < 10 % (2000)                   | < 5 % (2003)  | < - 5 % (2000)            | < - 4% (2003)  | -                        | -       |
| ECOWAS                              | 3.46                | 3.49    | 4.57                            | 12.42         | -1.47                     | -3.33          | 96.74                    | 112.26  |

Source: UNECA (2002), *o.c.*

- Progress to increased freedom of movement of people among member countries :
    - ⇒ Abolition of visas and entry licences in all ECOWAS member countries<sup>3</sup>.
    - ⇒ Creation of an ECOWAS travel certificate created to facilitate and simplify customs formalities.
    - ⇒ Travel certificate presently used by Burkina Faso, Gambia, Ghana, Guinea, Niger, Nigeria and Sierra Leone.
  
  - Unfolding progress on the political front :
    - ⇒ introduction of the supra-nationality principle in decision-making,
    - ⇒ creation of an autonomous institutional organisation
    - ⇒ creation of ECOWAS Parliament and Court of Justice.
    - ⇒ ECOMOG (Economic Community of West African States (ECOWAS) Monitoring Group) programme proved ability to resolve political conflicts and maintain stability.<sup>4</sup>
  
  - Two main weaknesses of the common market objective in West Africa :
    - ⇒ *legal weakness* resulting in a lengthy decision-making process and a lack of ability to implement decisions.
    - ⇒ *institutional weakness* of the Executive Secretary, with a lack of financial and technical capacities that do not allow for the supervision and coordination of decisions<sup>5</sup>.
- ⇒ *Difficulties in implementing economic and financial harmonisation within ECOWAS might present obstacles to the development of the EPAs with the EU.*

---

<sup>3</sup> A citizen from another ECOWAS country does not require for stays of less than 90 days.

<sup>4</sup> « *The Economic Community of West African States (ECOWAS) Monitoring Group (ECOMOG) is a non-standing military force consisting of land, sea and air components, that was set up by member states of the ECOWAS to deal with the security problem that followed the collapse of the formal state structure in the Republic of Liberia in 1990. The force successfully restored an atmosphere that permitted the reinstatement of a functional state structure in Liberia. It is currently engaged in the process of re-establishing the authority of the democratic order and ending a nine-year savage civil war in the Republic of Sierra Leone.* », Institute for Security studies, 'The Evolution and Conduct of ECOMOG Operations in West Africa' (<http://www.iss.co.za/>).

<sup>5</sup> See Solingac-Lecomte (2001).

- *In-Depth SIA of EU-ECOWAS EPA*

- ECOWAS has already started to work with its member states to develop a mandate for EPA negotiations<sup>6</sup> (Box 1).
- The negotiations will be backed by an organisational structure representing all ECOWAS countries and an office will be opened in Brussels.
- The negotiations with ACP countries that began in September 2002 are scheduled to conclude by September 2008.
- End of January 2003, the 26th session of the conference of Heads of State and Government in Dakar (Senegal), including representatives of the ECOWAS countries and the EU.
- The conference provided an opportunity to accelerate the regional integration process.
- Further definition of the content of the EPAs was presented on the following items:
  - ⇒ Priorities to encourage action in the West African region;
  - ⇒ The negotiating agenda;
  - ⇒ The structure of the negotiations;
  - ⇒ The terms of the mandate;
  - ⇒ The question of development funding.

**Box 1 - ECOWAS regional seminar to prepare EPA negotiations (Abuja, Nigeria)**

Two representatives from the Consortium attended a meeting convened by the ECOWAS Secretariat on 20-22 February 2003 in Abuja, Nigeria. During this seminar the SIA was presented to and discussed with representatives from the ECOWAS Secretariat, the EC, Governments of ECOWAS countries, civil society and the private sector. As a result of the meeting, the following action-points related to the SIA were adopted:

- Create a framework for consultation with civil society and strengthen cooperation with ECOWAS;
- Put into place decision-making processes to increase participation of civil society and the private sector;
- Ensure large dissemination of documentation on sustainable development and the SIA;
- Promote cooperation between the Consortium and all state and non-state actors in West Africa.

<sup>6</sup> At the end of January 2003 the 26th session of the conference of Heads of State and Government took place in Dakar, Senegal, including representatives of the ECOWAS countries and the EU. The conference provided an opportunity to accelerate the regional integration process. In addition, further definition of the content of the EPAs was presented on the following items:

- Priorities to encourage action in the West African region;
- The negotiating agenda;
- The structure of the negotiations;
- The terms of the mandate;
- The question of development funding.



▪ *ECOWAS and WEAMU/UEMOA*

- West African Economic and Monetary Union (WEAMU or UEMOA) entered into force in 1995 and includes Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo.
  
- The in-depth assessment of Western Africa will include, where relevant, consideration of the West African Economic and Monetary Union (WAEMU) :
  - ⇒ WEAMU/UEMOA : the most well-developed process of integration in Africa.
  - ⇒ All of the members of WAEMU also belong to ECOWAS.
  - ⇒ might be the subject for a case study as it represents a “credible” economic area, although from a trade perspective it is just developing.
  - ⇒ Increasingly important role in the region as a counter-balance to the dominance of Nigeria within ECOWAS.
  
- More integrated than ECOWAS for a number of reasons :
  - ⇒ a single common currency (Franc CFA), anchored to the Euro (whereas there are eight currencies in circulation in ECOWAS) ;
  - ⇒ a common language (French) ;
  - ⇒ growing harmonization of the legal, statistical and fiscal framework ;
  - ⇒ Convergence, Stability and Growth Pact adopted ;
  - ⇒ Several sectoral policies implemented in, *inter alia*, infrastructure, agriculture, health, energy, environment, and gender issues ;
  - ⇒ an efficient common external tariff (CET) operating since 1 January 2000, with a common trade policy towards non-members countries.