IMPLICATIONS OF MOBILISING AFRICAN RESOURCES FOR DEVELOPMENT THROUGH TRADE

A PRESENTATION AT THE AFRICAN BAR ASSOCIATION CONFERENCE, NAIROBI KENYA
22 – 27 JULY 2018

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By

***JAMES OKOH*[*] AND IKEMEFUNA STEPHEN NWOYE*[†]**

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[*] LL.M (Lagos) Notary Public - Head of Practice, Fidelis Oditah & Co. Lagos, Nigeria.

[†] LL.M (NYU, New York) - Fidelis Oditah & Co. a member of the firm's Corporate Finance and Dispute Resolution Practice Groups.

I. Introduction

The allocation of material and human resources to achieve developmental objectives is at the centre of policy formulation and implementation in government circles across Africa. A continent of over 1 billion people faces great economic challenges and it also holds potential for real business opportunities and economic growth if properly harnessed. Development challenges in Africa ranges from geometric population increase, high level of poverty, high mortality rate, environmental deterioration, recurrent trade imbalances and infrastructural deficits. These developmental challenges require enormous human and material resources to solve; and access to capital is an important determinant of the prospects for development in the continent. Much is dependent on each country's ability to build essential infrastructure, strengthen social services delivery and promote productivity, competitiveness and trade.

There is no denial that African countries are more likely to trade with countries beyond the continent. The reason for this heavy dependence on international trade is not far-fetched. International trade is an important source of foreign exchange needed for domestic sustenance or to import the intermediate goods required by local industries.[1] Other factors accounting for the dependence of African countries on trade with countries outside the continent include: reduction in tariff barrier to trade; developments in information and communication technologies which reduced the transaction costs associated with trade; a global paradigm shift from trade protectionism as a development strategy to trade as an engine of economic growth and the increasing roles of large developing countries in the global economy.[2]

Interestingly, the role of international trade in African economies has been accompanied by significant growing trade and current account deficits in many countries on the continent. There are concerns that the increasing current account deficits will

[1] Nicole Moussa, *Trade and Current Account Balances in Sub-Saharan Africa: Stylized Facts and Implications for Poverty*, UNCTAD Trade and Poverty Series No.1 (2016).1.
[2] *Ibid.,*1.

increase Africa's future debt burden and make the continent vulnerable to financial crisis. Experience has shown that growing current account deficits often presage disruptive economic trends such as sudden stops in capital flows, severe decrease in credit; spending and sharp economic slowdowns, which generate high unemployment and poverty.[3]

However, the best route for realising Africa's growth potential is often overlooked, which is Africa's ability to trade and do business with itself. It is often stated that there are two main reasons advanced for why countries trade with each other. The first is economics and the second is peace and security.[4] Trade is a necessary, but not a sufficient condition for growth in the continent. No nation has experienced sustained economic growth by closing itself off from trade and investment.[5] When nations grow, the populace also gains. This is the case even when the distribution of growth gains (i.e. equity distribution) within a country does not change. It is widely acknowledged that the effects of trade on poverty could be even more far reaching if barriers were further reduced or eliminated entirely. Thus, African countries need to adopt the proper trade and investment policies including the reduction of their own barriers to trade. In fact, the reduction of African's countries barrier to trade would have as large an effect on African countries as would the removal of barriers by more developed economies. If Africa is going to capitalise on this base, it needs to work together on its future which is anchored on further regional integration and trade liberalisation. Centre to intra-African trade is the recently concluded African Continental Free Trade Agreement (AfCFTA), which seeks to provide a single continental market for goods and services as well as a customs union with free movement of capital and business travelers.

This paper seeks to explore how various governments across Africa, aid agencies, foreign donors and developmental institutions can mobilise African resources through trade in goods, services, protection of intellectual property, so as to raise the required capital needed for development. It examines the present state of Africa's trade imbalances and developmental needs. It also considers some of the resultant benefits

[3] *Ibid.,*
[4] Simon Lester et.al., *World Trade Law Text, Materials and Commentary* (Hart Publishing, 2012), 12 – 13.
[5] *Ibid.,*13.

and detriments (if any) of domestic, regional (Regional Economic Communities) and continental trade arrangements on Africa's quest for development. The essay further evaluates the various ways these trade communities can be mobilised to provide the desired resources required for development.

II. The State of Africa's Trade Imbalances and Developmental Deficits

A. Africa's Balance of Trade

At the beginning of the last decade, it was reported that Africa has been marginalised from world trade. Africa's share of world exports has dropped by nearly 60% from 3.5% in 1970 to 1.5% by the end of the 1990s.[6] This dramatic decline in Africa's export market share represents a staggering income loss of $70 billion annually; an amount equivalent to 21% of the region's GDP and to trade performance has been closely linked to the low growth of per capita incomes in the region.[7] Africa's goods trade with the rest of the world increased from $197billion in 1995 to $852billion in 2015. This quantum rise reflects an expansion of imports and exports. Africa's purchase of goods from the rest of the world expanded 4.7times over that period, while the continent's total export quadrupled.[8] Until 2013, the advanced economies were Africa's main trading partners. In a major change, from 2014, more than half of the continent's trade with the rest of the world was with emerging and developing economies. This diversification revolution was, however not matched by changes to the variety of products that Africa sells. Expanding the continent's export baskets to include more processed and manufactured products remain a challenge.[9] African countries are mono-cultural primary producers with most of them producing similar goods, they suffer from non-complementarities of produce; hence they are unable to trade significantly amongst one another and thus target the same external market.[10]

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[6] World Bank. *Assistance for Trade in Africa* http://web.worldbank.org/archive/website00276E/WEB/WB_ASSIS.HTML (accessed on 17 April 2018).
[7] *Ibid*.
[8] African Economic Outlook Report 2017. 76. https://read.oecd-ilibrary.org/development/african-economic-outlook-2017_aeo-2017-en#page77 (accessed on 23 April 2018).
[9] *Ibid*.
[10] Kingsley Chiedu Moghalu, "*Emerging Africa*" (Penguin Books, 2014) 286.

Africa's economy at a glance

	Sub-Saharan Africa		North Africa	
GDP per capita	$3,260 USD		$10,726 USD	
GDP growth rate (2005-2014, average)	5.8% average		4.0% average	
Informal employment	70%		62%	
Middle class ($10-$50/day)	2001: 3.4%	2011: 3.9%	2001: 15.5%	2011: 22.0%
Poverty rate ($2/day)	2001: 75%	2011: 70%	2001: 25.2%	2011: 21%

Sources: IMF WEO 2016; ILO, 2016; AfDB, 2013; PEW, 2015

In the case of Sub-Saharan Africa (SSA), one needs to bear in mind that openness to trade (as measured by the ration of export plus imports over GDP) has significantly increased in all the world's regions at least during the last three decades, and SSA is no exception: its average trade ratio increased from 37% in the period 1981-1990 to 51% in 1991 - 2000 and 63% between 2001 – 2013.[11] SSA has been more open to trade in the past decade compared to the 1980s. It is also more open to trade than some developed economies, Latin America and the Caribbean, but less open to trade than Asia. Within SSA, there is a wide variation in trade ration across countries, ranging from 35% in the Central Africa Republic to 251% in Liberia.[12]

[11] Moussa, "*Trade and Current Account Balances in Sub-Saharan Africa.*" 2.
[12] *Ibid*. 7.

The destination of SSA's exports changed substantially; trade flows with advanced economies, which represented closed to 90% of exports in 1995, fell in the wake of the global crisis. Meanwhile, new trade partnerships were forged with emerging markets such as Brazil, China and India.[13] Trade patterns, however are extremely heterogeneous across the region. In fact, while the export-to-GDP ratio has more than doubled for resource-rich non-oil exporters over 1995 – 2013 with South Africa accounting for about two-thirds of that increase – it has stagnated for non-commodity exporters as a group and even dropped for oil exporters.

An IMF World Economic Outlook Report for Africa shows that SSA GDP per capita is USD$3,260 with a growth rate average of 5.8% (2005 – 2014, average). Informal employment stood at 70%. Middle class lived on $10 - $50/day; while poverty rate stood at $2/day. This contrasts with North Africa with a GDP per capita of USD$10,726 with GDP growth rate of 4% (2005 – 2014, average), informal employment which stood at 62%; while middle class lived on $10 - $50/day with poverty rate at $2/day.[14]

Except for some African countries endowed with mineral resources, most African States depend heavily on agriculture and revenue derived from it. In general, the values of agricultural imports to and export from Africa are only small portions of the world's total agricultural trade. For instance, between 2005 – 2007, African agricultural imports and exports each represented less than 5% of the world's agricultural imports and exports.[15] The dismal performance of African agricultural trade reflects the high levels of internal and external trade barriers despite the continent's vast agricultural potential. The level of African intra-trade in agriculture and food products is low in comparison with its total trade volume. It was reported that between 2004 – 2007 only one-fifth of African food exports was done within the continent, whereas 88% of Africa's

[13] Celine Allard *et al*., *Trade Integration and Global Value Chains in Sub-Saharan Africa: In Pursuit of the Missing Link* - IMF(African Department) https://www.imf.org/external/pubs/ft/dp/2016/afr1602.pdf. (accessed on 23 April 2018).
[14] IMF World Economic Outlook Report 2016 *see* Figure 1 above.
[15] Manitra A. Rakotoarisoa et al., *Why Has Africa Become A Net Food Importer? Explaining Africa Agricultural and Food Trade Deficits* – Trade and Market Division (Food and Agriculture Organization of the United Nations Rome, 2011) 7.

total agricultural imports originated from outside the continent.[16] However, the share of intra-trade of food over the total food trade varied greatly among commodities and was high in some cases. Cereals, live animals, meat and dairy products were the most intra-exported food products representing 67%, 61%, 58% and 55% respectively out of Africa's total exported food products. Conversely, 92% of the export of fruits and vegetables, 90% of coffee, cocoa and tea and 89% of spice went outside the continent. Likewise, the most intra-imported products were coffee, cocoa and tea (41% in total) and spices (29%). While some African countries have been importing their cereals, oils and fats and dairy products from other African countries, such intra-imports have remained less than 10% of Africa's total imports for these products; the rest, about 90%, has to be imported from outside the continent, especially from North America and from Europe. Africa's main agricultural import origins and export destinations have been the European Union and Asia especially China, India and Japan.[17]

In the case of natural resources, the African continent is home to an abundance of natural resources that include diamonds, gold, oil, natural gas, uranium, platinum, copper, cobalt, iron, bauxite, silver and more. From West Africa to South Africa and everywhere in between, there are massive quantities of natural resources contained within the continent's interior.[18] The natural resources in Africa are used practically in many industries and in many countries every day industries including manufacturing, energy, medical and infrastructural development. The natural resource economy of Africa greatly contributes to the buildings and structures constructed on the continent. Besides local use, some of the largest infrastructural projects are linked to the trade of resources like oil and minerals; and large quantities of natural resources are exported to other countries. Metals exported from Africa include uranium, platinum, nickel, bauxite and cobalt. Two of the most profitable mineral exports are gold and diamonds. The continent can produce close to 500 tons of gold a year and is responsible for a large percentage of the world's diamonds.[19] Oil and mineral exports are the dominant, if not

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[16] FAOSTAT, 2011, COMTRADE, 2010 Chart relied on in Manitra A. Rakotoarisoa et al., *Why Has Africa Become A Net Food Importer?*

[17] *Ibid*.,

[18] Natural Resources in Africa available at https://www.miningafrica.net/natural-resources-in-africa/ (accessed on April 19, 2018).

[19] *Ibid*.

sole source of revenue to finance development and expenditure in some African countries. Over-dependence on oil revenue held back meaningful development initiatives in non-oil sectors in the major exporting countries in Africa.[20] The strong link can be seen in fiscal and external positions of countries reliant on the oil sector. In 2015, Africa's oil exporters experienced a much deeper deterioration in their fiscal deficit to 7.4% relative to 4.2% from their net importing counterparts.[21]

From an African perspective, chronic and increasing trade deficits can be considered as having different implications. The inability of domestic firms to boost productivity and compete with foreign firms has resulted in chronic trade deficits. In this case, especially in the context of trade liberalisation, this does not only limit the capacity of export, but also constrains the development of import-competing industries, which increases import dependence and thus unemployment and poverty. Trade deficit can also result from a country investing in physical capital (through import of intermediate goods) and building productive capacity, which has the potential of boosting employment and reducing poverty, provided investments are effective and allocated to job-creating activities.[22]

Despite the substantial trade expansion, export diversification remains a challenge for Africa. The concentration of export in few commodities and sectors limits trade potential undermines the capacity to create jobs and increase exposure to global economic shocks.[23]Export expansion and diversification are essential if African economies are to grow and Africans are to have a chance to earn better livings. In many African economies, efforts to initiate export diversification have not achieved much success. There is no strong momentum for structural transformation. The production and trade concentration has left the continent vulnerable to global troubles and commodity price shock. It has been suggested that domestic reforms are essential for accelerating growth and poverty reduction in Africa. Particularly important for Africa are:

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[20] See Ikemefuna Stephen Nwoye, "Nigeria Sovereign Wealth Fund: A Road Map to Avoid the Oil Curse," *Social Science Research Network (SSRN)* https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2926661. The over-dependence of Nigeria and some countries on oil and resource revenue was extensively discussed.

[21] AEO Report 2017. 77.

[22] *Ibid.*

[23] *Ibid*.

reducing tariffs and tariff escalation on agricultural products and labor-intensive manufactures; eliminating trade-distorting agricultural subsidies; preferential market access for African exports; access to affordable imported medicines; reasonable international product standards; and restraints on monopolies/cartels in international aviation and maritime services.[24]

B. **Africa's Development Deficits**

Africa's developmental needs are enormous, and years of poor governance has impacted most economies in the continent. However, there are still prospects for growth and development if well harnessed. A report shows that over 200 million Africans entered the consumer goods market in 2015. Banking and telecommunications are growing rapidly too, and infrastructure expenditures are rising significantly faster in Africa than in the world as a whole.[25]

The Banking sector is very critical to Africa's development, particularly as it relates to providing the requisite medium and long-term finance. Almost 50% of the growth at Africa's banks came from portfolio momentum – the market's natural increase – compare with only about 17% from inorganic (or M&A driven) sources. Underpinning this portfolio momentum is strong overall market expansion; the financial sector is outgrowing GDP in most of the continent's main markets. Between 2000 and 2008, for example, Kenya's GDP grew by 4.4% annually, its financial sector by 8.5%. The only significant exception is Egypt, where regulatory restrictions have limited the sector's growth to only 2.3% annually compared with 4.8% for GDP.[26] M&A activity has also improved productivity as smaller less efficient institutions are being acquired by large ones. From 2004 to 2009, some 430 M&A deals involved financial institutions in Africa and about 40% were cross border, with the acquirer originating elsewhere in Africa or outside it. Although lower growth is expected in the African banking sector in the next few years, attractive opportunities remain—expanding current product offerings, increasing product penetration, bringing the unbanked into the financial system, and capitalizing on the

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[24] World Bank,*Assistance for Trade in Africa.* 1.

[25] Mckinsey & Company, "Africa's path to growth: Sector by Sector" https://www.mckinsey.com/global-themes/middle-east-and-africa/africas-path-to-growth-sector-by-sector (accessed on April 23 2018).

[26] *Ibid.*

rise of a new consumer class by developing innovative service and channel offerings. Banks have employed several strategies to capture this growth.[27]

From 2005 to 2008, consumer spending across the continent increased at a compound annual rate of 16%, more than twice the GDP growth rate. GDP *per capita* rose in all but two countries. In Nigeria, for example the collective buying power of households earning $1,000 to $5000 a year doubled from 2000 to 2007, reaching $20billion. Nearly seven million additional households have enough discretionary income to take their place as consumers.[28] Many local and multinational consumer companies are already thriving in Africa and delivering handsome returns to their shareholders. To succeed, consumer companies must address five major challenges. These challenges are heterogeneous market structure, low affordability levels, underdeveloped distribution and route to market, nascent categories and talent shortages.[29]

Africa is characterised by an infrastructural deficit, a situation that remains critical. In fact, across the continent 319million people are living without access to improved reliable drinking water sources, 619million people are living without basic sanitation access, only 34% have road access and 620million people don't have access to electricity (sub–Saharan Africa).[30]These insufficient infrastructure networks across the continent have limited cross-border flows of trade, capital, information and people, drastically affecting Africa's growth and broader development performance and regional integration.[31]

In the area of health, sub-Saharan Africa experiences sparsity of funds, with few countries able to spend the $34 - $40 a year per person that the World Health Organisation considers the minimum for basic healthcare.[32] And despite widespread poverty, an

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[27] *Ibid.*

[28] Reinaldo Fiorini and Bill Russo, Consumer goods: Two hundred million new customers in Mckinsey and Company, "Africa's path to growth: Sector by Sector".https://www.mckinsey.com/global-themes/middle-east-and-africa/africas-path-to-growth-sector-by-sector (accessed on April 23 2018).

[29] *Ibid.,*

[30]Landry Signe, "The road for fixing Africa's Infrastructure Deficit" *Brookings* https://www.brookings.edu/blog/africa-in-focus/2017/11/16/the-road-ahead-for-fixing-africas-infrastructure-deficit/ (accessed on 3 April 2018).

[31] *Ibid.,*

[32] IFC Health & Education Department Report – Health Care in Africa: IFC Report Sees Demand For Investment at

astonishing 50% of the region's health expenditure is financed by out of pocket payment from individuals. Foreign aid and funds from donor agencies has led to the achievement of commendable success in the fight against HIV/AIDS, tuberculosis and malaria. However, the continent still lacks the infrastructure to deliver health care and faces a shortage of trained medical personnel.[33] An IFC Report estimates that over $25 - $30 billion in new investment will be needed to meet Africa's health care demands. Presently, the private sector already delivers about half of Africa's health products and services. These private providers, including for profit and not-for-profit enterprises also fill an important medical need by offering products and services that are not otherwise available, such as advance medical equipment and procedures and higher-quality services.[34] Opportunities for investment over the next decade abound and these include more hospitals, better production facilities and distribution/retail systems for pharmaceuticals and medical supplies and well trained medical personnel.[35] Meeting these demands can deliver strong financial returns and has an enormous potential for development impact, by expanding access to health services for the poorest people and reducing the financial burden on governments.

The evidence of an infrastructure gap is hard to deny. The next question should then be how much Africa needs to allocate to the sector to meet its growth and social targets. Between 1998 and 2007, spending on African's infrastructure rose at a compound annual rate of 17% – up from $3billion in 1998 to $12billion in 2008, significantly outstripping the growth of global infrastructure investment.[36] While this growth has been substantial, the size of the investment gap that must be closed if the continent is to realise the United Nations' Millennium Development Goals is more than $180billion for sub-Saharan Africa alone (2007–14). Governments and the private sector must therefore substantially increase their infrastructure spending. For Nigeria, which aims to be among the world's top 20 economies by 2020, reaching the same infrastructure levels that Brazil has

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www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/healthafricafeature (accessed on May 14 2018).

[33] *Ibid.*

[34] *Ibid.*

[35] *Ibid.*

[36] Rod Cloete *et al*, Infrastructure: A Long Road Ahead in Mckinsey & Company, "Africa's path to growth: Sector by Sector". https://www.mckinsey.com/global-themes/middle-east-and-africa/africas-path-to-growth-sector-by-sector (accessed on April 23 2018).

today would require investments in excess of $190billion—60% of today's GDP—or an additional 3% of GDP for the next 20 years.[37]

The means of transporting goods and human resources around the continent are in a poor and obsolete condition and in some countries non-existent. However, transport infrastructure is not even the region's biggest problem, keeping the electric bulb on is. For decades, access to energy has been a serious challenge in Africa. 600 million Africans are not connected to an electrical network.[38] The majority of countries in SSA still experience regular power outages, which of course contribute to low productivity of many firms.[39] Twenty-five of the 55 countries including Nigeria, South Africa, Ghana and Senegal deal with frequent power crises characterized by outages, irregular supply and surging costs.[40] Companies operating in most African countries where power supply is unreliable have resorted to purchasing diesel-operated power generators, which increase operating costs drastically.[41]

A number of recent initiatives signal that major improvements may be underway. The impetus to act is driven by the benefits Africa can reap by investing in electrification. Such benefits go far beyond direct job creation in energy infrastructure as important as that is.[42] Growing demand for electricity across Africa along with a more conducive environment for public-private partnership (PPPs) are raising developers' interest. Electricity demand is currently growing at 6% per year and will likely exceed GDP growth until 2040.[43]

In having any meaningful discussion on development, much is dependent on human capital development and Africa is no exception to this rule. It is only with the support of a productive, skilled and entrepreneurial labour force that Africa will be able

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[37] *Ibid.*

[38] Bakary Traore *et al*., "Electricity for All in Africa: Possible?" Africa Economic Forum www.africaneconomicoutlook.org/en/news/blogs/Electricity-for-all-in-Africa-Possible (accessed on May 14 2018).

[39] Chiponda Chimbelu, "Poor infrastructure is key obstacle to development in Africa" http://www.dw.com/en/poor-infrastructure-is-key-obstacle-to-development-in-africa/a-15264436 (accessed on April 3 2018).

[40] Bakary Traore "*Electricity for All in Africa*" 32.

[41] Chiponda Chimbelu, *"Poor Infrastructure"* 33.

[42] Bakary Traore "*Electricity for All in Africa"* 32.

[43] *Ibid.*

to harness its demographic dividends.[44] A 2017 African Economic Outlook (AEO) Report indicates that 18 African countries have medium to high levels of human development, multidimensional poverty fell in 30 out of 35 African countries, the largest human development gap due to inequality is in West Africa, education levels are improving across the continent and the gender gap is narrowing.

Education particularly post-primary education from the age of about 12 – is a critical dimension of human capital development and fundamental to harnessing the demographic dividend. A 2017 World Bank Report shows that some African governments already invested at considerably higher level than the average demonstrating the high priority attached to human development, even during a period of fiscal austerity. Public expenditure on education is up to 9.2% of the national GDP (in Lesotho for example), while public expenditure on education is above 6% of GDP in Ghana, Malawi, Morocco, Mozambique, South Africa, Nigeria, Swaziland and Tunisia. However, many African countries continue to spend far less.[45]

Unemployment remains a challenge for the continent. High unemployment reduces the level of decent income that can be generated and weakens diversity of livelihoods in an economy. Unemployment across Africa is high, particularly in middle-income countries reaching up to 50% in some other countries. With rapid population growth, this is an urgent challenge: without diversified, productivity-driven and broad-based growth, Africa will continue to create fewer jobs than there are new entrants to the labour market.[46] For young people, the lack of jobs is most pressing challenge. Despite their improved education, young Africans still suffer from a lack of employment skills as well as limited access to financial assets to start their own business. This mismatch between the education curriculum and labour market needs – the lack of skill content of the education system – is a major factor. As a result, they suffer disproportionately from high unemployment. Given current demographic trends, the youth employment challenge will only become more critical.[47]

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[44] AEO Report 2017. 98.
[45] AEO Report 2017.104.
[46] *Ibid.,*109.
[47] *Ibid.,* 110.

Despite the sobering picture, there is potential for a demographic dividend. By 2050, Africa's population (currently 1.2 billion people) is projected to be more than double. This entails a sharp increase in youth population – by 2050, Africa will be home to 38 of the 40 youngest countries in the world, with median populations under 25 years of age (United Nations Population Division, 2015). As a result, the labour market will grow with an estimated 12 million new people joining the labour force each year. The AEO Report points out that the demographic challenge of ensuring adequate human development and employment opportunities for the youth bulge is both Africa's biggest opportunity and the biggest threat to its stability and growth prospects. A large labour force can help to propel Africa's economic transformation by enabling it to compete successfully for labour intensive industries like textiles. On the other hand, if young people are not given opportunities to work and improve their standard of living, it may present a real threat to social and political stability – particularly in rapid growing urban areas. The amount invested in providing human development services for young people, particularly their education and skills, will help to determine whether Africa is able to harness the demographic dividend rather than risk a demographic time bomb.[48]

III. The Role of Economic Communities

Realising the immense benefit of trade, African countries are increasingly accepting the virtue of regional co-operation and integration as a strategy to help them achieve robust and self-sustaining economic recovery and growth and thereby become an important and effective player in the global economy. Through this process, the continent has sought to pool its capacities, endowments and energies together to transform itself, and thereby uplift the lives of the billions of its people.[49] To this end, African countries and governments through the regional economic communities (RECs) and the Africa Union (AU) are tenaciously trying to pursue the process of integration along a roadmap of establishing Free Trade Areas, Custom Union and Common Markets. Eventually these efforts are expected to converge to a continent where economic, monetary, fiscal, social and sectoral policies would be totally integrated or

[48] *Ibid.,* 112.

[49] United Nations Economic Commission for Africa.*Assessment of Regional Integration in Africa (ARIA II): Rationalization of Regional Economic Communities* Concept Paper repository.uneca.org/bitstream/handle/10855/18726/Bib-50193%20n.pdf?sequence=1 (accessed on May 14 2018).

become uniform among all countries. Through the wider economic and market space thus engineered, Africa can hope to strengthen its economic independence and empowerment *vis-à-vis* the rest of the world.[50]

The key pillars of Africa's regional integration are trade and market integration. The main objective of pursuing trade and market integration in Africa is to boost intra-African trade and investments. When trade flows are faster and more cost-effective, business and consumers in the regions benefit as it creates employment, industrial linkages, economic diversification and structural transformation that, by extension, generate sustainable development on the continent.[51] Other pillars are macroeconomic policy convergence, free movement of persons, peace, security, stability and governance; and harmonisation of sectoral policies.

In terms of harmonisation of sectoral policies, one area that stands out is the harmonisation of the business law of some African countries by the creation of the Organisation for the Harmonisation of Business Law in Africa (OHADA) in 1993.[52] OHADA was created with the objective of fostering economic growth and development through the creation of uniform bodies of law that will bring about predictability in the laws applicable to business transactions involving parties from Member States.[53] OHADA includes nine validated Uniform Act: General Commercial Law, Commercial Companies and Economic Interest Groups, Secured Transactions Law, Debt Resolution Law, Insolvency Law, Arbitration Law, Harmonisation of Corporate Accounting, Contract for Carriage of Goods, Cooperatives Companies Law.

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50 *Ibid.,*1.

51 African Union Commission, African Development Bank and ECA, Africa Regional Integration Index Report 2016.http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/A.... (accessed April 30, 2018).

52 OHADA General Overview - http://www.ohada.org/index.php/en/ohada-in-a-nutshell/general-overview (accessed on June 5 2018)

53 The seventeen (17) Member States of OHADA are Benin, Burkina Faso, Cameroon, Central African Republic, Côte d'Ivoire, Congo, Comoros, Gabon, Guinea, Guinea Bissau, Equatorial Guinea, Mali, Niger, the Democratic Republic of Congo (DRC), Senegal, Chad and Togo.

A. Regional Economic Communities

Africa's current integration landscape contains an array of regional economic communities (RECs), including eight recognised as the building blocks of the Africa Union. These RECs are: **Arab Maghreb Union (AMU), Community of Sahel-Saharan state (CEN-SAD), Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Economic Community of Central African States (ECCAS), Economic Community of West Africa States (ECOWAS), Inter-governmental Authority on Development (IGAD), Southern African Development Community (SADC).**

These RECs are expected to serve their Member States with the implementation of the regional integration agenda, where the concept of good faith and the resultant observance of treaty obligations are the basis on which Member States must make regional integration decision as well as ensure their performance and implementation.[54]For historical, political or economic reasons, Member States are usually members of more than one REC.

Arab Maghreb Union[55]

The Arab Maghreb Union was founded on February 17, 1989 when the founding treaty of the AMU was signed by the five Heads of State in Marrakech. The members of the AMU are the so-called "Arab Maghreb" countries namely Algeria, Libya, Morocco, Tunisia and Mauritania. The consultative treaty of the AMU set the following objectives:

i) Consolidation of the fraternal relation which bind the Member States and their peoples; achieving the progress and well-being of their communities and defending their rights;

ii) Progressive realization of the free movement of persons in services, goods and capital between the Member States;

[54]United Nations Economic Commission for Africa, "Regional Economic Communities" https://www.uneca.org/oria/pages/regional-economic-communities (accessed on May 14 2018).

[55] The Official website of the AMU is www.umagrebarabe.org/?=en.

iii) The adoption of a common policy in all areas. In economic matters, the common policy aims to ensuring the industrial, agricultural, commercial and social development of the Member States.

With a view to eventually establishing a Maghreb Economic Union between the five Members States, the following steps have been set:

i) The establishment of a free-trade area with the dismantling of all tariff and non-tariff barriers to trade between member countries;

ii) The customs union to establish a unified custom area with the adoption of a common external tariff vis-à-vis the rest of the world;

iii) The common market which must devote the integration of the Maghreb economies with the removal of restrictions on the circulation of factors of production across the national borders of the member countries

A 2016 United Nations Conference on Trade and Development statistical database shows that the AMU has a total population of 94.2million people with a GDP of US$425.7billion, GDP per capita of US$4518. According to the UNCTAD Report, total imports during this period stood at US$150.9billion and total export at US$126.8 billion. It is important to point out that trade between the AMU countries is often "state-directed trade" where national governments arrange for one-time or ongoing shipments, rather than trade being arranged by the economic operators themselves in each country.[56] The region's potential is enormous, especially if its countries can work together. However, trade between the Maghreb countries represents just 4.8% of their trade volume according to the United Nations Economic Commission for Africa – and it represents less than 2% of the sub-region's combined GDP, according to the World Bank. This region is one of the lowest-performing trading blocs in the world.[57]

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[56] USAID East Africa Trade and Investment Hub – Working Paper on Trade Information Systems in Africa.,22.https://d3n8a8pro7vhmx.cloudfront.net/eatradehub/pages/3623/attachments/original/1505906392/Trade_Information_Systems_Working_Paper.pdf?1505906392.(accessed on May 16 2018).

[57] Wadia Ait Hamza, The Maghreb Union is one of the World's Worst Performing Trading Blocs. Here are five ways to change that .*World Economic Forum*www.weforum.org/agenda/2017/06/five-ways-to-make-maghreb-work/ (accessed on May 16 2018).

Rather than focus on the problems or even their roots – whether ideological or economical – the Maghreb countries should look at solutions. These solutions include learning from integrated regions such as the Europe Union, the Gulf Countries or the Economic Community of West Africa States, all of which can be seen to some extent as successful cases of regional integration.[58] The recommended areas of co-operation are – implementing the free movement of goods, people, services and capital; security cooperation; promoting made in the Maghreb; cooperation with the south; political integration etc.

Trade between members of the Maghreb can help each other on many levels. Algeria and Libya are resource-rich countries that can supply the needs of their neighbours. Tunisia and Morocco are agricultural and services countries and can answer the needs of their fellow Maghreb countries before they even think of exporting to Europe.[59] At an external level, the five countries should export as a bloc. Replicating the cooperation achieved in the energy sector-where for example, Morocco pumps in electricity from Algeria on Fridays and pumps it back on Sundays (Friday is day off in Algeria, whereas Sunday is a working day) would go a long well in achieving the aims and objectives of the economic community. In addition to this step, the borders between Algeria and Morocco – the region's two largest countries – which have been closed since 1994 needs to be opened. It is a logistics nightmare that goods need to transit between these neighbours *via* the French Port of Marseilles when they could simply crossover by land. An effective and integrated infrastructure between the countries, especially railways and roads, will be fundamental to the success of this objective – and it cannot be successful of course, without the lifting of tariffs, trade barrier and quotas in order to have a truly single market[60].

Community of Sahel-Saharan States[61]

The Community of Sahel Saharan States (CEN-SAD) was established on 4 February 1998, following the Conference of Leaders and Head of States held in Tripoli,

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[58] *Ibid.*
[59] *Ibid.*
[60] *Ibid.*
[61] The official website of the CEN-SAD is http://www.cen-sad.org.

Libya. The members States of CEN-SAD are: Benin, Burkina Faso, Central African Republic, Chad, the Comoros, Cote d'Ivoire, Djibouti, Egypt, Eritrea, the Gambia, Ghana, Guinea-Bissau, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, Senegal, Sierra Leone, Somalia, the Sudan, Togo and Tunisia. The following thirteen (13) Member States have ratified the revised Treaty: Mali, Morocco, Niger, Sudan, Burkina Faso, Cote d'Ivoire, Djibouti, Eritrea, Guinea, Benin, Chad, Senegal and Togo.

The first treaty, the Treaty Establishing the Community of Sahel-Saharan States, specified the following objectives:

i) Establishing of a comprehensive Economic Union based on a strategy implemented in accordance with a developmental plan that would be integrated in the national development plans of the Member States. It includes in the agricultural, industrial, social, cultural and energy fields.

ii) Elimination of all obstacles impeding the unity of its Member States through adopting measures that would guarantee the following: facilitating the free movement of individuals, capital, and meeting the interest of Member States citizens; freedom of residence, work, ownership and economic activity; freedom of the movement of national goods, merchandise and services; encouragement of foreign trade through drawing up and implementing an investment policy for Member States; enhancement and improvement of land, air and sea transportation and telecommunications among Member States through the implementation of joint projects; and the consent of the community Member States to give the citizens of Member States the same right and privileges provided for in the constitution of each Member State.

iii) Coordination of pedagogical and educational systems at the various educational levels, as well as in the cultural, scientific and technical fields.

These objectives were given a new focus by the revised Treaty that emphasised two areas of deepened cooperation, namely: regional security, and sustainable development.

As at the end of 2016, the CEN-SAD had a population of 553million people, a GDP of $1,350.7billion and a GDP *per capita* of $1,363.8. The value of the total import for the CEN-SAD during this period was $312.1billion and total exports $244.3billion.[62] Given that one of the purposes of CEN-SAD is to move closely integrate countries bordering on one of the largest deserts of the world, a traditional caravan route where camels are still a viable mode of transport, it is safe to say that the official figures greatly underestimate the flow of goods and services crossing intra-CEN-SAD borders. The community has trade liberalisation objectives enshrined in its treaty, particularly dealing with the elimination of non-tariff barriers, along with a proposed free trade area. The CEN-SAD has also made progress towards integration through the creation of an investment bank, the Sahel-Saharan Bank for Investment and Commerce. The Bank is expected to finance development projects/infrastructure. Significant progress and has been made in trade link between CEN-SAD members. CEN-SAD's share of internal trade ranks third (about 13% of both exports and imports) in Africa.[63]

However, the CEN-SAD FTA is hampered by political instability in several countries, as well as overlapping membership in different RECs which can be said to be a trade-hampering aspect of Africa's "spaghetti bowl".[64]

Common Market for Eastern and Southern Africa[65]

The Common Market for Eastern and Southern Africa (COMESA) was formed in December 1994 to replace the former Preferential Trade Area (PTA) from the early 1980s in Eastern and Southern Africa. COMESA was created to serve as an organisation of free independent sovereign States that have agreed to cooperate in developing their natural and human resources for the good of all their people In this context, the main focus of COMESA has been on the formation of a large economic and trading unit to overcome trade barriers faced by individual States. The objectives of COMESA reflect its priorities to promote sustainable economic development:

[62] The UNCTAD Statistical Database (2016).
[63] Economic Commission for Africa," Assessing Regional Integration in Africa", (Addis Ababa: ECA 2004). 94.
[64] USAID East Africa Trade and Investment Hub – Working Paper 22 -23.
[65] The official website of the COMESA is http://www.comesa.int/.

i) to attain sustainable growth and development of the Member states by promoting a more balanced and harmonious development of its production and marketing structures;

ii) to promote joint development in all fields of economic activity and the joint adoption of macro-economic policies and programmes to raise the standard of living of its peoples and to foster close relations among its Member States;

iii) to cooperate in the creation of an enabling environment for foreign, cross border and domestic investment including the joint promotion of research and adaptation of science and technology for development;

iv) to corporate in the promotion of peace, security and stability among the Member States in order to enhance economic development in the region;

v) to co-operate in strengthening the relations between the Common Market and the rest of the world and the adoption of common positions international fora; and

vi) to contribute towards the establishment, progress and the realisation of the objectives of the Africa Economic Community.

The UNCTAD Statistical Database (2016) shows that the COMESA has a total population of 492.5 million people, a GDP of $657.4 billion and GDP per capita of $1,335. The COMESA total import for the period was valued at $183billion and export stood at $95billion. It is important to note the creation of institutions to promote co-operation and development, the attainment of a free trade area (in 2000), followed by the launch of a customs union, and increased intra-regional trade are the most remarkable of COMESA's achievements. Nevertheless, non-tariff barriers still slow down trade among Member States.[66]

[66] Nwabufo (Ufo) Okeke Uzodike, The Role of Regional Economic Communities in Africa's Economic Integration Prospects and Constraints in Africa Insight (2009) https://www.ajol.info/index.php/ai/article/view/50997.33.

East African Community[67]

The East African Community (EAC) was originally founded in 1967, dissolved in 1977 and revived with the Treaty for the Establishment of the East Africa Community (the Treaty Establishing EAC) signed in 1999 by Kenya, Uganda and United Republic of Tanzania, Burundi and Rwanda became members in 2007, while South Sudan gained accession in April 2016. Underpinned by their historical links, Kenya, Uganda and United Republic of Tanzania had established strong economic cooperation laying the groundwork for further political, economic and social integration of the EAC Member States.

The aim of EAC is to gradually establish among themselves a Customs Union, a Common Market, a Monetary Union, and ultimately a Political Federation of the East African States. The Treaty establishing EAC stipulates the following principles to enhance policy harmonisation and integration in the EAC region:

(i) The attainment of sustainable growth and development of the partner States by promotion of a more balanced and harmonious development of the partner States.

(ii) The strengthening and consolidation of cooperation in agreed fields that would lead to equitable economic development within the partner States and which would in turn, raise the standard of living and improve the quality of life of their populations.

(iii) The promotion of sustainable utilisation of the natural resources and taking of measures that would effectively protect the natural environment of the partner States.

(iv) The strengthening and consolidation of the long-standing political, economic, social, cultural and traditional ties and associations between the peoples of the partner States so as to promote a people-centred mutual development of these ties and associations.

(v) The mainstreaming of gender in all its endeavors and the enhancement of the role of women in cultural, social, political, economic and technological development.

[67] The official website of the EAC is https://www.eac.int/.

(vi) The promotion of peace, security, and stability within, and good neighbourliness among the partner States.

(vii) The enhancement and strengthening of partnerships with the private sector and civil society in order to achieve sustainable socioeconomic and political development.

(viii) The undertaking of such other activities calculated to further the objectives of the community, as the partner States may from time to time decide to undertake in common.

The EAC has an estimated population of 145.5million with a GDP of US$147,5million as at 2015.[68] The UNCTAD Statistical Database (2016) shows that its total import then was US$40.2billion while total export was US$13.6billion.

Economic Community of Central African States[69]

In December 1981, the leaders of the Customs and Economic Union of Central African States (UDEAC) agreed to form a wider economic community of Central African States. The Economic Community of Central African States was established on October 1983 by members of UDEAC, Sao Tome and Principe and members of the Economic Community of the Great Lakes Countries, Zaire, Burundi and Rwanda. ECCAS was however inactive for several years due to financial constraints, conflicts in the Great Lakes area as well as the war in Democratic Republic of Congo where Member States (Rwanda and Angola) were fighting on different sides. Nevertheless, in October 1999, ECCAS was formally designated into the African Economic Community as one of the eight pillars of the African Union.

The current Member States of ECCAS are: Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda and Sao Tome and Principe. The UNCTAD Statistical Database (2016) shows that the ECCAS has a total population of 158.3million people, a GDP of $257.8

[68] EAC official website Quick Facts - https://www.eac.int/eac-quick-facts (accessed on 20 May 2018).

[69] United Nations Economic Commission for Africa, "Regional Economic Communities" https://www.uneca.org/oria/pages/eccas-economic-community-central-african-states (accessed on 20 May 2018).

billion and GDP *per capita* of $1631.4. The ECCAS total import for this period was valued at $63.7billion and export stood at $108.1billion.

ECCAS aims at promoting and strengthening a harmonious cooperation in order to realise a balanced and self-sustained economic development, particularly in the fields of industry, transport and communications, energy, agriculture, natural resources, trade, customs, monetary and financial matters, human resources, tourism, education, culture, science and technology and the movement of persons with a view to achieving collective self-reliance, raising the standards of living, maintaining economic stability and fostering peaceful relations between the Member States and contributing to the development of the African continent.

The objectives of ECCAS for the purpose of achieving these aims are:

(i) The elimination of customs duties and any other charges having an equivalent effect on imports and exports between Member States;

(ii) The abolition of quantitative restrictions and other trade barriers;

(iii) The establishment and maintenance of an external common customs tariff;

(iv) The establishment of a trade policy *vis-à-vis* third States;

(v) The progressive removal of barriers to the free movement of persons, goods, services and capital and to the right of establishment;

(vi) The harmonisation of national policies in order to promote community activities, particularly in industry, transport and communications, energy, agriculture, natural resources, trade, currency and finance, human resources, tourism, education, culture, science and technology;

(vii) The establishment of a Cooperation and Development Fund;

(viii) The rapid development of States which are landlocked, semi-landlocked, island or part-island and/or belong to the category of the least advanced countries;

(ix) Any other joint activities which can be undertaken by Member States for achieving community aims.

Economic Community of West African States[70]

The Economic Community of West African States was established by the Treaty of Lagos signed by fifteen West African Heads of State and Government in May 28, 1975. The Treaty of Lagos was initially limited to economic cooperation, but emerging political events led to its revision and expansion of scope of cooperation in 1993. Cape Verde joined in 1976 and Mauritania decided to withdraw in 2000 to join the Arab Maghreb Union. The Member States of ECOWAS are: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

The vision of ECOWAS is to promote cooperation and integration, leading to the establishment of an Economic Union in West Africa in order to raise the living standards of its peoples, to maintain and enhance economic stability, foster relations among Member States as well as to contribute to the progress and development of the African Continent. The UNCTAD Statistical Database (2016) Report shows that the ECOWAS has a total population of 339.9million people, a GDP of $716.7billion and GDP per capita of $2130.4 as at 2014. The ECOWAS total import for this period was valued at $113.2billion and export stood at $138.7billion.

The Revised Treaty of ECOWAS states the objectives as:

(i) the harmonisation and co-ordination of national policies and the promotion of integration programmes, projects and activities, particularly in food, agriculture and natural resources, industry, transport and communications, energy, trade, money and finance, taxation, economic reform policies, human resources, education, information, culture, science, technology, services, health, tourism, legal matters;

(ii) the harmonisation and co-ordination of policies for the protection of the environment;

(iii) the promotion of the establishment of joint production enterprises;

(iv) the establishment of a common market;

[70] The official website of the ECOWAS is http://www.ecowas.int/

(v) the establishment of an economic union through the adoption of common policies in the economic, financial, social and cultural sectors, and the creation of a monetary union.

(vi) the promotion of joint ventures by private sector enterprises and other economic operators, in particular through the adoption of a regional agreement on cross border investments;

(vii) the adoption of measures for the integration of the private sectors, particularly the creation of an enabling environment to promote small and medium scale enterprises;

(viii) the establishment of an enabling legal environment;

(ix) the harmonisation of national investment codes leading to the adoption of a single Community investment code;

(x) the harmonisation of standards and measures;

(xi) the promotion of balanced development of the region, paying attention to the special problems of each Member State particularly those of landlocked and small island Member States;

(xii) the encouragement and strengthening of relations and the promotion of the flow of information particularly, among rural populations, women and youth organisations and socio-professional organisations such as associations of the media, business men and women, workers, and trade unions;

(xiii) the adoption of a community population policy which takes into account the need for a balance between demographic factors and socio-economic development;

(xiv) any other activity that Member States may decide to undertake jointly with a view to attaining community objectives.

Intergovernmental Authority on Development[71]

The Intergovernmental Authority on Development (IGAD) was created in 1996 to succeed the Intergovernmental Authority on Drought and Development that was founded in 1986 to deal with issues related to drought and desertification in the Horn of

[71] The official website of the IGAD is https://igad.int/ .

Africa. IGAD came to existence with a new name, organizational structure and a revitalized ambition of expanded cooperation among its Member States.

The Member States of IGAD are: Djibouti, Ethiopia, Eritrea, Kenya, Somalia, the Sudan, South Sudan and Uganda. The UNCTAD Statistical Database (2016) Report shows that the IGAD has a total population of 247.4million people, a GDP of $218.2 billion and GDP per capita of $874 as at 2014. The ECOWAS total import for this period was valued at $55.9billion and export stood at $18.2billion.

The mission of IGAD is to assist and complement the efforts of the Member States to achieve, through increased cooperation: food security and environmental protection, peace and security, and economic cooperation and integration in the region. The objectives of IGAD are to:

(i) Promote joint development strategies and gradually harmonize macroeconomic policies and programmes in the social, technological and scientific fields.

(ii) Harmonise policies regarding trade, customs, transport, communications, agriculture, and natural resources, and promote free movement of goods, services and people within the region.

(iii) Create an enabling environment for foreign, cross-border and domestic trade and investments.

(iv) Achieve regional food security and encourage and assist efforts of Member States to collectively combat drought and other natural and man-made disasters and their natural consequences.

(v) Initiate and promote programmes and projects for sustainable development of natural resources and environment protection.

(vi) Develop and improve a coordinated and complementary infrastructure, in the areas of transport, telecommunications and energy in the region.

(vii) Promote peace and stability in the region and create mechanisms within the region for the prevention, management and resolution of inter-State and intra-State conflicts through dialogue.

(viii) Mobilise resources for the implementation of emergency, short-term, medium-term and long-term programmes within the framework of regional cooperation.

(ix) Promote and realise the objectives of the Common Market for Eastern and Southern Africa (COMESA) and the African Economic Community.

(x) Facilitate, promote and strengthen cooperation in research development and application in science and technology.

Southern African Development Community[72]

In April, 1980 the Southern Africa Coordination Conference (SADCC) was created to advance the cause of national political and economic liberation in Southern Africa. In July 1981, a Memorandum of Understanding came into force which formalized the establishment and operations of the organisation. Its main objectives were to reduce the dependence of Member States on the then apartheid South Africa, mobilise resources to promote national and regional policies as well as to facilitate cooperation and understanding amongst the Member States.

The Member States of SADC are: Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.The UNCTAD Statistical Database (2016) Report shows that the SADC has a total population of 312.7million people, a GDP of $678.8 billion and GDP per capita of $2255.2 as at 2014. The ECOWAS total import for this period was valued at $202.2billion and export stood at $204.3billion.

In 1992, the Heads of State and Government decided to deepen the integration and cooperation processes in SADCC in the form of a Community. This culminated into the signing of the SADC Treaty that effectively transformed SADCC into SADC. The Heads of States and Governments also signed a Declaration “Towards a Southern African Development Community” which clearly spelt out the SADC Common Agenda. The objectives of SADC, as stated in the SADC Treaty are to:

[72]The official website of the SADC is http://www.sadc.int/.

(i) Achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through Regional Integration;

(ii) Evolve common political values, systems and institutions;

(iii) Promote and defend peace and security;

(iv) Promote self-sustaining development on the basis of collective self-reliance, and the inter-dependence of Member States;

(v) Achieve complementarities between national and regional strategies and programs;

(vi) Promote and maximise productive employment and utilisation of resources of the region;

(vii) Achieve sustainable utilisation of natural resources and effective protection of the environment; and

(viii) Strengthen and consolidate the long-standing historical, social and cultural affinities and links among the people of the Region.

Prognosis of the RECs

It can be deduced from the profile of the RECs discussed above that their objectives are identical; in fact, it is obvious that the official agreements that establish them were produced "from the same template".[73] All eight RECs espouse the idea of integrating the economies of members states in the form of elimination of barriers to trade, harmonisation of policies and the crystallisation of cooperation, leading ultimately to one form of unification or another.[74]

It has however has been widely recognised that the AU's plan to achieve full economic integration by 2028 is moving at a snail's pace, this is because there are many challenges facing the RECs, which are the dedicated platform for the African Economic Integration. A major challenge among the many challenges facing Africa

[73] PS Mistry, 'Africa's Record of Regional Co-operation and Integration' Africa Affairs, Vol 99, No 397, 2000, 565

[74]Nwabufo (Ufo) OkekeUzodike, *The Role of Regional Economic Communities in Africa's Economic Integration* 33-34.

RECs, is overlapping membership.[75] Out of the 14 existing RECs, most member countries belong to at least 2 RECs. African countries have multiple memberships of regional economic groups that do not have shared objectives. For example, there are many countries that are members of the Economic Community of the West African states (ECOWAS) that are also members of West African Economic and Monetary Union (also known by its French acronym, UEMOA). UEMOA currently share a currency called the West African CFA franc guaranteed by France, a country outside the AU.[76] This has occasion loss of focus, divided loyalty and the pursuit of divergent objectives. There are also financial implications for countries having multiple memberships of RECs.

A notable constraint that is widely acknowledged is the lack of political commitment on the part of leaders. Essential to successful regional integration is the principle of shared/pooled sovereignty, which requires that countries surrender aspect of their sovereignty to a new centre.[77] For example, the creation of a monetary union implies that the ability of Member states to initiate and implement independent monetary policy will be curtailed. The record of regional integration shows that most African countries have been reluctant to cede their control over fiscal and monetary issues to RECs. Long-term regional goals have remained paper objectives because African government have been unwilling to subordinate their national decision-making to the dictates of RECs as often exemplified in the little or no national support for RECs.[78]

There is also the challenges of political instability, terrorism and internal conflicts in some Africa countries, low level of industrialisation which has encouraged a constant export of primary commodities to the Global North, failing public institutions and corruption. All these have impeded the actualisation of the objectives of the RECs in Africa.Considering that the RECs are meant to serve as the pillars upon which the

[75] Abiodun Odusote, Integration of Regional Economic Communities as Panacea for Africa's Economic Growth: Lessons from Comparative Models – *Acta Universitatis Danubius Relationes Internationales,* Vol 8, No 2 (2015).

[76] *Ibid.*

[77] Nwabufo (Ufo) Okeke Uzodike, *The Role of Regional Economic Communities in Africa's Economic Integration* p.36.

[78] *Ibid.*

AfCFTA stands. It is expected that some RECs will become active if its influential members decide to vigorously pursue the AfCFTA agenda.

B. African Continental Free Trade Area

The 18th Ordinary Session of the Assembly of Heads of State and Government of the African Union held in Addis Ababa, Ethiopia in 2012, adopted a decision to establish a Continental Free Trade Area (AfCFTA) by an indicative date of 2017. The Summit also endorsed the Action Plan on Boosting intra-Africa Trade (BIAT) which identifies seven clusters: trade policy, trade facilitation, production capacity, trade related infrastructure, trade information and factor market integration. The AfCFTA will bring together fifty-five (55) African countries with a combined population of more than one billion people and a combined GDP of more than US$3.4trillion.[79]The AfCFTA is also expected to boost consumer spending to about $1.4 trillion in 2020 and increase intra-African trade by as much as US$35 billion per year, or 52% above baseline by 2022.[80]African heads of state gathered in Kigali, Rwanda in March 2018 to sign the proposed agreement. Forty-four of the 55 members of the African Union signed it on 21 March 2018,[81]while Benin, Botswana, Burundi, Eritrea, Guinea-Bissau, Lesotho, Namibia, Nigeria, Sierra Leone, South Africa and Zambia did not sign the agreement.

The AfCFTA has as its scope trade in goods, trade in services, investment, intellectual property rights and competition policy.[82]and the following objectives[83]: -

(i) create a single continental market for goods and services, with free movement of business persons and investments, and thus pave the way for accelerating the establishment of the Continental Customs Union and the African customs union;

[79] African Union ," Continental Free Trade Area" https://au.int/en/ti/cfta/about (accessed on May 20 2018).
[80] Femi Adekoya, "AfCFTA implementation will push consumer spending to $1.4trn by 2020" The Guardian Newspaper May 25 2018. 21.
[81] Forty-four African Countries Sign a Free-Trade Deal" *The Economist* March 22, 2018 https://www.economist.com/middle-east-and-africa/2018/03/22/forty-four-african-countries-sign-a-free-trade-deal (accessed May 21 2018).
[82] Article 6 of the AfCFTA Treaty.
[83] See Articles 3, 4 and 5 of the AfCFTA Treaty.

(ii) expand intra African trade through better harmonisation and coordination of trade liberalisation and facilitation regimes and instruments across RECs and across Africa in general.

(iii) resolve the challenges of multiple and overlapping membership and expedite the regional and continental integration processes.

(iv) enhance competitiveness at the industry and enterprise level through exploiting opportunities for scale production, continental market access and better reallocation of resources.

Making a case for the AfCFTA, it has been said that it will provide business opportunities that will enhance industrialisation in Africa in line with Agenda 2063. With average tariffs of 6.1%, businesses currently face higher tariffs when they export within Africa than when they export outside it. The AfCFTA will progressively eliminate tariffs on intra-African trade, making it easier for African business to trade within the continent and derive benefits from the growing African market.[84] It was also argued that consolidating the continent into one trade area will provide great opportunities for trading enterprises, business and consumers across Africa and the chance to support sustainable development in the world's least development region. ECA estimates that AfCFTA has the potential both to boost intra-African trade by 52.3% by eliminating import duties, and to double this trade if non-tariff barriers are also reduced.[85]

Africa's industrial exports are forecast to benefit most from AfCFTA. This is important for diversifying Africa's trade and encouraging a move away from extractive commodities such as oil and minerals, which have traditionally accounted for most of Africa's exports, towards a more balanced and sustainable export base. Over 75% of Africa's exports outside the continent were extractives from 2012 to 2014, while less than 40% of intra-African trade were extractives in the same period.[86] The great risk with products like oil and minerals is their volatility. Using AfCFTA to pivot away from extractive export will help to secure more sustainable and inclusive trade that is less

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[84] African Union, Economic Commission for Africa and Africa Trade Policy Centre Report, *Africa Continental Free Trade Area (Question & Answers)*1.

[85] *Ibid.*

[86] *Ibid.,* 2.

dependent on the fluctuations of commodity prices. Perhaps, AfCFTA will also produce more jobs for Africa's bulging youth population. This is because extractive exports on which Africa's trade as currently based are less labor-intensive than the manufactures and agricultural goods that will benefit most from AfCFTA. By promoting labour-intensive trade, AfCFTA creates more employment.[87] The idea of pivoting away from extractive exports is commendable, however relying on a labour-intensive driven manufacturing and agricultural industries, may be the case of arriving for the party too late. Particularly at a time when most manufacturing industries in other parts of the world are automated or outsourcing roles previously handled by humans to machines and robots. Africa might be losing a competitive edge, if it adopts this approach.

One point that is undisputed is the fact that Africa comprises of a range of countries from those large and more developed to those small and less developed. Thus, AfCFTA needs to be implemented in such a way that it will be a win-win for Member states that ascended to it. This can be achieved on the basis of comparative advantage and economies of scale. Africa countries that are relatively more industrialised are well placed to take advantage of the opportunities for manufactured goods, less-industrialised countries can benefit from linking into regional value chains. The less-industrialised countries endowed with arable goods can gain by solving the continent's food requirement.[88]

The AfCFTA is an ambitious treaty capable of transforming the entire trade system in Africa. However, there are challenges to its successful implementation, the withdrawal or non-participation of some countries particularly, Nigeria, South Africa and Botswana in the signing of treaty appears to be its first challenge, and this has questioned the credibility of the entire project. For instance, Nigeria's reason for not signing AfCFTA is its fear of numerous bilateral trade agreements of AU countries with the rest of the world and Nigeria's underdeveloped industrial and infrastructural sector.[89] It has been argued that signing the AfCFTA will make Nigeria a dumping ground due to

[87] *Ibid.,* 2.
[88] *Ibid* at p. 4.
[89] Femi Adekoya, "*AfCFTA implementation will push consumer spending"* 21.

its uncompetitive manufacturing profile, market size and population.[90] Irrespective of whether these arguments are meritorious or not, one cannot in a hurry discountenance the politico-socio economic strength of these countries and the impact their non-participation will have on the implementation of the AfCFTA, particularly from a sub-Saharan African prospective.

It is said that the text of the AfCFTA instruments are almost entirely the same as those of the equivalent World Trade Organisation (WTO) Agreement.[91] Further there is a symbolic relationship between AfCFTA and the RECs. Indeed, the agreement describes the RECs as the building blocks for the AfCFTA. Given the similarities and/or relationship between AfCFTA and both the WTO and the RECs and considering that AfCFTA state parties are members of the WTO and belong to at least one REC, their behaviour with respect to the WTO and REC obligations is indicative of their likely response to the AfCFTA obligations.[92] The very provisions of the AfCFTA are short on technical assistance and monitoring. This has left compliance scholars spoiling for choice on the bestway to secure Member States compliance with their international obligations.[93]

There is the concern that insufficient capacities among AfCFTA implementers could pose a real threat to African trade ambitions as only 25 out of some 42 treaties and agreements signed by the Organisation of the African Union and the African Union between 1963 and 2014 have been ratified so far possibly due to the lack of national capacities to facilitate their ratification and implementation.[94] In order for the AfCFTA to actualise its full potentials, African countries and regional economic communities should acquire human and institutional capacities that will enable them to quickly ratify the

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[90] *Ibid.,*
[91] Olu Fasan, "Still on AfCFTA: *The Imperative of good faith fulfilment*," Business Day May 14 2018. back cover page. African countries are noted for their non-compliance with their WTO and RECs Obligations.
[92] *Ibid*.
[93] *See* Ikemefuna Stephen Nwoye, "Evaluating the Enforcement of the Decisions of WTO Dispute Settlement System: The Comply or Not to Comply Considerations" – *Social Science Research Network (SSRN)*https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2612737 for a discussion of how countries view their trade obligations in international organizations such as the WTO.
[94] United Nations Economic Commission for Africa, Experts warn against lack of trained AfCFTA Implementers May 14 2018 https://www.uneca.org/stories/experts-warn-against-lack-trained-afcfta-implementers (accessed on May 17 2018);*see also* Moghalu, *Emerging Africa* 288 – 289.

agreement as well as draft and apply implementation road maps.[95] African countries need to train their human resources in areas such as trade agreement negotiation, coordination, follow-up and evaluation, or technical know-how (e.g. Africa lacked 4.3 million engineers in 2016). Countries would also need training in areas such as transformative leadership, change readiness, new technologies, innovation, etc.[96]

IV. CONCLUSION

Africa's intra trade potential remains unharnessed and there are real potentials for it to serve as the catalyst for development at an exponential rate, if resources are well mobilised through the appropriate channels from the country level to the regional economic level and then to the continental level especially with the introduction of the AfCFTA. But there will be no concrete achievements if the protectionist policies of some African states are not addressed. This is not to say that local industries or emerging businesses should not be allowed to grow or develop. It is a weak and narrow-minded position in the face of global economic realities for countries to continue to argue that our local manufacturers will suffer if we encourage free trade or actively participate in regional, continental or international trade agreements.

The question for each Member State then becomes does our local manufacturing industry have that capacity at the moment to sustain demand and supply of goods at the required quantity and quality? Do we really have an industry that we want to protect at the moment and for how long do we offer protection.[97] If the answers to these questions are in the affirmative, then there might be a need to apply some protectionist measures to those specific industries, while freeing up other sectors for trade liberalisation and increased inter Africa trade[98] without jeopardising the RECs or AfCFTA arrangement.

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[95] *Ibid.*

[96] *Ibid.*

[97] James Okoh, "Navigating Protectionist Policies in Africa: Effective Application of Protectionist Policies to Enable Economic Development" – A Presentation at the African Bar Association Conference, Port Harcourt Nigeria 6-7 August 2017 (Unpublished). 7

[98] Adam Smith, Wealth of Nations (1776), The author opined that it is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but he buys them from the shoemaker. The shoemaker does not attempt to make his own cloths but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole

For instance, the AfCFTA has trade, services, investment, intellectual property and competition policy as its main areas of focus. Why will a country with comparative advantage in the area of services and investment capabilities withdraw from the AfCFTA, simply because it wants to protect an embryonic or non-existing consumer or arable goods trade sectors?

Africa's socio-economic development needs as discussed above require enormous capital resources to address and a concerted effort to promote trade at the micro and macro levels through coordinated government policy. We need to continuously ask ourselves – Are African nations in it to win? In an increasingly global world, we sometimes tend to over-focus on the competitiveness of nations. However, what is more immediate and would serve Africa better for the long run is productivity.[99] Bearing this in mind, Trade can still serve as an important means of raising capital, fostering development, promoting peace and security in the continent.

industry in a way in which they have some advantage over their neighbours and to purchase with a part of its produce, or what is the samething, with the price of a part of it, whatever else they have occasion for.

[99] Moghalu, *Emerging Africa* 310 – 311.