

Chapter 1 : CHAPTER REGIONAL INTEGRATION IN AFRICA

The role that regional interaction can play in supporting trade reform is also covered extensively. What emerges from these papers, and the ensuing seminar discussions, is a clear consensus that trade liberalization is essential if African countries are to take advantage of globalization.

Share Infrastructure constraints and ineffective tools for trade facilitation, such as customs services and standards that make the movement of goods on the continent expensive, are some of the reasons why intra-African trade accounts for only 9. The ATI is a key issue on which development partners have reached a consensus. The first review took place in Geneva, two years following the launching of the Initiative in The next Review will take place in Given its comparative advantages and priority areas identified in its medium-term strategy and its regional integration strategy, the AfDB focuses its support to ATI on the following areas: Regional aid for trade reviews are designed to help countries and sub-regions to define and develop national and regional ATI strategies. Although both activities require substantial resources, the Aid for Trade programme is a potential instrument for addressing these challenges. A paper presented during the meeting indicated that average transport costs in Central Africa were among the highest in the world, and the highest in the four African sub-regions East, South, Central, and West. In Douala, challenges and best practices for the development of trade corridors were discussed. Experience shows that efficient management structures contribute to the smooth functioning of infrastructure. After two days of discussions, a roadmap was adopted with the following measures: The key conclusions underscore the importance of regional coordination and monitoring by a corridor management structure to overcome fragmented approaches at national level. Such coordination under the ATI will ensure that all interventions are coherent and implemented in an optimal sequence. In November, a technical meeting will be held to assess the progress made towards the completion of the work programme. The technical meeting will be followed by the Regional Aid for Trade Review at a high-level forum during which the sub-region will mobilize resources for the implementation of priority projects identified in national and sub-regional strategies. The draft evaluation framework proposed for Central Africa will be implemented over a month period, from March to June It is intended to support the assessment of national and sub-regional requirements in aid for trade and the preparation of coherent national strategies in this area. The draft should also support the preparation of a regional aid-for-trade strategy for Central Africa. The strategy will define investment priorities in trade at the national and regional levels, and specify activities to help the region overcome obstacles to trade. It will reinforce the attention paid to trade in Central Africa, thereby improving the competitiveness of countries in the sub-region, as well as intra-regional trade expansion and trade with the rest of the continent and other regions of the world. This strategy will also further increase productivity, allow for coordinated improvement of transport infrastructure and logistics, and trade facilitation particularly through the harmonization of cross-border regulations, procedures and standards along priority transport corridors, which will be identified on the basis of a number of common criteria. The adopted methodology is based on the premise that regional priorities should be included in national development plans, given that it is within these plans that the implementation is often carried out. The project will be implemented in different phases to allow for better control. Activities Sub-regional investment proposals, which draw on national strategies, will be designed to define a practical framework for the implementation of aid for trade in the various regions. The AfDB is the project executing agency. It will be the main coordinator and consultative organ for the implementation of project activities. The Committee will also be responsible for periodic review and monitoring of programme outputs. This approach will strengthen and improve communication between agencies and stakeholders. ECCAS and CEMAC Secretariats will facilitate missions by the consultant to member countries by liaising with involved government officials, obtaining the required authorizations, as well as providing the experts with all relevant documents and putting them in contact with all the stakeholders.

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Chapter 2 : Regional Economic Integration in the Middle East and North Africa : Beyond Trade Reform

Edited by Zubair Iqbal and Mohsin Khan, this volume is a collection of papers given at a seminar on trade issues in Africa, conducted by the IMF and the African Economic Research Consortium.

Ndulu and Njuguna S. Regional Integration in Africa 11 Regional Integration: Elbadawi and Francis M. Kasekende and Charles A. Jebuni Preface In recent years, economic performance in most of sub-Saharan Africa has improved. Growth has picked up, resulting in an increase in per capita output in a number of countries, inflation has decelerated markedly, and the fiscal and external deficits have been reduced. In large part, the economic recovery can be attributed to improved macroeconomic and structural policies rather than to favorable external developments, such as terms of trade gains. Indeed, these favorable developments have been achieved at a time when official development assistance has been declining. Key structural reforms have been implemented in many African countries, including curtailing of price controls, dismantling of some inefficient public monopolies, privatization, elimination of nontariff barriers in most countries, and a reduction in import duties in many. At the same time, exchange rates have been largely freed and unified, restrictions on current transactions liberalized, and important progress has been made toward market-determined interest rates in most countries. The economic situation remains difficult. But sub-Saharan Africa may have reached a turning point. The incipient improvements need to be nursed assiduously if the recent gains are to be translated into sustained growth. Experience and research demonstrate that trade liberalization is a critical element in a growth strategy. The event provided an important opportunity to government officials, academics, and representatives from multilateral and regional agencies to exchange views on the complex issues relating to trade reform and regionalism in Africa. This volume brings together papers presented during the seminar. They cover a range of important issues, including the role of trade liberalization in promoting sustained growth, interdependence of trade and macroeconomic policies, impediments to effective trade reforms, and steps needed to accelerate trade reform in Africa. The role that regional interaction can play in supporting trade reform is also covered extensively. What emerges from these papers, and the ensuing seminar discussions, is a clear consensus that trade liberalization is essential if African countries are to take advantage of globalization. Combining forces with similarly placed African countries through the formation of appropriate regional trading arrangements can lead to faster liberalization and can reduce vulnerability to external shocks.

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Chapter 3 : Deepening African Integration: Intra-Africa Trade for Development and Poverty Reduction

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Regions have found it difficult to address the equitable distribution of gains and losses from integration. Mechanisms to provide compensation to the less developed members of groupings have been either absent or ineffective. The dependence of many African countries on their former colonial powers tended to work against viable regional groupings. Regionalism has been driven from above by public sector organizations and has lacked the support and involvement of the private sector and the general public. Cooperation has been seen as involving bloated and expensive bureaucracies, rather than opportunities for growth and development. Institutional weaknesses, including the existence of too many regional organizations, a tendency towards top-heavy structures with too many political appointments, failures by governments to meet their financial obligations to regional organizations, poor preparation before meetings, and lack of follow up by sectoral ministries on decisions taken at regional meetings by Heads of State. Integration is hampered by the existence of weak states and political opposition to sharing sovereignty. Integration arrangements are not characterized by strong supranational bodies and virtually all integration institutions are intergovernmental. Given the ongoing economic reform programs in these countries, the underlying premise is that regional integration can accelerate the pace of economic growth by fostering efficient cross-border investment and trade flows. Assessments by the co-sponsors suggested that good if variable progress has been achieved by the Initiative and that the model represents an effective example of regional partnership Fajgenbaum et al, Trade relations, which are now based on non-reciprocal trade preferences granted by the EU, will in future be based on economic integration agreements. Formal negotiations of EPAs started in September in a two-phase process. The first phase of the negotiations takes place between the EU and the ACP group as a whole with the aim of defining the format, structure and principles for the negotiations, to be followed by the negotiation of individual EPAs. It is envisaged that EPAs will enter into force by 1 January at the latest. Decisions about the geographical configuration of future EPAs are still outstanding. Under the Cotonou Agreement, this decision lies with the ACP countries, but the EU has added the rider that it is up to the Community to ensure that this decision is in line with the objectives and principles of the Agreement. Criteria for ACP regions The criteria for eligible regions are clear enough; the difficulty lies in implementing them in the specific context of the existing structure of African regional groupings. It highlights the importance of structural funds financed by customs and taxation revenues to assist weaker partners in the integration scheme to ensure an equitable distribution of the gains of regional integration. Finally, it recommends that integration should take account of existing infrastructures, trading and production links. This requirement runs up against the overlapping membership and fragmented nature of African regional organizations. There are a number of permutations. The simplest is where one grouping is a sub-group of another, possibly embarked on pursuing deeper integration as an example of variable geometry. An example typical in West and Southern Africa is where there is a wide free trade area arrangement, within which a sub-group has established a customs union or an even more deeply integrated group. Here the options are for the negotiations to proceed with either one group or the other as it would be impossible to have two negotiations in parallel, one with respect to the free trade area and one with the customs union. The difficulty is that if negotiations proceed with the customs union sub-group, it is hard to see how this could avoid fragmenting the larger grouping unless it decides to accelerate its own integration ambitions. More tricky situations arise with groupings that have members in common. In this situation, overlapping membership would lead to the negotiation of two or more EPAs with the same countries, which is not conceivable. As overlapping memberships mainly affect the broad, free trade groupings, this could effectively end up forcing even larger integration arrangements than currently exist. Another difficult situation is where groupings have non-ACP States as members. The Commission points out

that while, legally, arrangements could be put in place to allow free circulation of goods within the free trade area while confining the benefits of the EPA to the ACP members of the group, in practice this situation would not be tenable in the longer term because of the possibility of trade deflection. Given that the EU will have entered into separate FTAs with many of these non-ACP African states, it suggests that a logical step would be to extend the geographical coverage of EPAs by merging the existing agreements. While this might imply that only the former are required to provide some measure of reciprocity under the new regime, in practice it is hard to see how LDCs which are members of regional groupings with non-LDC ACP States can retain external protection against EU imports. It goes on to suggest that the appropriate response for LDCs in a regional grouping is to adopt a variable speed approach under which they would be offered a delayed start or a slower pace of tariff dismantlement. In practice, such an arrangement would give rise to the potential for goods with reduced or zero tariffs to be imported from the EU by the more advanced ACP members and re-exported under the FTA to LDC members which have the right to protect themselves by higher tariffs. While the problem can be avoided in principle by proper documentation of rules of origin, the difficulties of policing these may in practice undermine the tariff policies of the least developed countries. As the LDCs also lose out because of the potential for trade diversion under EPAs as EU exporters now gain better access to the markets of ACP countries at their expense, there is a strong case for compensation measures in their favor. These include whether trade diversion will dominate trade creation, the loss of fiscal revenues from the abolition of customs duties, the limited capacity in most ACP countries to conduct parallel sets of trade negotiations, and how to provide for sufficient scope for flexibility, special and differential treatment and asymmetry while ensuring that the agreements reached remain WTO-compatible. The future of regional integration in Africa

Despite competing visions of regional integration We have seen how a new momentum is building up behind regionalism in Africa, but that there are competing visions for the objectives and design of regional integration arrangements. On the other hand, there are the erstwhile sceptics among the donors who have been converted to supporting regionalism of a certain type, one which is outward-looking, which is focused on trade facilitation, which has strong private sector involvement and which has light institutional structures. Finally, there is the traditional model of top-down African regionalism, espoused by the OAU and endorsed by African Heads of State, which has a strong rhetorical basis and a largely political significance. This has implications for those interested in promoting a food security dimension to these agreements as outlined more fully in Chapter 5. For example, food security is explicitly addressed in the Cotonou Agreement in the provision which reads: The new regionalism must address the following issues which have been partly responsible for the poor record of the past: Overlapping memberships of competing groups should be resolved to allow a clear political commitment to particular country groupings. For a common market to function its members at least need to be at peace. The wars and conflicts in a number of African regions which have devastated transport networks, communications and other basic infrastructure need to be peacefully resolved. Ways must be found to involve the private sector in the integration process. It should not be expected that all private sector groups will favor regional integration. In some countries, farmers may fear low-cost competition from elsewhere in the region and may take quite a protectionist stance. The participation of consumer groups and other NGOs should be encouraged as these groups can also gain from exploiting the opportunities for greater intra-regional trade. Given the disparities in economic weight that exist between members of some groupings, new policy instruments to deal with the fears of economic polarization must be found, for example, multispeed arrangements allowing weaker members more time to liberalize , compensation schemes, regional investment banks, or structural solidarity funds such as the Food Security Financial Instrument proposed in Chapter 5. Dispute settlement mechanisms need to be strengthened and ways to ensure policy credibility must be put in place. Investors need to have confidence that integration measures will not be reversed and that barriers to regional markets will not be re-instituted overnight. Binding liberalization commitments in the WTO should be encouraged where possible, while the opportunity of the REPA negotiations with the EU should also be used to bind and enforce policy commitments. As the value of the EBA initiative was in the

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extension of duty-free access to agricultural products with transition periods for rice, sugar and bananas , these countries may now be in a position to export duty-free to the EU by transshipment through the LDC members of their EPA. Again, the quality of enforcement of rules of origin will be the decisive issue.

Chapter 4 : Removing Barriers to Trade in Africa

As part of the effort to address trade issues in Africa, the IMF, in collaboration with the African Economic Research Consortium (AERC), conducted a seminar on Trade Reform and Regional Integration in Africa in Washington in early December

Chapter 5 : 7 Why Is Trade Reform So Difficult in Africa? : Trade Reform and Regional Integration in Africa

In recent years, economic performance in most of sub-Saharan Africa has improved. Growth has picked up, resulting in an increase in per capita output in a number of countries, inflation has decelerated markedly, and the fiscal and external deficits have been reduced.

Chapter 6 : FACT SHEET: Trade Africa | www.nxgvision.com

Oku Â«Trade Reform and Regional Integration in AfricaÂ» Rakuten Kobo ile. Edited by Zubair Iqbal and Mohsin Khan, this volume is a collection of papers given at a seminar on trade issues in Afri.

Chapter 7 : Regional Integration and Trade

Limited integration has stifled the Middle East and North Africa (MENA) region's significant potential for economic growth and job creation. Home to percentage of the world's population and percentage of the world's Gross Domestic Product (GDP), the region's share of nonoil world trade is only percentages.

Chapter 8 : Trade Reform and Regional Integration in Africa - Table of Contents

The challenges of regional integration in Africa â€¢ page 3 Paper â€¢ June trading and financial environment, considerable domestic policy efforts would be needed to ensure.

Chapter 9 : Front Matter : Trade Reform and Regional Integration in Africa:

1 Africa Trade Policy Notes - Note #5 Reform and Regional Integration of Professional Services in East Africa Nora Dihel, Ana Margarida Fernandes, Aaditya Mattoo and Nicholas Strychacz1.