

ECOWAS Common Investment Market Initiative

Key Note Address
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Regional Integration is, first of all, the gradual elimination or abolition of economic barriers which impede free movement of goods, services, capital and persons among a group of nation states like ECOWAS. It is customary to distinguish a variety of economic integrations in the world from viewpoints their “**degree**; such as Free Trade Area (FTA), Customs Union (CU), Common Market (CM), Economic Union(EU).

More specifically; **FTA** abolishes intra-regional tariffs and quotas, while a **CU** not only abolishes intra-regional tariffs and quotas, but also creates common external tariffs (CET). A member country in ECOWAS’ CU cannot change its national tariff rates once they had been accepted at regional level. However, a **Common Market** is, a “CU that also abolishes restrictions on factor movements”(free movement of factors of production including persons and services). As a definition, a common market is an economic area in which free movement of goods, services, capital and persons (**the “four freedoms”**) is guaranteed. An Economic Union however, is a CM with “some degree of harmonization of national economic policies in order to remove discrimination due to disparities in these policies”. The total Economic Integration in Economic Union means, “unification of monetary, fiscal, social and counter cyclical policies” and “setting up of a supranational authority where decisions are binding for the Member States”.

When ECOWAS was established on the 28th May 1975, its Treaty was mandated to:

Eliminate tariffs and non-tariff barriers among member states,

Establish a common external tariff structure and commercial policy towards non members

Eliminate obstacles restricting factor movements

Harmonize agricultural policies and promote common projects in member states notably in the field of marketing, research and agro-industrial enterprises

Implement schemes for the joint development of transport, communication, energy and other infrastructural facilities as well as evolution of common policy in these fields.

Harmonize economic and industrial policies.

Harmonize monetary policies of member states

Establish fund for cooperation; and

Embark on other activities of interest to member nations.

Having achieved some success with respect to ECOWAS Trade Liberalization Scheme (ETLS) ; and the customs union phase in our integration process with the putting in place of common external tariff (CET) with 5-bands last year, the Community is on its way to a Common Market by allowing the inter- regional flow of factors of production. In line with Articles 3.2 (f) and 3.2 (i) of the revised ECOWAS Treaty therefore, a key and immediate concern is to develop a regional investment (one of the factors of production) code, compliant with West African macroeconomic convergence criteria that will make the countries in the community to improve their macroeconomic stability as well as to enhance credibility of the regional economic policy in a manner that will make the region a good candidate as investment site. This will not only strengthen the development of the private sector as well as lead to long term economic growth of the Community, but also will reinforce the existing regional economic integration towards the goals of the Founding Fathers of ECOWAS.

Building on this commitment to better policies and regulations for investment, ECOWAS Member States decided to use the impetus of preparations towards the Economic Partnership Agreements (EPAs) to harmonize their regulations on investment and work for the establishment of a common regional investment rule and code, to establish the common investment market. The Road Map to EPAs negotiations between West Africa and the European Union (EU) was adopted on August 4, 2004 in Accra, Ghana.

Five Thematic Groups made up of regional experts were assembled to work out the negotiation strategies in EPAs .The first meeting of the Thematic Group on Investment met in Abuja in May 2005 and the meeting emerged with its own time table of the negotiation to agree with common Road Map for the community. The second meeting of the Thematic Group was held at Ouagadougou in December 2005 and much progress was not achieved either.

Consequently, the Ministerial Monitoring Committee(MMC) of the region met in Abuja in April 2006 and concluded that since the entire developing countries has rejected further negotiations of Singapore Issues at the World Trade Organization Ministerial, it will inappropriate to continue to negotiate Investment in the EPAs. The meeting concluded that further negotiation of Investment should be focused at harmonizing the investment policies of ECOWAS member states into a common code.

In August 2006, a study under the 9th EU Development Fund was commissioned to our Consultant to look into the investment policies of ECOWAS member states with the aim of harmonizing them into a singular code. The study recommended for the possibility with its Investment Policy Framework. The study was further deliberated at meeting of experts in Accra in August 2006 along a draft on Supplementary Act equally prepared by the expert. Before MMC meeting in September 2006, the experts met with the Consultant to jointly conclude the two documents for presentation for MMC's consideration. Impressed by the work done on the subject, MMC made some useful suggestions on the documents. The regional experts with the Consultant met again in Lome in March 2007 to harmonize the MMC's position, and thereafter the documents were sent to UNCTAD for further comments. As expected, UNCTAD was equally impressed about the quality of such a home-made Supplementary Act and Policy Framework on regional investment initiative. The validation of the documents was therefore concluded at Bamako in August 2007.

From February to May 2008, the EU, through BizClim, finalized a study on ECOWAS Common Investment Code (CIC) and Investment Policy Framework to assist the region in fast-tracking the implementation of its Common Investment Market. Simultaneously, the Council of Ministers during their 60th Session on 17 - 18 June, 2008 adopted the two documents signalling the commencement of the process towards the harmonization of community investment rule into a code.

Recollect that we organised a regional sensitization in Accra on the subject matter between 4th and 5th of August last year. We are happy at the Commission with the response of people both within and outside ECOWAS region about the positive reactions towards the exercise. I am using this opportunity to inform you that the Authority of the Head of States in our Community adopted the Supplementary Act on Common Investment Market along with two(2) other Supplementary Acts on the 19th of December 2008. This bold decision of our leaders demands that stakeholders in the Common Investment Market must be prepared to make the vision a reality.

On behalf of the President of ECOWAS Commission, I wish you a fruitful deliberation.

Thank you