



CAPE TOWN, SOUTH AFRICA

REGION-BUILDING AND REGIONAL INTEGRATION IN AFRICA

Vineyard Hotel, Cape Town, South Africa

Date of publication: September 2014

Rapporteurs: Rosaline Daniel and Dawn Nagar of the Centre for Conflict Resolution (CCR), Cape Town, South Africa

Editor: Adekeye Adebajo of CCR

2 DIXTON ROAD, OBSERVATORY 7925, CAPE TOWN, SOUTH AFRICA ■ TEL: +27 21 689 1005

FAX: +27 21 689 1003 ■ E-MAIL: mailbox@ccr.org.za ■ WEBSITE: www.ccr.org.za

[f](#) CCR Cape Town ■ [t](#) CCR_Africa

Introduction

The Centre for Conflict Resolution (CCR), Cape Town, South Africa, hosted a policy research seminar in Cape Town, from 28 to 30 April 2014, on “Region-Building and Regional Integration in Africa”.

The meeting convened about 30 leading practitioners, scholars, and civil society actors from Africa, Asia, Europe, Latin America, and North America to consider region-building and regional integration processes in Africa; to advance African efforts to promote peace, security, and socio-economic development on the continent; and to strengthen the capacities of institutional frameworks for intra-continental trade, including through improved coordination between the African Union (AU) and the continent’s sub-regional bodies.

1. Themes and Concepts of Region-Building and Regional Integration in Africa

Region-building is commonly defined as the effort by states in a common region to cooperate in ways that enhance their political, economic, social, security, and cultural integration. In general, regional integration in Africa requires strengthening the capacity of individual states to fulfil their core functions. However, in the five decades since the emergence of a pan-African ideology that sought the political emancipation of territories under colonial domination through regional integration, the results of region-building efforts on the continent have been disappointing, with only 12 percent of trade being intra-regional. Most African economies remain weak, and historical divisions have worked against effective regional integration, while institutional capacity has been lacking for national, sub-regional, and continental bodies promoting regionalism. For African regional bodies, the high transactional costs of doing business caused by overlapping memberships in regional bodies and the failure to improve the continent’s inadequate infrastructure, as well as its trade and non-trade barriers, have further impeded region-building efforts.

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THE AFRICAN UNION COMMISSION IN
ADDIS ABABA, ETHIOPIA.

Image source - Johns Hopkins SAIS Europe
(Bologna) Admissions Blog
<http://saishopkinsadmissions.blogspot.com/2012/02/discovering-ethiopia.html>

The success of Africa’s region-building and regional integration efforts is linked to the potential leadership role of strategic countries in their respective sub-regions such as South Africa in Southern Africa; Nigeria in West Africa; Kenya in Eastern Africa; the conflict-afflicted Democratic Republic of the Congo (DRC) in Central Africa; and Algeria in North Africa. Such countries could potentially lead future efforts to strengthen regional arrangements and promote stability and development through integration of their respective sub-regions.

2. Cross-Border Interactions, Regionalism, and Developmental States

Cross-border trade to meet the diverse needs of Africa’s fragmented markets evolved from informal interactions across borders, into complex networks that infiltrated state bureaucracies. As a result, formal and informal region-building efforts diverged. The African Union’s approach recognises

the importance of African border markets in attracting investments from emerging economic powers. The continent has become the home of burgeoning frontier markets, which promise higher returns, as well as greater risks for investors. Frontier markets have generally supported the expansion of “developmental states”. For example, South Africa’s membership in the BRICS (Brazil, Russia, India, China, and South Africa) bloc has helped to connect high-risk investors and exchange-traded funds to the continent, as well as supporting Tshwane’s (Pretoria’s) regional leadership aspirations.

The private sector has a crucial role to play in Africa’s regional integration processes. Informal trading networks have promoted an increase in unrecorded regional trade, but have often failed to promote intra-African trade in place of foreign trade. On balance, informal trading networks represent potentially valuable institutional resources for the development of a more grounded and flexible regionalism. However, coherent planning to promote more beneficial regionalism requires the creation of appropriate templates to collect accurate data on the precise nature of trans-border trade and related activities, and on how these shape, and are shaped by, broader economic and political forces on the continent.

3. Region-Building in Southern and Eastern Africa

The Southern African Development Coordination Conference (SADCC) was created in 1980 to promote solidarity in efforts to decolonise the sub-region in opposition to apartheid South Africa. In 1992, SADCC reconstituted itself as the Southern African Development Community (SADC), which now has 15 member states. However, the sub-regional body has its own constraints, including a lack of resources, a disparate membership with widely varying national interests, and many institutional challenges. South Africa still accounts for 70 percent of SADC’s gross domestic product (GDP). In addition, the bloc is dependent on external donors, which are expected to fund 61 percent – \$54.2 million – of a total \$88.3 million budget in 2014-2015. SADC, the East African Community (EAC), and the Common Market for Eastern and Southern Africa (COMESA) concluded a tripartite agreement in 2008 involving a free trade area for the bloc’s 26 member states; a combined population of 530 million people; and a GDP of \$1 trillion in 2013. The initiative aims to boost intra-regional trade, attract investment for development, promote cross-regional infrastructure projects, and remove the costs of overlapping regional memberships by harmonising integration programmes. Progress has, however, been slow.

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MBABARA MAYOR, WILSON TUMWINE, OPENS THE MOBILE TELEPHONE NETWORKS (MTN) EXPO IN MBARARA, UGANDA, IN APRIL 2013.

Image source - Africa Business.com
<http://africabusiness.com/tag/mtn/>

The East African Community, which has a population of 140 million people, was established in 1967, collapsed in 1977, and was revived in 2000. Intra-regional trade in the five-country bloc, which increased by 16 percent from 2005 to 2010, is higher than in any of Africa’s four other sub-regions. Much of this trade, however, largely benefits Kenya and is driven by manufactured products. There have also been divisions between Rwanda, Kenya, and Uganda on the one hand, and Tanzania and Burundi on the other. Over

the past two decades, the broader Eastern African sub-region – especially the Horn of Africa – has been deeply divided, despite the efforts of the Intergovernmental Authority on Development (IGAD), with states either waging war against each other or supporting each other's rebels. South Sudan, Sudan, and Somalia remain particularly volatile.

4. Region-Building in West and Central Africa

West Africa has been one of Africa's most conflict-prone sub-regions, which has hindered region-building efforts. Thirty-seven coups took place in the sub-region between 1960 and 1990. Civil wars also occurred in Liberia, Sierra Leone, Côte d'Ivoire, and Guinea-Bissau from the 1990s. More recently, Mali, Guinea, and parts of Nigeria have experienced instability. Formal and informal intra-regional trade among the 15 member states of the Economic Community of West African States (ECOWAS) constituted a mere 10 and 15 percent respectively of West Africa's total trade in 2013. However, ECOWAS has promoted substantive intra-regional private sector engagement. Eleven Nigerian firms, with capital markets of over \$1 billion, including seven banks, are listed among the 12 largest companies in West Africa.

Central Africa's sub-regional body, the 10-member Economic Community of Central African States (ECCAS), was established in 1983. ECCAS was moribund for many years due to non-payment of membership fees and a lack of political commitment among its member states. In 1999, its members created the Council for Peace and Security in Central Africa (COPAX) which has been largely ineffective. Central African states have responded to this failure by relying on SADC, the AU, and the United Nations (UN) to manage sub-regional conflicts. The mineral-rich DRC, the potential regional hegemon in Central Africa, has also been unable to play a leadership role, due to a weakened state wracked by conflicts. Meanwhile, the tiny state of Rwanda, is one of the few countries with the capacity to project military force in the sub-region, and has periodically intervened in the DRC, along with Uganda. The failure of region-building efforts in Central Africa can be directly attributed to these difficulties.

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THE LAGOS PORT COMPLEX, NIGERIA, IN 2013.

Image source - Port Technology International
http://www.porttechnology.org/news/nigerian_ports_see_increased_tonnage#VBGoPUhhM18

5. Region-Building in North Africa

In February 1989, Algeria, Libya, Mauritania, Morocco, and Tunisia met to hold the first summit of the Arab Maghreb Union (AMU). The AMU is based on a trade agreement that seeks to strengthen political and economic cooperation, and unity, among its five member states. AMU member countries, which have a combined GDP of \$414 billion, share a cultural, linguistic, and religious heritage, as well as structural links to the dominant former colonial power in the sub-region: France. Substantial trade barriers – both tariff and non-tariff – have, however, blocked trade among Maghrebi countries, hampering economic integration. Algeria's border with Morocco has remained closed since 1994. Intra-regional trade remained a paltry 5 percent of the Maghreb's total commerce in 2013, and the AMU has been moribund for two decades.

6. Region-Building in Europe, Southeast Asia, and Latin America

The European Union (EU) is an economic and political union of 28 member states established originally as a six-member European Economic Community (EEC) in 1957. The EU operates through a system of independent institutions and inter-governmental decisions, and remains the world's most successful effort at regional integration. Despite its serious financial crisis, Brussels can potentially provide useful lessons for Africa's region-building efforts. The EU's ability to attract new members among its neighbours has enabled Europe's integration process to continue, although the "widening" of the body may have occurred at the expense of its "deepening". The history of the European Union teaches the lesson that favourable circumstances and political will are the key prerequisites for successful region-building.

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THE BERLAYMONT BUILDING IN BRUSSELS, BELGIUM, HOUSES THE HEADQUARTERS OF THE EUROPEAN COMMISSION, WHICH IS THE EXECUTIVE OF THE EUROPEAN UNION (EU).

Image source - Wikipedia
http://en.wikipedia.org/wiki/Brussels_and_the_European_Union

The Association of Southeast Asian Nations (ASEAN) was created in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Five new members joined between 1984 and 1999: Brunei, Vietnam, Laos, Myanmar, and Cambodia. ASEAN's main aims include: accelerating economic growth and social progress; promoting regional peace, stability, and development; and providing opportunities for its member states to discuss their differences peacefully. In 2003, ASEAN moved from region-building language to a community approach, establishing three pillars for its economic, political, and socio-cultural activities. The principal exports of ASEAN countries, like those of African countries, continue to consist largely of raw materials. Yet ASEAN's current intra-regional trade is almost double that of Africa, at 22 percent in 2013, as a result of its members having diversified their productive base.

Latin America's common market, the Mercado Común del Sur (MERCOSUR), was founded in 1991, and comprises Argentina, Brazil, Paraguay, and Uruguay. MERCOSUR's primary interest has been to eliminate obstacles to regional trade such as high tariffs and income inequalities. Brazil accounts for 75 percent of MERCOSUR's GDP and about 70 percent of its population. However, the sub-regional hegemon trades more with Europe and the United States (US) than with its partners in MERCOSUR. Members have also found it increasingly difficult to keep pace with implementing the bloc's many multilateral agreements. In addition, an increasing number of trade accords have been signed with the European Union. These have often benefited Brussels while undermining Latin America's integration efforts. Nevertheless, MERCOSUR's management of its trade relations with Europe can provide some useful lessons for Africa in future trade talks with the EU.

7. The African Union, the European Union, and the Role of Visionaries in Region-Building

The trade relationship between the 28-member European Union and the 79-member African, Caribbean, and Pacific Group (ACP) was established in 1975 on the principle of non-reciprocity. However, after 2000, economic partnership agreements (EPAs) were introduced by Brussels to replace the earlier preferential non-reciprocal trade deals agreed with ACP members. Subsequently, the EU's partnership with Africa has appeared increasingly to be shaped by European trade interests rather than by Africa's development priorities.

Related to economic integration, visionaries like France's Jean Monnet, Argentina's Raúl Prebisch, and Nigeria's Adebayo Adedeji historically promoted regional integration and economic development across Europe, Latin America, and Africa respectively. The three technocrats led the restructuring of national economies after cataclysmic events: the Second World War of 1939-1945, the Great Depression of the 1930s, and the Nigerian civil war of 1967-1970. Placing Monnet, Prebisch, and Adedeji in historical context highlights the role that individuals with vision and forceful personalities can play in driving institutions to adopt ideas, but also demonstrates the institutional, regional, and external constraints on the implementation of these ideas, which still rely on the decisions and vested interests of powerful national governments and other important actors.

Some of the best practices to facilitate trade include the “one-stop border post”, which can potentially help expedite procedures at cross-border points on major transport corridors across Africa's five sub-regions



THE KAZUNGULA FERRY POST ON THE BORDER OF BOTSWANA AND ZAMBIA.

Image source - Panoramio
<http://www.panoramio.com/photo/43483702>

Policy Recommendations

The following 10 policy recommendations emerged from the Cape Town policy research seminar:

1. Africa should rationalise the proliferation of regional economic communities on the continent. Each of its five sub-regions should be led, to the extent possible, by one body: SADC in Southern Africa; ECOWAS in West Africa; ECCAS in Central Africa; IGAD and the EAC in Eastern Africa; and the AMU in North Africa, with COMESA acting as a technical agency to promote trade more widely across the continent.
2. African governments should create dedicated ministries of economic integration equipped with the authority to implement trade agreements. Both the African Action Plan (AAP) of 2010-2015, and the Programme for Infrastructure Development in Africa (PIDA) of 2011-2040, urgently need to be implemented. Some of the best practices to facilitate trade include the “one-stop border post”, which can potentially help expedite procedures at cross-border points on major transport corridors across Africa's five sub-regions.

“Governments and regional bodies in Africa should strengthen their consultation mechanisms to give domestic interest groups such as civil society and the private sector a greater voice in, and enhance the transparency of, region-building efforts on the continent”



CIVIL SOCIETY ACTIVISTS DEMONSTRATE OUTSIDE THE PARLIAMENT BUILDING IN NAIROBI, KENYA, IN NOVEMBER 2013.

Photo - Tony Karumba/AFP
Image source - Sabahi
http://sabahionline.com/en_GB/articles/hoa/articles/features/2014/04/03/feature-01

3. Consensus decision-making should be replaced by majority decision-making on sub-regional and continental bodies in order to promote effective development and implementation of plans in key areas of regional integration.
4. African Union summits and those of Africa's sub-regional bodies should seek to take fewer decisions, while monitoring member states more closely to ensure the implementation of such decisions.
5. COMESA, the EAC, and SADC must address the skewed trade with their three powerful economies – South Africa, Egypt, and Kenya – and promote intra-regional trade that generates positive spill-over effects and boosts national economies. South Africa should also seek to regulate its private sector to be able to contribute more effectively to inclusive development in Southern Africa.
6. Both SADC and COMESA should revisit and legally strengthen their trade agreements, imposing fines on member states that violate jointly agreed trade preferences through external commerce. The two blocs should further suspend the voting rights of states that have not paid their dues to their respective secretariats.
7. Development agencies and regional banks have promoted infrastructural development in Asia, and institutions like the African Development Bank (AfDB), the Development Bank of Southern Africa (DBSA), and the BRICS' New Development Bank (NDB) should do the same in Africa. This role should not just be left to governments.
8. Africa needs to develop a coherent strategy to promote its own interests more effectively in the sub-regional EPAs being negotiated with Brussels, with a more capacitated AU playing a more prominent role in EPA talks. The €57.5 billion of annual EU subsidies to European farmers restricts the market for African agricultural products, and Brussels should consider making compensatory payments to the continent.
9. Africa should pursue a developmental approach to market integration. Institutions must be established that are functional equivalents, rather than poor imitations, of their European counterparts. Rules to promote the harmonisation of domestic economic policies also need to be established in the critical area of monetary union.
10. Governments and regional bodies in Africa should strengthen their consultation mechanisms to give domestic interest groups such as civil society and the private sector a greater voice in, and enhance the transparency of, region-building efforts on the continent.