

- **ECOWAS REGIONAL INTEGRATION:**  
Position of Common Investment Market

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**A**

## **What is Regional /Economic Integration?**

- The concept of **regional integration** takes on a predominantly economic slant in the literature, to the point of confusion with that of **economic integration**
- However, economic integration concept can be used generically in reference to growing economic ties among countries which may or may not be geographically contiguous. **A**

## What is Regional/Economic Integration?(cont...)

- Regional integration can cover the full range of public sector activity, including not only the coordination of economic policies, but also regional security, human rights, education, health, research and technology, and natural resource management.
- Regional in this sense is here understood as '**macro-regional**' that is at the supra-national level as opposed to micro-regional, that is at **sub-national level**.

## **What is Regional/Economic Integration?(cont...)**

- Thus, regional integration refers to the emergence of a governance level between the national and global levels within the system of world governance based on cooperative behavior and the designs of common policies and institutions by actors that traditionally belong(ed) to the national governance level.

## B

# Dimensions of Economic Integration

### 1 Preferential Trade Arrangement

- Provision of merely lower barriers among participating nations
- Non members faces higher levels of barriers to trade.
- It is the loosest form of economic integration.
- Example British Common Preference Scheme established in 1932

## 2. Free Trade Area

- All barriers to trade are removed among members.
- Each member retains its own barriers to trade with non members.
- There is need for **rule of origin** to protect deflection possibilities from non-members.
- European Free Trade Area (EFTA) is an example; NAFTA another example.
- ECOWAS

### 3. Customs Union

- No tariff or other barriers on contracting members
- Common external tariff (CET) on the rest of the world by custom members
- CET accepted is usually the lowest pre-union rate
- Harmonizing non-tariff barriers under customs union is a difficult task
- European Union formed in 1957.
- Expected of ECOWAS post EPAs.

## 4 Common Market

- Have all Characteristics Customs Union
- Has no invisible trade restrictions/  
harmonization of trading standards and practices
- Harmonizes monetary and fiscal policies of member states.
- Free factor mobility and competition policy
- EU achieved this status in 1993



## 5 Economic Union

- Most advanced type of economic integration
- Has all attributes of a common market
- Coordination of macroeconomic and budgetary policies
- Best example is the United States of America.
- Common currency

# Table

## The Dimensions of Economic Integration

Characteristic Types	Free Trade Between Member State	Common External Tariff	Free Movement of Factors of Production	Harmonization of Economic Policy	Centralization of Economic & Monetary Policy
Free Trade Area	Yes	No	No	No	No
Customs Union	Yes	Yes	No	No	No
Common Market	Yes	Yes	Yes	Yes	No
Economic & Monetary Union	Yes	Yes	Yes	Yes	Yes

# C

## ECOWAS Regional Integration Model

ECOWAS was established on the 28th May 1975 and its Treaty provisions was mandated to:

- (a) eliminate between member states customs duties and other charges of equivalent effect on imports and exports;
- (b) eliminate quantitative and administrative restrictions on trade among members;
- (c) establish a common external tariff structure and commercial policy towards non-member countries;
- (d) eliminate obstacles restricting the free movement of persons, services and capital between member states;
- (e) harmonize agricultural policies and promote common projects in the member states notably in the field of marketing, research and agro-industrial enterprises;

## C

### ECOWAS Regional Integration Model(cont..)

- (f) implement schemes for the joint development of transport, communication, energy and other infrastructural facilities as well as the evolution of a common policy in these fields;
- (g) harmonize economic and industrial policies of member states and eliminate disparities in the level of development of member states;
- (h) harmonize monetary policies of member states;
- (i) establish a fund for cooperation, compensation and development; and
- (j) embark on other activities in the interest of the member states within the community.

## D

### Phases of ECOWAS Type of Regional Integration

Under the theoretical framework of economic integration described above, ECOWAS Treaty is among the most ambitious ones as it already envisaged a phased implementation of:

- (a) and (b) is known as a **free trade area**;
- (c) is nothing but a **customs union**;
- (d) - (g) is an **common market**; while
- (h) - (j) is **economic union/monetary integration**

## E

### Revival of Interest in ECOWAS Regional Integration

- The revival of interest in regional integration in recent times and cooperation in a world wide phenomenon is inspired by the success of the European experience.
- It also reflects a growing appreciation of the benefits to be derived from '**regional unity**' and cooperation in meeting the challenges posed by increasingly competitive world markets brought about by globalization

## E

### **Revival of Interest in Regional Integration (cont...)**

- In ECOWAS countries, the regional aspirations as shared by the community statesmen, intellectuals, and citizens alike reflect a general desire to break the confines of individual nations-state, and a denial of all the things that divides the region, including the multiple barriers to the free movement of goods and service, people, and capital among the countries in the region.

## E

### Revival of Interest in Regional Integration(cont...)

- These regional aspirations constitute a response to the manifest incapacity of individual member nations of the community to generate the required development.
- They thus indicate a search for solution extending beyond what existing nations-states appear capable of providing



## E

### **Revival of Interest in Regional Integration(cont...)**

- However, since no regional integration can succeed without a sense of belonging to such community by member states, any harmonization process must embrace the opinion of all.
- This is why we are gathered here with the regional stakeholders to deliberate on how to move the region to the next level in its integration aspirations

## E

### **Revival of Interest in Regional Integration (cont...)**

- Most of the ECOWAS countries are very small, not only in population, but also in terms of economic output.
- Only three non-less developed countries in the region (Nigeria, Ghana and Cote d' Ivorie) have population of over 10 million.
- Despite this, development requires the organization of social and economic activities on a much larger scale than as they currently exists in each of the ECOWAS countries

# E

## Revival of Interest in Regional Integration (cont...)

- Such larger scale type of economic activities guarantee a range of benefits associated with lower unit costs of production, increased specialization and competition, access to technology, and greater sharing of ideas and experiences in all areas of economic endeavor.
- ECOWAS countries today are weakly integrated nationally, regionally and internationally, 35years after it was established (1975).

# E

## Revival of Interest in Regional Integration (cont...)

- Although the size of a country or region is not a sufficient condition to achieve the above economies of scale benefits;
- a large country / region that is weakly integrated internally due to poor infrastructure, ethnic rivalries, or socio-political factors may provide fewer opportunities for development than a smaller country that is well integrated.

## E

### Revival of Interest in Regional Integration(cont...)

- Ethnic and socio-political divisions are particularly significant in Liberia, Sierra Leone, and Nigeria.
- All the countries in the region suffer from weak transport and communication infrastructure as well as other impediments to socio-economic integration at the **national levels**

## E

### Revival of Interest in Regional Integration(cont...)

- **Regionally**, ECOWAS countries are still divided by a wide range of institutional, historical, legal, and infrastructural barriers.
- At the **international** level, the region is marginalized along with other developing countries from enjoying the benefits of globalization.

## F

### **Basis For ECOWAS Common Investment Market**

- The expansion of internal community market of ECOWAS is one of the necessary conditions for the promotion of the region to investors.
- The benefits which may accrue from harmonisation of regional investment policies towards a Community Code include: increased investment inflows into the region, enhanced productivity, employment generation, as well as reduced incidences of corruption

## F

### Basis For ECOWAS Common Investment Market

- It is expected that the harmonization of regional investment policies into a singular code will remove obstacles to “doing business” and provide efficient and effective legal, as well as regulatory frameworks that would promote a healthy competition and growth of the regional private sector.
- In addition, the process of the investment simplification into a singular **Code** will not only end up reducing or eliminating complexities in the regional investment policies but will equally limit the potential of any future reintroduction of cumbersome or unnecessary requirements from prospective investors coming into the region.



## G

### Conclusion

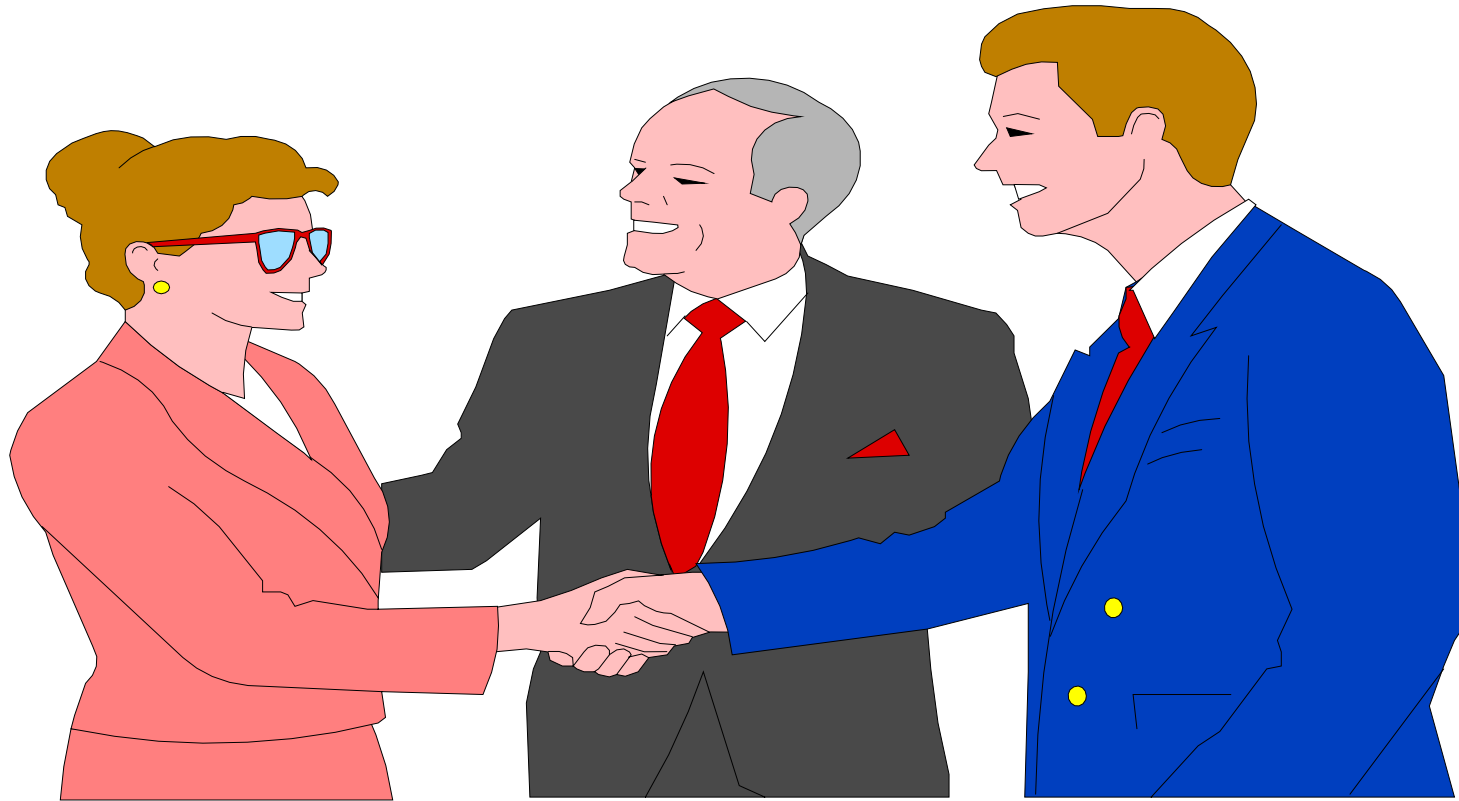
- Investment climate reforms in West Africa, as indeed in other parts of the world, are now widely acknowledged to cover a very wide agenda with a need for judicious prioritization and sequencing.
- In the past, choices were based on a standard list of reforms known as the “Washington Consensus” ( such as macroeconomic stabilization, privatization, trade liberalization, protection of property rights ,etc)
- Effective reforms will typically be faced with technical and administrative constraints at all levels of government, but especially at state and local levels, which carry the burden of implementation.
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## G

### Conclusion(cont..)

- This is why consultation is particularly important for policies that will have wide distributional consequences and are likely to impact multiple stakeholder groups.
- There is also a clear need to create oversight mechanisms to sustain such reforms .These will require :
  - Credible mandates and objectives backed by legislation to signal government commitment
  - Participation of a wide range of stakeholders to contribute knowledge, experience, and ideas, and to ensure transparency
- This is why we are all here for two days

**THANK YOU FOR LISTENING**



***Prof Bamba***