

Comment on “Overview and Summary of Regional Cooperation in Africa,” by Ernest Aryeetey and Abena Oduro

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I found the paper stimulating in the sense that it highlights the fluctuating fortunes of the process of economic integration in Africa. It also tries to address certain crucial and serious issues and to draw attention to various interlocking challenges to the process of regional integration and Africa’s development. The paper is well documented and draws on recent literature on the subject. So on the whole, there is much in the paper with which I agree. The few comments that I want to make will focus on certain substantive issues which have not been fully discussed; I will try to complement the paper on those issues.

Reading the introduction, I think it would have been appropriate to highlight more the significance of economic integration, which has for long constituted a key element of Africa’s development strategy. The merit of this integration approach has been documented in almost all the landmark studies on African development and is also reflected in all the external or internal guidelines or programmes on Africa. It begins, say from the Lagos Plan of Action and the Final Act of Lagos in 1980, then the United Nations Programme of Action for African Economic Recovery and Development in 1986, and to its successor, the United Nations New Agenda for African Development adopted in 1991, and recently in the Cairo Agenda for Action which was adopted in 1995. All these landmark studies and documents show that African countries are highly interested in this whole idea of economic integration.

So in my view at the very onset, the significance of economic integration should have been brought out more clearly. Meanwhile, only a sparse reference is made to “The formation of an African economic union...” which, according to the authors, “... is still on the Agenda of the Organisation of African Unity (OAU), although the expected date of this creation has had to be postponed.” However, there is nothing like an African economic union, as such. I assume the authors were referring to the African Economic Community, that is, the Abuja Treaty which was signed on 3 June 1991 by 48 members of the OAU at the 27th Summit of the organisation, and which entered into force in May 1994.

Section 2 of the paper presents an interesting debate on the rationale for economic integration in Africa. The authors have highlighted, which is quite true, the smallness of internal markets. But maybe this is not all. It should be stressed that a typical African nation does not only have a small market but also sparse population. In Africa we have nine countries with less than one million people, and thirty five countries with less than ten million people. We only have about five countries with populations of over thirty million. That is Nigeria, Egypt, Ethiopia, South Africa and Zaire. So we have a major problem with this question of sparse population.

Then in addition to that, we have limited infrastructure and, as is rightly pointed out, new and fragile borders and economies which are vulnerable to fluctuating world prices. Because of the continent's fragmentation and poverty, economic cooperation is perhaps more relevant to Africa than any of the developing nations of the world. If we use the conventional indicators of the economic and social well-being, say, per capita income, literacy, calorie intake, mortality and so on, most African countries fall significantly behind Latin American countries and all but a few of the poorest Asian nations. Hence economic integration in Africa has been seen as a means of helping to overcome the disadvantages of small size, low per capita incomes, small population, narrow resource bases and of making it possible that individual countries achieve a higher rate of economic growth and development.

The current discussion of the benefits of regional integration has moved beyond the traditional arguments of trade creation and trade diversion. In fact these were the arguments put forward a long time ago in 1950 by scholars like Jacob Viner and Richard Lipsey, but these arguments about trade creation and trade diversion are relevant only to the industrialised countries, not to us. A number of studies have demonstrated that the situation of developing countries, particularly in Africa, is completely different from the situation in the industrialised countries. So in my view we should not be bothered by this whole question of trade creation and trade diversion.

In Section 3, the paper discusses the features of regional integration in Africa with particular reference to (a) regional integration arrangements in Africa, and (b) aspects of institutional development of regional integration arrangements. The discussion of this section, in my view, is too general and does not always seem to have much relevance to the subject or the region. The reference to the Economic Commission for Africa's involvement in regional integration attempts being "derived from its interest in African industrial future" would appear to be a bit too simplistic and generally not all that accurate. It is true that ECA has been involved in regional integration right from the beginning, but its main commitment has always

been to promote self-reliant socioeconomic development and to enhance integrated development efforts at the sub-regional level in such areas as trade, transport and communication, and also to encourage African states to engage in forms of technical and economic cooperation among themselves, which will further promote the process of regional cooperation.

On the other hand, I see that the discussion of the main features of regional integration is quite relevant and well presented. It talks about the problem of overlapping membership of economic integration schemes. This is one of the major problems in all the sub-regions, particularly in West Africa. We have as many as forty regional groups, apart from ECOWAS which brings about all of them under its umbrella, that is sixteen countries. In 1990 when the ECOWAS heads of state met in Banjoul, Gambia, it was felt there was a need for rationalisation of the various regional groups in West Africa. But just as we were about to discuss the report on the rationalisation and see to what extent it would be able to have ECOWAS as the only sub-regional grouping, the French-speaking West-African countries came out – clearly supported by France, as France has been doing all the time – saying that they have a common language and wanted to have their own sub-regional community. So again this came out as a disintegrating factor which the French speaking countries have introduced in the West African economic integration process. The same happened with Central Africa. So I agree there is this multiple membership problem.

Another feature which is rightly pointed out in the paper is the poor participation of the private sector in African economic integration. In fact, when it comes to integration in Africa we consider this as a governmental affair. So the private sector is not involved in the drafting of the various protocols and their implementation, and this is quite well put by the two authors.

The lack of commitment of the ruling classes is another important problem. But we have to link this up to the type of approach to integration. In fact, African countries are generally very poor countries, and when you ask for their commitment, you adopt a type of integration approach which compels them to sacrifice the little that they have, before they can derive any benefit from it. It is difficult to get that commitment, and I will come to that later. This question of approach is to me a major problem if we consider the integration process in Africa. Take for example the question of market integration. Here you have to agree to adopt trade liberalisation, which actually means that the countries are going to lose the revenue which they were getting from custom duties; in fact, the majority of the countries depend upon these custom duties as part of the national revenue. So how do you expect countries in Africa to be committed at this stage,

when they are battling with structural adjustment programmes, battling with debts, battling with civil wars, battling with almost everything? I think that we have to link this lack of commitment to the approach so far adopted by many of the sub-regional communities.

The authors quite rightly talk about the lack of implementation of decisions, acts, protocols and so on. They also point to the important question of equity. The equity problem is one of the main reasons for the downfall of the East African Community. In 1968, because of this Chad withdrew from UDEAC. In 1986, PTA was compelled to come out with a group of consultants to look into the question of equity.

Then the authors talk about this concept of supra-nationality. The Abuja Treaty, which established the African Economic Community, was much concerned with this question of supra-nationality and it was agreed that supra-nationality actually means a situation where an international institution is endowed with powers to take decisions that they are binding, not only on the institutions themselves, but also on all the member states. This was in 1991 and from that time, all the treaties of the regional integration schemes, followed the example of the Abuja Treaty. So when it comes to COMESA, it is the same thing; when they revised the ECOWAS Treaty, it was the same thing. All of these treaties now have the question of supra-nationality reflected in them.

There are certain crucial issues on which the paper is rather silent. For example, nowhere has harmonisation been mentioned as an essential ingredient of integration. Nor is there sufficient attention being paid to the need for a democratic framework as an ingredient of developmental regionalism. Another problem which did not come out clearly in the paper is institutional deficiencies, both at the national level and the sub-regional level. When you go to any African country belonging to a certain regional grouping, you ask yourself, what are the institutions which handle integration issues in this country? Who are the type of people who work on this and what do they see? That institutional integration is actually not a secondary matter at all. And since we do not pay special attention to integration at the national level, obviously we are not going to get integration at the regional level.

Another issue which was not clearly put out in the paper was the meagre financial resources for implementing programmes. Added to this was the poor choice of personnel both qualitatively and quantitatively. And then the lack of participation of interest groups, civil societies, employers' association, trade unions and so on, who were not actually involved. But you have to say that in the final analysis, *man* is both the means and the end; and the best study of the strategy of economic integration, particularly in the 1990s, as we see it, is *man*.

Besides, attention should be drawn to the recent challenges to integration. The Cross-Border Initiative, what is it about? Is it a major challenge to Africa? We also have the challenge of the emerging trading blocs (particularly the European Union), the impact of the Lomé Convention, the World Bank's mandated structural adjustment programmes, and so on. These issues could have been brought out in the paper.

When it comes to achievement, that is, Section 4, the authors correctly highlight as an important issue of regional integration, the poor record in terms of trade, in terms of policy integration and harmonisation of the various sectors, in terms of infrastructure, of monetary integration, and so on. These are all well brought up in the paper.

There is in Section 5 the constraints to effective integration which does not appear to me to be of relevance. It is focused more or less on the issue of SAPs at a regional level. I do however agree with a good deal of Section 6, the final one of the paper. It seeks to review the several views concerning the path that regional integration in Africa should take. I certainly do not share the views of those who advocate the relevance of the Asian experience to Africa. They say that in the case of Asia, there are no formal institutions which have been adopted. But from what I have said earlier about the rationale for economic integration in Africa, this should really not be considered. On the other hand, I entirely agree with the view which rejects the market integration approach because it is completely inappropriate to the African situation. There is little purpose in liberalising trade when the parties have nothing to exchange. Regional integration, *inter alia*, must create the basis for trade, otherwise market integration will merely be for promoting non-African goods and services. In this case, where are we? Are we then following the colonial pattern? Because if we are talking about integration, we should be in the position to create goals for ourselves and then make it work in terms of infrastructure and in terms of horizontal linkages among the African countries.

I'm not saying that trade is not important. Trade has a role to play in making available products to where demand actually exists. But if supply, that is, production and infrastructure, for transportation of goods do not exist or not at the appropriate level, then trade facilitation mechanisms operate in a vacuum.

One interesting question is whether we should replicate NAFTA, that is African countries joining Europe, and so on. Nobody would actually propose that we in Africa should replicate Mexico by joining the European Union. The Lomé Convention comes out quite clearly that we have got nothing. The record of the Lomé Convention is very poor; if you read the mid-term review of Lomé 4, it comes out clearly that we in Africa have reached a point where we have to reconsider this whole question of the

Lomé Convention. It has not solved any of our problems. In fact it is making us to be poorer and I am prepared to challenge anybody who feels that we are gaining anything from the Lomé Convention.

So the conclusion to which my comments lead is that although the authors have made a commendable attempt to present the state of the art of regional integration in Africa, there are a few substantive areas which need to be developed to complement the paper. On the whole, an important lesson that one would need to learn from this paper is that if regional integration is to be a basic element of an encompassing development strategy in Africa, then the priority sectors of this strategy ought to be spelt out and mutually developed. For it has become quite evident that perseverance with the present schemes will serve only to undermine the credibility of regional and continental organisations. I am afraid that it will undermine the prospect of a more limited form of regional cooperation, which seems to offer the best hope of circumventing the constraints that Africa faces in pursuing the legitimate goal of greater self-reliance.

Surely, it is high time to rethink strategy towards effective regional integration in Africa and focus attention on the broader aspects of this strategy. Perhaps what we in Africa need to constantly bear in mind is that with the rapid changes taking place in the world – in particular, the emergence of trading blocs, which threaten to marginalise Africa – the sub-regional and regional economic cooperation and integration schemes should be considered as essential keys to a collective self-reliance, self-sustainment, self-improvement, mutual understanding and cooperation, and the joint planning for the future. We in Africa must learn how to use these keys without hesitation and without delay.