Advisory Brief No. 4

Streamlining The Process Of Economic Integration In Africa

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Contents

This paper addresses four key areas for focus in streamlining the process of economic integration in Africa, namely: the overall framework for co-ordination of the process at the continental, regional and sub-regional levels; main obstacles to economic integration in Africa; the implications of WTO negotiations for African economic integration; as well as the implications of EPA negotiations.

The main arguments in this paper are that:

- The process of economic integration at the continental, regional and sub-regional levels, requires rationalisation and harmonisation in order to attain the objective of building the African Economic Community. To address this, a continental framework is necessary to co-ordinate and harmonise these processes. The framework should take the form of a protocol overseen by a specialised technical committee.
- Obstacles to economic integration in Africa must be addressed in order to improve the prospects for economic integration in Africa at all levels. A specific programme on obstacles to economic integration should be in place. Under the programme there should be regular reports to all the main organs of the AU, AEC, the RECs and sub-RECs, with detailed briefings on how obstacles are being addressed. This would assist in monitoring and evaluation and the taking of remedial steps as may be appropriate.
- The WTO negotiations on rules governing regional trade agreements may determine whether or not the programmes for economic integration in Africa are consistent with or in breach of international obligations of at least 40 African countries, and therefore whether these countries can participate in the programmes. It is vital to ensure that the WTO negotiations recognise and support the current architecture of economic integration in Africa. In this regard, the AU should put appropriate priority to co-ordination of national processes for defining negotiating objectives and positions, with the support of research institutions, and facilitate common positions by the Africa Group at the WTO and in the EPA negotiations.
- The EPA negotiations can assist the process of economic integration in Africa, but they at the same time pose the threat of distracting priority to EPA negotiations, and to implementation of the results, away from African economic integration; as well as the human resources within government. They could pose the threat also of promoting WTO rules that are inconsistent with the development needs of Africa, particularly if they proceeded on the basis that preferential treatment for the ACP Group of States, including Africa, is inconsistent with WTO rules.

As would be expected, initiation and or implementation of these recommendations will require significant resources. In this regard, the New Partnership for Africa's Development (NEPAD) as a programme of the AU will be an important source of funding; as well as the regular budget funded from members' contributions. The aspects dealing with WTO negotiations could additionally benefit from specific technical co-operation provided by various African and international organisations, think-tank, policy research networks and institutions, as well as individual donors. The aspects dealing with EPA negotiations will additionally benefit from the significant resources ear marked under the Cotonou Agreement.

I Introduction

The African Union is the apex institution for political, economic and social integration in Africa, since 26 May 2001 when the Act establishing the Union entered force. And the African Economic Community, as an integral part of the African Union, has been the continental framework for economic integration since 12 May 1994 when the Treaty establishing the Community entered force. The AEC Treaty, in its Article 6, sets out the concrete programme for establishing the AEC. The programme covers 6 progressive stages for deepening integration at the regional levels to form regional economic communities in the 5 regions of Africa, which in turn merge into one to form the AEC; over a period of 34 to 40 years counted from 12 May 1994 (when, as just indicated, the AEC Treaty entered force). According to the Sirte Declaration on 1999, however, implementation of some elements of the stages is supposed to be expedited; for instance, the Pan African Parliament has already been established, otherwise supposed to be done during the sixth stage.

At the regional and sub-regional levels, the following regional economic communities have been established:

- The Southern African Development Community (SADC), in Southern Africa. The members of SADC are: Angola, Botswana, DRC Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. While SADC is an interim free trade area, the Southern African Customs Union predates SADC and is composed of South Africa, Botswana, Namibia, Lesotho and Swaziland. In addition to a customs union, it is also a Common Rand Area. 8 of the 14 members of SADC are also members of COMESA.
- The Common Market for Eastern and Southern Africa (COMESA), for Eastern Africa. The members of COMESA are: Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Swaziland, Sudan, Uganda, Zambia and Zimbabwe. 8 COMESA members are members of SADC as well, as pointed out. COMESA States are also at an advanced stage in establishing a Customs Union. While 11 COMESA members have formed a free trade area among themselves, 2 of the members of the East African Community, comprising Kenya, Tanzania and Uganda, are also members of COMESA, which on 2 March 2004 agreed in a Protocol to attain a Customs Union five years from the time the Protocol enters into force. The Inter Government Authority on Development (IGAD) has also been formed in Eastern Africa. The members of IGAD are: Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan, and Uganda
- The Economic Community of Central African States (ECCAS), for Central Africa. The members of ECCAS are: Angola, Burundi, Cameroon, Central African Republic, Chad, Congo Democratic Republic, Congo Republic, Equatorial Guinea, Gabon, Rwanda, and Sao Tomé and Principe. The Economic and Monetary Community of Central Africa (CEMAC) has also been established as a customs union. The members of CEMAC are: Cameroon, Central African Republic, Congo Republic, Gabon, Equatorial Guinea, and Chad. CEMAC also shares several economic institutional cooperation arrangements with other French speaking West African countries, including the Franc Zone.
- The Economic Community of West African States (ECOWAS), for West Africa. The members of ECOWAS are: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Article 1 of the ECOWAS Treaty states that it should be the regional economic community for West Africa. The West African Economic and Monetary Union (UEMOA) has also been established in West Africa with an operative common external tariff. The

members of UEMOA are: Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Senegal, Togo, and Niger. UEMOA also shares several economic institutional cooperation arrangements with CEMAC, including the Franc Zone.
- The Arab Maghreb Union (UMA), for North Africa. The members of AMU are: Algeria, Libya, Morocco, Mauritania, Tunisia. Membership in the AMU may be open to Arab countries outside Africa. The Community of Sahel-Sahara States (CENSAD) has also been established, covering some members of UMA, ECOWAS, COMESA and CEMAC. The members of CENSAD are: Burkina Faso, Central African Republic, Chad, Djibouti, Egypt, Eritrea, Ethiopia, the Gambia, Libya, Mali, Morocco, Niger, Nigeria, Tunisia, Senegal, Somalia, and Sudan.

There could have been some doubt about what the RECs are for purposes of building the AEC. However, the Secretaries General of IGAD, COMESA, ECOWAS, SADC, CENSAD, and ECCAS; though not the one of AMU; signed the OAU Protocol on Relations between the AEC and the RECs. So these have been the RECs so far recognised as the building blocs for the AEC.

It is generally felt that the processes of economic integration at the continental, the regional and sub-regional levels form a complicated and resource wasting web, and amount to an institutional mess. The regional and sub-regional economic communities do not neatly fall in line with the idea in the AEC Treaty of a co-ordinated and progressive process that systematically evolves into the AEC. Attempts at a solution to streamline this network of organisations must be found but it must be cautiously worked out, keeping in mind the political sensitivities involved, particularly as co-operation between States are sovereign acts normally taken on the basis of national interests as determined by the States. Two basic principles should be that the depth of economic integration attained in a regional or sub-regional community should be built upon and must not be set back; and that there must be co-ordination and harmonisation of the continental, regional and sub-regional processes.

A preferable solution would be agreement on appropriate configuration of the RECs, which will require considerable political will from all African countries and the co-operation of the secretariats, bearing in mind that institutions once established tend to strongly desire to survive. Another alternative would be to now agree at the AU level on a detailed programme on the modalities for phasing the current RECs into the AEC, as a way of anticipating further adverse developments.

A series of decisions and resolutions adopted by the Heads of State and Government, going back to the very establishment of the Organisation of African Unity, and now being adopted under the African Union, need to continue being implemented into concrete results, perhaps more concrete results now, as the tempo of building African unity and emancipating Africa must now match the heightened aspirations of the people of Africa and the importance of ensuring national and regional competitiveness in order to engage in international relations including trade relations.

In humankind's long history, Africa as a region and continent has had a distinct identity and been treated by other peoples on that basis. All signs are that this is not about to change. Regional initiatives and closer co-operation at the regional level abound throughout the world. It is primarily for Africa to emancipate itself politically and economically, with the co-operation of willing partners and friendly people. The process of consolidating African political unity and economic integration in Africa is rightly taken seriously and deserves the utmost political commitment on this basis. Resources must be earmarked for this process as a priority in Africa, for Africa's economic development will come through its solidarity and unity, through its collective programmes for economic emancipation that are effectively implemented at the national level throughout Africa.

Ensuring that the process of economic integration in Africa does not falter, and that it progresses on schedule, cannot be overemphasised. The process should not suffer set backs. Lessons of previous set backs should be learnt and threats addressed, to ensure that obstacles to economic integration in Africa are eliminated immediately, in order to make for a process of economic integration that is effective and coherent, and that promotes economic development through the attainment of the collective objectives of African economic and political emancipation.

That the union of the people of Africa is for economic and political emancipation, and that the African Union as an institution must accomplish the process of economic integration in Africa as set out particularly in the Treaty Establishing the African Economic Community, should be common agreement throughout Africa. The organs of the African Union, and of the regional and sub-regional economic communities, as the collective embodiments of the governments and people of Africa, will be immediate players in fully accomplishing this.

II Continental framework for a coherent relation between AU, AEC, RECs, and sub-RECs

The process of economic integration in Africa at the continental, regional and sub-regional levels has many organisations, in many instances with overlapping membership. This may be undesirable to the extent that the process would seem not to reflect the schedule and programme set out for building the African Economic Community as the continental institution for economic integration. Multiplicity of organisations and overlapping membership have institutional and financial implications for members, and if not co-ordinated may complicate the process of forming the African Economic Community; it may complicate also the process of strengthening individual regional economic communities.

The OAU took a decision at the highest level at the OAU Summit of 1997 designating, IGAD, COMESA, ECOWAS, SADC, CENSAD, ECCAS, and UMA as the regional economic communities for the various regions that will be the building blocs for the African Economic Community. The AU needs to follow this up. Regional economic communities have to some extent established mechanisms for co-ordination and information sharing, but important questions remain: should there be configuration in order to address multiple membership, and should there be co-ordination in order to identify and promote the building blocs for the African Economic Community. Absence of a mathematical configuration might not be a problem, if it cannot be demonstrated that lack of configuration has undermined African economic integration or progress towards the building of the AEC. What should be required in any case is co-ordination among the RECs and sub-RECs, and co-ordination between these and the AEC/ AU. But at the same time, a proliferation that gets out of hand would be wasteful duplication.

All the processes at the regional and sub-regional levels should be in line with the continental process for economic integration, bearing in mind that the processes at the regional level are meant to result in continental integration under the institution of the African Economic Community and the African Union, and that the sub-regional processes should be fast tracks that promote the expeditious attainment, rather than detraction from, regional economic integration.

A Protocol on the relation between the AU, AEC, RECs and sub-RECs, based on the timetable provided for under Article 6 of the AEC Treaty as modified particularly under the Sirte Declaration, the Protocol on the Pan African Parliament and the Court of Justice, are appropriate instruments. Subject to the modifications, the AEC programme set out in Article 6 of the Treaty should be strictly adhered to as a way of ensuring an orderly progress towards a merger into the AEC. It should be adhered to not only in terms of the specified stages and periods, but also of the designated RECs and sub-RECs. In addition, the actual objects and institutional framework of the RECs should be harmonised to facilitate the merger, and the private sector and civil society actively involved to build and strengthen a political base for economic co-operation and integration in Africa.

The OAU Protocol on the relation between the AEC and the RECs provides a good starting point and should be reviewed in view of the establishment of the African Union and recent developments at the regional and sub-regional levels. Important lessons can be learnt from the performance of the two committees established under the protocol. It would appear that a more cogent approach is appropriate, to effectively address and contain any lack of coherence between the economic integration processes at the continental, the regional and sub-regional levels.

To this end, first, there should be a continental framework for ensuring that the processes for economic integration at the continental, regional and sub-regional levels are coordinated and harmonised to evolve into the African Economic Community. The framework should include a protocol and an organ to administer it, regulating the relations between the AU, AEC, RECs and sub-RECs; in order to promote coherence among the organisations dealing with African economic integration. The RECs and sub-RECs have to operate within and adhere to the objective of building a continental framework for economic integration. The AU and AEC, on their part, will have to bear in mind that the established RECs and sub-RECs promote the achievement of the continental objectives, and in this respect they should progressively phase into the continental institution.

Second, the modalities for this must be carefully worked out, taking into account the practicalities entailed. The aspirations of the people of Africa, for a union of the people of Africa, will be the basis for any progress in addressing the need for coherence in the processes for economic integration in Africa. The principle of subsidiarity may be useful in this respect as well. The understanding should be that the RECs and sub-RECs are arms and components of the AU and the AEC, and operate as the regional and sub-regional presence of the AU and AEC. The merger stipulated in Article 6 of the AEC Treaty would then be implemented in this practical form at an appropriate time in the development of economic integration in Africa.

And third, the organ should be a specialised technical committee of the AEC, established for the purpose, given that the scope of the RECs and sub-RECs exceeds the mandate of any one of the existing specialised technical committees established under the AEC Treaty or AU Act. The functions and powers of the organ should be to reign in the process of African economic integration, co-ordinating and harmonising it at the continental, regional and sub-regional levels with the aim of ensuring that they evolve into the AEC within the parameters set out in the AEC Treaty, including the stages in its Article 6 as modified.

III Addressing obstacles to economic integration in Africa

While the AU and its processor the OAU, as well as the RECs and the sub-RECs, demonstrate the apparent commitment of the people and governments of Africa to economic integration and the union of the people of Africa, as en end in itself to reflect the oneness and solidarity of the people of Africa and also as a strategy for economic emancipation that must mean economic development for all the people of Africa including at the grass roots level, there is not doubt that significant challenges have remained and must be addressed. If they are not addressed, the process of economic integration in Africa will falter.

The main obstacles have included the following: lack of the requisite political will, and prevalence of conflicts and animosity; preference for developed country over regional markets; unsatisfactory sharing of benefits or gains from economic integration; and distractive programmes of international development and financial institutions. There are of course several other obstacles, but that this paper does not deal with, which could be addressed in an extended discussion specifically on obstacles to economic integration in Africa.

Political factors

In the area of political factors, there has been inadequate practical political will to effectively implement the agreed programmes for economic integration. This in part explains the seemingly contradictory or overlapping schemes for economic integration, the inadequate funding for economic integration organisations in terms of low priority being given to them, and the slow or little progress made in achieving stated objectives at the continental, regional and sub-regional levels. In the recent past, there has been renewed political will; this should be promoted and sustained to mark a more enthusiastic, coherent and determined era in African economic integration. Such renewal has marked periods of significant progress in some regions; a good example being the renewal under Jacque Delors that made for the drive to establish the EU single market, or the enthusiasm with which the Canada-US free trade agreement and then the NAFTA were finally negotiated and concluded.

Political conflicts and other forms of animosity or lack of political good will among members of the AU/ AEC, the RECs and sub-RECs, have not promoted a collegial approach to economic integration, and have significantly undermined the will to collectively achieve the objectives. They have posed practical difficulties to market and production integration, for they have prevented or restricted intra-Africa and intra-regional trade and other private sector activities on the part of the people of Africa.

Preference for developed country markets

Access to developed country markets is important and will support the growth of Africa's exports. Efforts to negotiate for enhanced market access, and to address obstacles to utilising the available market access, bearing in mind that the utilisation has been minimal largely due to supply side constraints and inappropriate terms attached to the market access, must therefore continue to be pursued in all appropriate fora.

At the same time, regional markets offer important trade partners that should not be ignored, and that should be given equal priority given the overarching scope of economic integration in Africa, including the building of trade and other infrastructure, conflict resolution to promote conditions for economic development, development of energy and natural resources, and the crucial importance of common positions and approaches in trade and other negotiations with development partners. The AU/ AEC, the RECs and sub-RECs provide important frameworks for defining common interests and adopting common positions on the basis of the common interests, including in the area of trade as an engine of economic development.

The World Trade Organisation and various North-South trade and economic arrangements, such as the Cotonou Agreement and the African Growth and Opportunity Act, as well as various schemes for generalised systems of preferences, have provided market access opportunities for exports from Africa. Access to developed country markets has been such a priority that in contrast African regional markets have received relatively low priority. It is established now that South-South trade provides important market opportunities and is in fact increasing at a faster rate than North-South trade. South-South trade, including intra-Africa trade, should be considered an important and basic component of market access opportunities for individual African countries.

The scope of economic integration in Africa includes the creation of intra-Africa and intra-regional infrastructure in the broadest sense, to facilitate intra-Africa and intra-regional trade. Such infrastructure will in turn enhance the international competitiveness of individual African countries and Africa as a region, which is decisively important for utilising internal market access opportunities.

It is necessary for the AU/ AEC, the RECs and the sub-RECs to have a co-ordinated and concrete work programme to specifically deal with intra-Africa trade under the programmes for economic integration, as an important and basic component of Africa's programmes and initiatives on access to international markets under multilateral, plurilateral and bilateral programmes. The work programme on regional markets could address issues relating to utilisation of regional market access opportunities, building regional competitiveness, sector co-operation, deepening of economic integration, relations among the RECs and sub-RECs, and evolution into the AEC.

Unsatisfactory sharing of gains from economic integration

Countries join and participate in economic integration arrangements in order to promote their national objectives in the areas of economic development, political stability, cultural and social identity, environment protection, security, and so on. When such national objectives are not achieved in a mutually satisfactory manner among the members, significant difficulties can arise largely based on political and economic considerations. All must be winners; losers will mean that the integration programme is undermined to the extent that it meant to benefit all members and that in Africa economic integration is a strategy for the economic development of all the members.

The objectives of African economic integration are broad. In the area of economic development, the Lagos Plan of Action, as translated into the AEC Treaty, and various treaties for RECs, provides the blue print for collective programmes to be undertaken. They cover major areas of market and production integration, and co-operation in all the important sectors. Gains in these areas will concretely translate into economic development for all members.

All the treaties on African integration recognise the importance of ensuring equity in economic integration, through gains for all members. They provide for the establishment of funds or other facilities to specifically target depressed or disadvantaged areas, and generally the less developed members of the organisations. On the whole though, the funds or facilities have not been established, or are hardly operational. The development banks that operate on the whole do not specifically fit in this scheme of targeting depressed regions and less developed members for action that ensures equity and demonstrates gains from the integration process. The CEMAC and UWEMOA model, of designating a bank to collect and disburse development resources, has not been closely followed elsewhere. The Development Bank of South Africa, the East African Development Bank, and the PTA Bank, could also be starting points; but it is important that mechanisms for implementing the provisions on equity in economic integration be operationalised.

The importance of equity in the integration process and of concretely demonstrating gains for each member cannot be overemphasised. Mechanisms provided under the treaties and other instruments should be operationalised, and this should be done in a co-ordinated manner within the overall scheme of continental economic integration. Meetings of the organs of the AU/ AEC, the RECs and the sub-RECs should regularly receive briefings on programmes and specific work undertaken to ensure equity and concrete gains for members, with appropriate recommendations for remedial action.

Distraction from economic integration by development partners

African governments and the secretariats of the AU/ AEC, RECs and sub-RECs routinely deal with a myriad of initiatives from development partners. The initiatives take various forms, including technical co-operation on specific issues, implementation of broad adjustment and poverty elimination programmes, and conflict resolution. African countries and the secretariats have worked closely with development partners on such programmes.

Over the years, particularly since the adoption of the Lagos Plan of Action, it appears that the fate of progress on economic integration programmes has been closely tied to the priority accorded to them in light of the initiatives from development partners. Economic integration has achieved marked strides to the extent that African governments and development partners have jointly supported and owned them, with active participation from the public.

Goodwill from development partners has been welcome and important for the economic integration programmes, and indeed for the economic development programmes undertaken in individual countries. What is required in view of the importance of economic integration as a development strategy for Africa, is that the initiatives should actively support the process of economic integration in Africa, and do so in a manner that promotes coherence among the programmes for economic integration in Africa. If the initiatives from development partners detract from the process for economic integration in Africa, they undermine that process because of the importance attached to the initiatives by individual governments.

Initiatives from development partners must be made and undertaken in light of the process for economic integration in Africa and the importance of coherence in the entire process covering the continental, regional and sub-regional levels. The initiatives should aim to fall in line with the process of economic integration underway. More specifically, the initiatives should target the obstacles to economic integration and assist in addressing them, particularly through provision of necessary and supportive resources.

A continental framework on obstacles to economic integration in Africa

The main obstacles to economic integration in Africa should be addressed in order to promote the prospects for the successful formation of the African Economic Community. To this end,

(a) A programme should be adopted by the AU to specifically address obstacles to economic integration in Africa, and for regularly reporting to all organs of AU/ AEC/ RECs/ sub-RECs, in order to promote monitoring and regular evaluation. The programme should be a core function of a specialised technical committee on co-ordinating and harmonising economic integration at the continental, regional and sub-regional levels;

(b) Programmes to assist depressed areas should be formulated and their implementation immediately commenced by the designated organs of the AEC and the regional and sub-regional economic communities, with support where appropriate from development partners as well as the regular budgets of the organisations;

(c) Organs and mechanisms for people-based or private sector driven economic integration – including parliaments, consultative forums, and region-wide professional associations – should receive more prominence in the process of economic integration. Increased and regular interaction between secretariats and private sector institutions and civil society needs to be part of the core outreach programmes of the organisations for economic integration; RECs and sub-RECs that do not have such organs and mechanisms should establish them; and

(d) Organs and mechanisms to settle or eliminate political conflicts and animosity should be continually strengthened, including through the maintenance of regional forces on a standby rather than standing basis; conflicting parties on their part should be encouraged to continually re-commit themselves to seeking peaceful resolution of conflicts.

IV Effective participation in WTO Negotiations on RTA rules to ensure that the rules recognise and support the architecture of African economic integration

The World Trade Organisation, as a multilateral forum that defines and oversees rules governing international trade among the members, has extensive implications for Africa and the process of economic integration. The WTO has rules governing the formation of regional trade agreements – economic integration, which members are required to comply with. (40 African countries are at the moment WTO members.) Non-compliance with those rules can result in recommendations from the WTO for changes to the economic integration instruments, possibly requiring amendment of instruments; demands for compensation from aggrieved third countries; and the initiation of legal complaints or cases under the dispute settlement system.

The work programme of the WTO adopted on 14 November 2001 by the Fourth Session of the Ministerial Conference, at Doha, includes negotiations on rules governing regional trade agreements. Proposals so far tabled in the negotiations seek to strengthen the rules in a manner that could cause difficulties for developing countries including Africa, for instance, if the Enabling Clause – a regime that affords some flexibility for developing countries – were to be subjected to inflexible and inappropriate disciplines that are inconsistent with the development needs of Africa. Under Article 24 of GATT 1994 for instance, the disciplines have been so inappropriate that there has hardly been agreement on interpreting the rules, and that it has been possible to challenge about every element of regional trade agreements that have been examined in working parties under GATT and in the Committee on Regional Trade Agreements under the WTO. The list of issues arising under Article 24, compiled by the WTO Secretariat, shows how every rule under the Article has raised major questions for regional trade agreements. At the same time, proposals on strengthening Article 24 of GATT 1994 have not included the recognition and the protection of the current architecture of African economic integration, nor even to revise the Article in light of similar provisions in Article 5 of GATS, which explicitly contains flexibility for developing countries. The threat posed is that negotiations can result in rules that make the architecture and the specific programmes for African economic integration liable to challenge before WTO bodies including the dispute settlement system; a successful challenge would mean that the architecture would have to be unravelled and the programmes modified or stopped.

WTO negotiations are complex. They require skilled negotiators that are backed by strong teams of resource persons to closely work with them. The negotiations require a good working link between the capitals and Geneva where the WTO negotiations mostly take place, as well as good working links between Geneva and other forums where WTO-related issues are considered, for instance, Brussels where negotiations on trade between the EU and the ACP Group of States mainly takes place.

Africa as a continent should effectively and collectively participate in WTO negotiations, including negotiations in the Negotiating Group on Rules, dealing with rules governing regional trade agreements. The Africa Group at the WTO should ensure that the negotiations recognise and support the existing architecture of economic integration in Africa. The AU should specifically support African participation in the negotiations. In this regard, various options can be considered. The OAU Panel of Experts did not perform as well as would have been expected; trade negotiators did not receive regular back up from the panel. The AU Commission could take up the idea and re-invigorate the panel after recasting it. In any case the Commission could work closely with research institutions dealing with trade issues from the perspective of Africa.

Various RECs and sub-RECs have specific programmes on trade negotiations, for which the AU could provide a continental framework for co-ordination and resource sharing, by organising regular workshops with participation from research and academic institutions. It will be important to avoid mere creation of “posts” and instead to focus on result-oriented collaboration with research and other support institutions. It will be important also to minimise resource duplication and to harness resources at the regional and sub-regional levels relating to WTO work programmes, as well as to reflect the link and promote coherence between African economic integration and multilateralism.

V Promoting African economic integration in negotiations for EPAs

Important lessons have been learnt from the long standing relation between the EU and the ACP Group of States, from the Yaounde and Lome Conventions, to the Cotonou Agreement, including the successful challenges under WTO rules to the Banana regime. The lessons are supposed to be had in mind in the continuing negotiations with the EU on Economic Partnership Agreements. In any case ACP countries should not be in a worse position in the post 2007 period, after the negotiations, than before. The EPAs will entail groups of African countries entering trade agreements with the EU, with significant implications for the process of economic integration underway in Africa. The AU should bear this in mind and agree and commit itself to undertake an evaluation as a continent, shortly before the negotiations end and in any case before any instruments are concluded, to determine whether Africa would be in a better or worse position were the negotiated instruments to be adopted.

It is by no means obvious that Africa will benefit from the trade agreements with the EU. A lot of work still needs to be done to improve prospects for benefiting from any market access opportunities available to Africa, on the part of Africa and of the EU. Various studies have been sceptical about the benefits from such trade arrangements in light of the conditions attached to market access to the EU market, including, restrictive rules of origin, the capacity to meet entry requirements relating to technical and health standards and to documentation, the unaddressed supply side constraints that restrict the potential to utilise the market access opportunities, and the relative un-competitiveness of Africa and its products against other EU trade partners that also supply the EU market.

The AU and the regional and sub-regional economic communities have an important role in rallying African countries to their collective interests and development needs, and in providing forums for collective positions. If these forums are cast aside, or rendered illegitimate in view of the configuration for the EPA negotiations, Africa will be divided and weak in the negotiations, which will have ramifications into trade negotiations in other forums particularly the WTO. Positions agreed under EPA negotiations will likely reflect on similar issues in WTO negotiations.

A basic issue is that imports from the EU into an African country that participates in a free trade agreement or a customs union will enter the other African countries, which can have severe implications for important domestic industries that provide investment and jobs in the country. The EPAs based on Article 24 of GATT 1994, which has been understood to require reciprocal elimination of trade barriers to substantially all the trade among the parties to the free trade area or customs union, are likely to have this result.

Special regimes that accord preferential market access to African products, under the Enabling Clause, have on several occasions been challenged under WTO rules. Decisions at the moment appear ambiguous in significant respects about the compatibility of such special arrangements with WTO rules, except that the ruling in the Banana case could still apply, and except that waivers could still be available – though some recent waivers for EU regimes for developing countries have been difficult to obtain. It needs to be clearly enunciated that similar circumstances obtain in Africa or in ACP countries, before preferential arrangements that exclude non-African or non-ACP countries, could be on firm standing under WTO rules.

The EPA negotiations proceed on the basis that these special arrangements are not preferred options, that rather other rules should apply, such as the inappropriate Article 24 of GATT 1994 in its current form. EPAs that do not reflect the importance of according development flexibility for African countries, will by implication undermine the current process for African economic integration in denying Africa the necessary development flexibility that forms the basis for the African economic integration programmes.

Priority for trade arrangements with the EU can translate into low priority for the process of African economic integration. Other implications relate to adverse trade balances, adoption of rules on issues Africa has resisted in other organisations particularly the WTO, diversion of resources to EU negotiations and to implementation of the resulting programmes, and further multiplicity of organisations and programmes for African countries which has institutional and financial implications.

Negotiations for EPAs between African countries and the EU, should safeguard and promote African economic integration. They should in no way undermine the existing framework for African economic integration. They should recognise the development needs of African countries, by among other things seeking to comply with appropriate WTO rules on regional trade agreements and not the inappropriate ones. In particular, it is noted that Article 24 of the GATT 1994 in its present form raises significant difficulties for African countries.

VI Recommendations

1. (a) There should be a continental framework for ensuring that the processes for economic integration at the continental, regional and sub-regional levels are coordinated and harmonised to evolve into the African Economic Community. The framework should include a protocol and an organ to administer it, regulating the relations between the AU, AEC, RECs and sub-RECs; in order to promote coherence among the organisations dealing with African economic integration. The RECs and sub-RECs, must operate within and adhere to the objective of building a continental framework for economic integration. The AU and AEC, on their part, will have to bear in mind that the established RECs and sub-RECs promote the achievement of the continental objectives, and in this respect they should progressively phase into the continental institution.

(b) The modalities for this must be carefully worked out, taking into account the practicalities entailed. The aspirations of the people of Africa for a union of the people of Africa must be the basis for any progress in addressing the need for co-ordination and harmonisation in the processes for economic integration in Africa. The principle of subsidiarity may be useful in this respect as well. The understanding should be that the RECs and sub-RECs are arms and components of the AU and the AEC, and operate as the regional and sub-regional presence of the AU and AEC. The merger stipulated in Article 6 of the AEC Treaty would then be implemented at the set time in the development of economic integration in Africa.

(c) The organ for co-ordinating and harmonising economic integration at the continental, regional and sub-regional levels, should be a specialised technical committee of the AEC, established for the purpose, given that the scope of the RECs and sub-RECs exceeds the mandate of any one of the existing specialised technical committees established under the AEC Treaty or AU Act. The functions and powers of the organ should be to regulate, including through making and overseeing recommendations for, the process of African economic integration, co-ordinating and harmonising it at the continental, regional and sub-regional levels in order to ensure that they evolve into the AEC within the parameters set out in the AEC Treaty, including the stages in its Article 6 as modified. In this regard, the organ would make reports to the meetings of the organs of the AEC/ AU, the RECs and sub-REcs in order to promote regular review and evaluation and assist in charting ways forward for effectively building the AEC in accordance with the set programme.

2. The main obstacles to economic integration in Africa should be addressed in order to promote the prospects for the successful formation of the African Economic Community. To this end,

(a) A programme should be adopted by the AU to specifically address obstacles to economic integration in Africa, and for regularly reporting to all organs of AU/ AEC/ RECs/ sub-RECs, in order to promote monitoring and regular evaluation. The programme should be a core function of a specialised technical committee on co-ordinating and harmonising economic integration at the continental, regional and sub-regional levels;

(b) Programmes to assist depressed areas should be formulated and their implementation immediately commenced by the designated organs of the AEC and the regional and sub-regional economic communities, with support where appropriate from development partners as well as of course as the regular budgets of the organisations;

(c) Organs and mechanisms for people-based or private sector driven economic integration – including parliaments, consultative forums, and region-wide professional associations – should receive more prominence in the process of economic integration. Increased and regular interaction between secretariats and private sector institutions and civil society needs to be part of the core outreach programmes of the organisations for economic integration; RECs and sub-RECs that do not have such organs and mechanisms should establish them; and

(d) Organs and mechanisms to settle or eliminate political conflicts and animosity should need to be strengthened, including through the maintenance of regional forces on a standby rather than standing basis; conflicting parties on their part should be encouraged to re-commit themselves to seeking peaceful resolution of conflicts.

3. (a) Africa as a continent should effectively and collectively participate in WTO negotiations, including negotiations in the Negotiating Group on Rules, dealing with rules governing regional trade agreements.

(b) The Africa Group at the WTO should ensure that the negotiations recognise and support the existing architecture of economic integration in Africa.

(c) The AU should specifically support African participation in the negotiations through establishing a think tank to streamline the provision of resource persons to support African negotiators. The think tank should work closely with the programme for co-ordinating and harmonising the process of economic integration at the continental, regional and sub-regional levels in order to minimise resource duplication and to harness the resources at the regional and sub-regional levels relating to WTO work programmes, and in order to reflect the link and promote coherence between African economic integration and multilateralism.

4. (a) Negotiations for economic partnership agreements (EPAs) between African countries and the EU, should safeguard and promote African economic integration. They should in no way undermine the existing framework for African economic integration. They should recognise the development needs of African countries, by among other things seeking to comply with appropriate WTO rules on regional trade agreements and not the inappropriate ones. In particular, it is noted that Article 24 of the GATT 1994 in its present form raises significant difficulties for African countries.

(b) The AU should adopt decisions committing to undertake an evaluation as a continent, shortly before the EPA negotiations end and in any case before any instruments are concluded, to determine whether Africa would be in a better or worse position were the negotiated instruments to be adopted; and undertaking to ensure that the negotiated instruments will only be adopted where they demonstrably will generate significant economic welfare for the people of Africa and will support and promote economic integration in Africa.

5. The initiation and or implementation of these recommendations will require significant resources. In this regard, the New Partnership for Africa's Development (NEPAD) as a programme of the AU will be an important source of funding; including the regular budgets from members' contributions. The aspects dealing with WTO negotiations could additionally benefit from specific technical co-operation provided by various African and international organisations, think-tank, policy research networks and institutions, as well as individual donors. The aspects dealing with EPA negotiations will additionally benefit from the significant resources ear marked under the Cotonou Agreement.