Integration of Regional Economic Communities as Panacea for Africa's Economic Growth: Lessons from Comparative Models

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Abstract: This paper reinforces the thesis that integration of Africa's Regional Economic Communities (RECs) is essential for Africa's economic growth. It analyses the African Union's current strategy towards the integration of the Regional Economic Communities across the continent. Its findings reveal that the African Union has made several efforts to promote full economic integration within the Regional Economic Communities including by way of treaties and Protocols. Without undermining the very modest gains to the economic growth of Africa, resulting from these approaches, available literature suggests that there are many challenges facing the integration of Regional Economic Communities. The challenges include apathy, divided loyalty and suspicion among members. The consequence of these challenges has been slow and minimal economic integration over the years. The paper argues that for an effective integration of economies across the African Continent, a comparative analysis of key models of the European and Asian continents offer valuable lessons. This paper draws from these two models to interrogate the stalling AU integration model and concludes by recommending how some of the manifold challenges facing the full economic integration of RECs across Africa can be eliminated.

Keywords: economic integration strategy; African Union; AU integration; integration model; sovereignty; integration model

1. Introduction

Since independence, African countries have always embraced the idea of an African Economic Integration. This idea was initially motivated by shared colonial experiences and the perception that the colonial powers deliberately created artificial lines among African states. Regional Economic Communities and cooperation are considered by many as pivotal to continental and global economic stability and growth (Padoa-Schioppa, 1987). This is more so as the focus of RECs has moved beyond trade agreements and concessions to include monetary, economic and financial stability considerations. Hence, the hypothesis of this paper is that, in contemporary times, economic growth and stability cannot be achieved

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by any state in isolation. RECs and cooperation among nation states will continue to shape economic growth in many years to come. Sadly however, African countries have not significantly taken advantage of the synergy RECs can offer and the potentials of the African Economic Community (AEC). Although the scope and progress of economic integration of the RECs vary, regional and continental economic integrations have been low across the African continent because of political and economic challenges. The African Union, (AU) currently recognizes 8 RECs in Africa as major building blocks of the African Economic Community. These 8 RECs are: Arab Maghreb Union (UMA), East African Community (EAC), Economic Community of West African States (ECOWAS), Southern Africa Development Community (SADC), Community of Sahel-Saharan States (CENSAD), Inter-Governmental Authority on Development (IGAD), Common Market for Eastern and Southern Africa (COMESA), Economic Community of Central African States (ECCAS). The other existing integration groups are: Economic Community of Great Lakes countries (CEPGL), Southern African Customs Union (SACU), Mano River Union (MRU), West African Economic and Monetary Union (UEMOA), Central African Economic and Monetary Community (CEMAC), an Indian Ocean Commission (IOC).

This paper is structured as follows: Part I is the introduction and conceptual clarification; Part II interrogates the African economic integration strategy, and identifies the rational for economic integration. It makes enquiries on why African integration strategy is failing to meet expectations and deadlines; Part III reviews successful regional integration models in East Asia and the EU, their peculiar regional idiosyncrasies and experiences are investigated; Part IV draws useful lessons from the East Asia and the EU successful regional economic integrations. It observes that there is no single template for successful regional integration. The paper notes that the road travelled by the EU and East Asia to achieve economic integration differs and the two models are at different levels of economic integration. However, while no two economic integration processes are the same, vital lessons can be learnt by the AU from the respective growth of the EU and East Asia; Part V concludes by offering suggestions on the path forward to better African economic integration and growth.

2. Conceptual Clarification

2.1. Economic Integration

The goal of economic integration is to foster access to wider market by merging economies of various countries. It is a mutual agreement between two or more countries to unify their economic policies through the partial or full abolition of tariff and non-tariff restrictions on trade and the coordination of monetary and fiscal policies."*The aim of economic integration is to reduce costs for both consumers and producers, as well as to increase trade between the countries taking part in the agreement...there are varying levels of economic integration, including preferential trade agreements (PTA), free trade areas (FTA), customs unions, common markets and economic and monetary unions. The more integrated the economies become, the fewer trade barriers exist and the more economic and political coordination there is between the member countries*".[1] Tinbergen's classification of economic integration as consisting of a series of stages, including, free trade area, customs union, common market, and economic union provides useful insight to understanding the process of economic integration (Tinbergen, 1954).

2.2. Economic Growth

This is a significant and positive change in the level of production of goods and services by a country over a certain period of time. Economic growth is usually induced by technological innovation and positive external forces.[2] Economic growth occurs as well when new products and services are produced and made available in the market. This marks a major increase in a country's wealth over a period of time. The features of economic growth include a reduction of the agricultural workforce, the rise of industries and a mass movement to urban areas. Some have defined it as the"*increase in real gross domestic product (GDP) (that is, GDP adjusted for inflation). The growth rate of real GDP is the percentage change in real GDP from one year to the next*."[3]

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[1] Available at: http://www.investopedia.com/terms/e/economic-integration.asp#ixzz3Wz Accessed on 08 March, 2015.

[2] Available at: http://www.investorwords.com/5540/economic_growth.html Accessed on 21 March, 2015.

[3] Available at: http://www.britannica.com/EBchecked/topic/178400/economic-growth Accessed on 21 March, 2015.

2.2.1. Sovereignty

Sovereignty is generally understood to capture the full right and power of a state to govern itself without any interference from outside sources or bodies. It is inclusive of the right of a state to control its legislative, executive and judicial organs without external interference, particularly coercive interference. According to Krasner, the concepts could be understood in different ways: the control a state exercised over all the subjects within a state, control of movement of goods and services across state's borders, and recognition by other sovereign states (Stephen, 1893). This paper adopts this definition but the use of sovereignty in this paper recognizes the ability of a state to cede part of its sovereignty on certain mutually agreed matters, to regional and continental bodies or supranational institutions, for effective economic integration.[1]

3. Rational of the African Union (AU) Economic Integration

The benefits of economic integration include:[2] collective bargaining as a bloc, trade and financial flows, direct foreign investments, diversification, availability of resources and improvements in competitiveness etc. (Carnoy, 1972). Economic integration increases available market for firms operating within the region thereby enhancing the opportunities of the companies to gain economies of scale in production.[3] It also allows companies to gain industrial specialization and competitiveness. Companies concentrate and specialize on products that give them a cutting edge advantage over other companies and may close factories that are not performing at optimal level. Consumers also have access to a wide range of products at reduced and competitive prices. This is because regional trades and tariff elimination will reduce goods from outside the region. Goods that are imported into the regions will also have to be priced very low to compete with regional prices. Further, economic integration has the potential of attracting direct foreign investments as multinational companies embrace the opportunity to invest

[1] Article 10 and 13 of the Abuja Treaty.
[2] For divergent opinions on whether economic integration is beneficial or not see Vinerian customs union theory on welfare increasing and trade diverting, F. Gerels, "Customs Unions from a Single-Country View-Point" *Review of Economic Studies*, Vol. 24, 1956/57, pp. 61-64, R. Lipsey "Mr Gehrels on Customs Unions". *The Review of Economic Studies* Vol. 24, 1957, pp. 211-214; S. Linder, "Customs Unions and Economic Development" in Wionczek M.S. (ed.) Latin American Economic Integration (New York: 1966), pp. 32-41.
[3] *Ibidem*.

in countries that are part of economic blocs so as to gain advantages associated with being members of the economic bloc (United Nations, 1985) i.e. tax incentives and preferential treatments for exports among members of the same bloc. Samsung for example has hugely invested in the EU to take advantage of the EU economic integration. Another benefit of economic integration is the potential advantages that many landlocked countries will derive from the coastal countries in the same bloc.

3.1. The African Union (AU) Economic Integration Strategy

The African Union strategy for economic growth across Africa is to establish an African Economic Community by using RECs as building blocks. Article 88 of the African Economic Community Treaty (also known as the Abuja treaty) provides that"*the Community shall be established mainly through the co-ordination, harmonization and progressive integration of the activities of regional economic communities*." This idea was first conceptualized in 1980 through the Lagos Plan of Action for the Development of Africa. Thereafter, the Abuja treaty sought to use the regional economic communities (RECs) as the platform for African Economic Integration. The Abuja treaty came into force in 1991 and was ratified in 1994. It proposed to achieve African Economic Integration in six stages, over a period of 34 years. Article 6 provides the modalities for the six stages: (a) strengthening existing regional communities and within 5 years establishing RECs where they do not exist; (b) stabilizing tariff barriers and non-tariff barriers, customs duties and internal taxes within RECs and gradual harmonization of customs duties in relation to third states, strengthening of regional and continental integration in the fields of trade, agriculture, money and finance, transport and communications, industry and energy, and co-ordination and harmonization of activities of RECs within 8 years; (c) establishment of a Free Trade Area within RECs within 10 years and the establishment of a Customs Union by means of adopting a common external tariff; (d) co-ordination and harmonization of tariff and non-tariff systems among RECs within 2 years with the view to establishing a Customs Union at the continental level; (e) establishment of an African Common Market within 4 years, through the adoption of common policy, harmonization of monetary, financial and fiscal policies, free movement of persons and rights of residence; (f) within 5 years, co-ordination and strengthening the structure of the African Common Market through the free movement of persons, goods and services and the protection of rights of

residence, integration of all sectors, establishment of a single African Central Bank and a single African currency, setting up of an African Economic and Monetary Union, creating and electing the Pan-African Parliament by continental universal suffrage and the setting up of the structures.

The overall objective is the achievement of full African Economic Integration by 2028.[1] Out of the many institutions[2] that are essential for a successful economic integration process, only two have been established; the Peace and Security Council[3] (PSC) and the Pan-African Parliament. (PAP). [4]It is also to be noted that the Pan-African Parliament was not set up to perform as a very effective legislative organ. Article 2(3) of the Abuja treaty affirms this:"*the ultimate aim of the Pan-African Parliament shall evolve into an institution with full legislative powers, whose members are elected by universal suffrage. However, until such a time as Member States decide otherwise by an amendment of this Protocol, the Pan-African Parliament shall have consultative and advisory powers*". This section effectively removes the oversight functions of the legislative body which shows that African countries are not willing to share their sovereignty with the Pan-African parliament. This is one important stumbling block to the African economic integration process.

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[1] Article 88 Abuja Treaty; see the Protocol on Relations between African Economic Communities and Regional Economic Communities, which entered into force, 25 February, 1998; See also the Protocol on Relations between African Union and Regional Economic Communities, which entered into force in Accra, July 2007. This protocol aims to harmonise policies and comply with the Abuja Treaty and Lagos plan of Action.

[2] i. The Assembly: Heads of State and Government or their duly accredited representatives; ii. The Executive Council: Composed of Ministers or Authorities designated by the Governments of Member States. The Executive Council is responsible to the Assembly; iii. The Commission: Composed of the Chairperson, the Deputy Chairperson, eight Commissioners and staff members. Each Commissioner is responsible for a portfolio; iv. The Permanent Representatives Committee: charged with the responsibility of preparing the work for the Executive Council; v. Peace and Security Council (PSC); vi. Pan-African Parliament ; vii. ECOSOCC: The Economic, Social, and Cultural Council, an advisory organ of different social and professional groups of the Member States of the Union; viii. The Court of Justice; ix. The Specialized Technical Committees (at ministerial level); x. The Financial Institutions are: the African Central Bank, the African Monetary Fund, and the African Investment Bank.

[3] Article 16 of the Protocol establishing the Peace and Security Council (PSC) of the African Union recognises the regional mechanisms for conflict prevention, management and resolution as part of the overall security architecture of the Union, which has the primary responsibility for promoting peace, security and stability in Africa

[4] Article 18 of the Protocol to the Treaty establishing the African Economic Community relating to the Pan-African Parliament (PAP) specifies that the PAP must work in close cooperation with the Parliaments of the RECs and the National Parliaments or other deliberative organs of member states.

In reality, the African economic integration does not appear to be progressing as scheduled because there is no significant change in Africa's intra-African trade, nor is there any significant change in Africa's economic growth. However, both the Economic Community of West African States (ECOWAS) and the East African Community (EAC) have achieved substantial progress in the area of free movement of persons with the introduction of regional passports machine readable identity cards, borderless transactions among member states, and mutual recognition and harmonization of academic qualifications. Under trade liberalization, monetary and fiscal co-operation UEMOA has made giant steps through the adoption of a single currency. In the areas of telecommunications, SADC, ECOWAS, and COMESA have better regional connectivity. However, the set objectives of the Abuja treaty and the 2000 Constitutive Act of the Union, and relevant protocols are stalling. They are not ratified, not implemented, or implemented slowly and this affects the pace of regional integration.

3.2. Challenges Facing Africa's RECs

It has been widely recognized that the AU 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 RECs, is overlapping membership.[1] Out of the 14 existing RECs, most member countries belong to at least 2 (Ndomo, 2009). Alves et al., described the situation as"*a spaghetti bowl that hinders regional integration by creating a complex entanglement of political commitments and institutional requirements*". (Alves; Draper & Halleson, 2007, p. 15). 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).[2]

[1] The 2006 Banjul Summit of the AU was dedicated to the rationalization of the RECs

[2] Members include Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo. They are also members of ECOWAS. 'UEMOA has established a common accounting system, periodic reviews of member countries' macroeconomic policies based on convergence criteria, a regional stock exchange, and the legal and regulatory framework for a regional banking system' Available at: https://ustr.gov/countries-regions/africa/regional-economic-communities-rec/west-african-economic-and-monetary-union-uemoa Accessed on 03 April, 2015.

UEMOA currently share a currency called the West African CFA franc guaranteed by France, a country outside the AU[1]. This may occasion loss of focus, divided loyalty and the pursuit of divergent objectives. There are also financial implications for countries having multiple memberships of RECs. Also, there appears to be a proliferation of regional economic bodies, some of which are not recognized by the AU[2]. Other challenges include political instability, armed conflicts, terrorism, civil unrest, and corruption.

3.3. Challenges Facing the African Economic Integration Process

The RECs that are to be used as platform for the African Economic Integration are faced with many challenges as discussed above. In addition, many RECs do not have the internal capabilities required to achieve the economic integration objectives. Although all the RECs set the objectives of achieving a common market area and customs union but all of them have failed to achieve the set objectives. In addition, it appears that the RECs do not have long-term African economic integration in view as they pursue divergent regional economic interest, sometimes with countries outside the AU. Other challenges facing African economic integration process include:

a. Deficit and Deficient Infrastructural System

Transportation, energy and communication sectors have important roles to play in the economic integration process. It has been observed that the"*reality on the ground is that transport costs in Africa are still among the world's highest. For example, shipping a car from Japan to Abidjan costs US$1500 (including insurance); shipping that same car from Addis Ababa to Abidjan would cost US$5 000…throughout the continent, many road, air, and rail networks remain unconnected*"[3]. Air traffic within Africa is more expensive compared to air traffic outside Africa. The noticeable infrastructural defects across African countries discriminate against regional and continental economic integration. Deficit infrastructure in terms of lack of roads, railways, internet access, and energy also

[1] Many members of the Economic Community of Central African States (ECCAS), also utilize a single currency.
[2] The following economic bodies are not recognized by the AU. Economic and Monetary Community of Central Africa (CEMAC); West African Economic and Monetary Union (UEMOA/WAEMU); Economic Communities of the Great Lakes Countries (CEPGL), South African Customs Union etc.
[3] Economic Commission for Africa (2004) Assessing Regional Integration in Africa" ECA *Policy Research Report* (Economic Commission for Africa: Addis Ababa) p. 2.

add to the cost of doing business in Africa. This makes it difficult to increase trades within and among RECs.

b. Ambitious Schemes and Deadlines

It has taken the EU and the ASEAN over 50 years to achieve economic integration. The AU sets approximate times of between 2 years and 10 years to achieve substantial economic integration. This is rather ambitious and also impracticable for a continent that is full of dichotomies and hosts the "*largest number of ineffective, failed, or dormant groupings consisting of a secretariat and some adopted but not implemented plans*". There is a gap between realities and expectations in relation to the African economic integration model. Most African countries have failed to implement the various integration schemes and meet deadlines identified above. African countries have also failed to cede their sovereignty to appropriate supervisory authorities at the continental level, which ordinarily should have the responsibility of enforcing compliance with obligations and deadlines. There is still a high level of discrimination within RECs and among RECs in certain areas of common interest. Governments across African countries have failed to surrender national sovereignty for the economic integration schemes. Only the East African Community (EAC) has established a free trade area and a customs union and is working toward a common market.

c. Structural Characteristics of the Integrating Economies

Generally, in Africa, large colonial entities were split into independent, fragile and small economic units. Oyeyide reasoned that because majority of the African countries are characterized by small economies, infrastructural deficit, poverty, low population and low GDP there is a restriction on the ability to take advantage of the "*lower unit costs that could arise from the exploitation of economies of scale and curtails allocative efficiency gains that could be generated by the increased competition associated with larger markets*." (Oyejide, 2000, p. 8). The difference between members' income level is another barrier to economic integration. Economic activities tend to gravitate towards the more advanced member countries (Vaitsos, 1978). Thus, creating trade imbalance, the small economies may then have to look for help from outside the AU or resort to protectionism.

d. Failure to Implement Decisions

Most decisions are not being implemented and even where implementation is attempted, they inadvertently work against conditions conducive to Africa

Economic Integration. Interregional trade among RECs is very low, income and industrialization levels differ, and the political will to correct the highlighted problems is lacking. African countries have failed to draw lessons from the EU economic integration. In addition, RECs have different perceptions of industrial harmonization plans; this is because decisions on investments in industries are not market driven. They are made through intergovernmental negotiations and concessions. The highlighted issues make it difficult to implement agreed decisions.

e. Divided Loyalty

Some francophone West African countries are more loyal and responsible to countries outside the African Union. They maintain and sustain their economic, political and colonial heritage with France through monetary cooperation (Longhammer & Hiemenz, 1990). For example, France has overwhelming control of more than a few African countries.[1] Such relationship has exposed the African country to stronger competition from France. Most times developed countries tie aids to state trading, and deliberately allow companies from developed economies to export goods and services to African countries at prices far below available local prices. Members of UMEOA also have a trade agreement with the US resulting in "*a $3.1 billion in total (two-way) goods trade with UMEOA in 2013. Exports totaled $2.1 billion; Imports totaled $1.0 billion; the U.S. goods trade surplus with UMEOA was $1.1 billion in 2013*"[2]. These are members of the ECOWAS that should be pursuing and focusing more on harmonization and strengthening of regional trade and, by implication, African economic integration.

f. Economic Instability

One of the essential conditions for a successful economic integration is macro-economic stability and sound financial management in member countries. This is lacking in more than a few African countries. The African economy is characterized by inconsistent economic policies and volatile foreign exchange

[1] "The French government currently underwrites the West African CFA franc by guaranteeing to convert it to euros at a ratio of one to 0.0015. That has provided a stability rare in African currencies." The Economist. Available at: http://www.economist.com/news/finance-and-economics/21591246-continent-mulls-merging-currencies-ever-closer. Accessed on 14 April, 2015.

[2] Office of the United States Trade Representatives, "West African Economic and Monetary Union (UEMOA)" Available at: https://ustr.gov/countries-regions/africa/regional-economic-communities-rec/west-african-economic-and-monetary-union-uemoa. Accessed on 04 APRIL, 2015.

rates. In addition, the pervasive grand corruption in many African countries makes it difficult to have a successful financial integration system.

g. Revenue Loss

Tax revenue depletion is an obstacle to economy integration among the RECs in general and against the African economic integration strategy. Member countries often do not see an immediate benefit from the integration process. They however, lose significant revenue in the short term. This may create hesitation among member states (Alemayehu & Haile, 2002). For example, the United States Agency for International Development, USAID research in relation to RECs in Africa reveals that, "*the largest market in each of the three major RECs—Kenya in COMESA, Nigeria in the Economic Community for West African States (ECOWAS), and South Africa in SADC—has dominated formation of the REC's respective FTAs and has protected local industries. In addition, a plethora of non-tariff barriers remain, and a number of smaller countries have been unwilling to eliminate customs duties, arguing a need to service revenue requirements.*[1]"

4. The East Asian Model

The East Asian model of integration has progressed very slowly and is now advanced and unique. It is by far the most successful Asian economic integration scheme. The cross-border production networks and Foreign Direct Investment integration has developed significantly, though economic integration has not been fully achieved. Unlike the EU Model, that was institutional and policy driven the East Asian model was market driven, though there are now few institutions, they remain weak and ineffective. Another unique feature is that the East Asian model has predominance intra-industry rather than inter-industry cross-border trade flows (Brada & Mendez, 1983). Multi-national companies and production networks are drivers of the economic integration. The flip side to this arrangement is that the full benefits of economic integration are not explored. For example, because trade is market driven by the multinationals, they have been unable to take advantage of the benefits that reduction of transaction costs can bring. They also are not able to take advantage of regional adjudication bodies such as the European Court of Justice.

[1] United States Agency for International Development, "Regional Economic Integration in Africa" Available at: http://egateg.usaid.gov/sites/default/files/Regional%20Economic%20Integration.pdf Accessed on 10 April, 2015.

The East Asian model of integration is not as fully developed as Europe's; however, it is ahead of Africa's. The integration was confronted by many challenges which included the (1) heterogeneity of many political, economic, and social aspects of the region, (2) political tensions between certain countries historically, (3) the desire to protect national interests and specific industries (for example, agriculture and automobiles), and (4) Asia's historical openness in trade and FDI and its long-standing relationships with the United States and the European Union (Sakakibara, Yamakaw, 2005, p. 40). Aside from the aforementioned challenges there are other independent groups that represent the region, i.e. Association of Southeast Asian Nations, Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM) and Bangkok Agreement (USAID, 2009)[1]. Membership of regional institutions includes members outside the region. For example, APEC members include countries in North and South America. Members also belong to different groups with similar and competitive objectives. ASEAN is the most well known and active institution in East Asia.[2]

In Europe, decision making is based on treaty through recognized institutions; the European Parliament, the Council of the European Union and the European Commission. In East Asia decision making is by consensus, popularly known as the"ASEAN Way". This model is based on Asian culture of accommodation of the interests of the others and non-interference with the affairs of neighbouring countries. This model has been credited for promoting economic stability in the region as well as also inhibiting expansion of trade.

What the East Asian integration lacks in institutional capabilities, it makes up for in trade and foreign direct investments (FDI). Among the developing countries, the East Asia has recorded the most growth. Multinational companies in the region have also leveraged their production networks to increase trade and lower prices. This is achieved by promotion of research and development across the region, building and maintenance of production and distribution networks across the region and the establishment of subsidiaries across the region (Athukorala & Premachandra, 2003).

Further feature of this model includes the fact that ASEAN was founded as an institution to represent the common interests of its members in foreign affairs.

[1] *Ibidem.*

[2] Membership comprises of Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam.

Members share common views on the need to partner with the private sector. The economic integration is private sector and market driven. Hence, economic prosperity was derived from domestic reforms rather than regional integration. ASEAN draws useful experiences from the EU,[1] without adopting all of EU integration strategy. For example, member countries are not interested in sovereignty sharing. They are also not interested in currency sharing; this is understandably so, considering the damaging impact the global financial crisis had on the Euro and the EU.

5. The European Integration Model

The European Economic Integration Model is the most viable and dynamic. It is the most advanced integration model. It has progressed to a very advanced stage with common currency and well developed regional institutions[2]. It is policy driven. Its historical antecedents offer the AU vital lessons. First, the two world wars provided the platform for Europeans to reconcile. The aim of reconciliation was to ensure European nations do not engage each other in military conflict ever again. The EU model is underlined by historical reconciliation between France and Germany. After five decades of integration, Europe now has well established and effective organs of government, the executive, judiciary, and the legislature. This is backed up by the adoption of common currency and monetary policy under the European Central Bank. The precursors to monetary integration include the imposition of Free Trade Area (FTA), this consists of a group of countries without trade restrictions within the area, though each member country is permitted to retain its own tariff and quota on trade with third parties, (EFTA); trade and market integration and the European Act of 1985; the creation of Customs Union, this requires the removal of all restrictions on trade and the adoption of a common system of tariffs and quotas with respect to trade with third party countries; this is followed by the introduction of a common market, this is the retention of Customs Union in addition to free mobility of factors and monetary union; the aforementioned stages facilitated the EU's economic integration, resulting in the adoption of a single currency, a uniform fiscal policy, and imposition of a limit on sovereign debt; and political union, which includes the adoption of a single constitution, robust institutional arrangements, and political will.

[1] ASEAN runs permanent dialogue with the major OECD members.
[2] *Ibidem*.

The EU's Economic Integration Model is defined by a robust foundation illustrated in the preceding paragraph. i.e. Balassa's five stages of regional integration: free trade area, custom union, common market, monetary union, and political union. In addition, there are other non-mandatory economic bodies (this offers choice and flexibility, within the EU). For example, the Euro Zone, European Economic Area, and the Shengen Co-operation are all recognized bodies within the EU and derogations are granted to members in relation to these bodies.

Another striking feature of the EU is the strong political will that underscores the effectiveness of the institutional arrangements in the EU. For example, a judgment given by Strasbourg is binding on member countries. Members have always voluntary abide by the judgments of this court without any form of physical coercion. The regional institutions of the EU include the European Parliament, the Council of Ministers, the European Commission, the Court of Justice (these bodies are responsible for policy formulation and laws that apply in the EU) and the Court of Auditors. Others include the European Economic and Social Committee, the Committee of the Regions, the European Central Bank (ECB), the European Investment Bank, and the European Ombudsman. The EU laws are enacted through co-decision, consultation, and assent. These institutions developed at the beginning of the integration process. It has now developed to cover virtually all economic fields, banking, commerce, immigration, transportation, and labour. At the moment, the European Constitution is being proposed and considered. The success of the EU model is further underlined by the political will to share sovereignty by member states. This is achieved through the establishment of strong, viable and legal institutions highlighted above, to oversee the integration project.

The EU model also features a tolerant and consensus approach. The EU does not isolate a member state that is experiencing difficulties, rather it offers helping hands through support, aids and loan facilities. The EU, has helped bailed out Ireland, Spain and Italy in recent times. At present, immense assistance is being offered to bail Greece out of economic difficulties. The EU, in line with its values of tolerance also has on offer"*several tiers of integration. For example, not all member states are in the euro-zone, or in the Schengen passport-free zone; this arrangement has allowed some of the more Euro-skeptic countries such as the United Kingdom to opt out of certain obligations.*" (Cameron, 2010)

6. Conclusion, Recommendations and Lessons for Africa

What lessons have the EU and the East Asian integration brought to the AU? What can the AU learn from these experiences? This paper contends that it is impossible and not advisable for the AU to wholly adopt either the EU or the East Asian model. It is important to point the dangers of integration at this juncture, particularly full integration as in the EU, for while the integration process has been successful, it has not always led to economic growth which is the central point of this thesis. As the global financial crisis has shown there are many difficulties with full integration of several diverse countries, from sharing the financial burdens of a recession and having to bail out other countries such as was done by the EU for Greece, Portugal Spain, Ireland as has been mentioned. More importantly however, difficulties in recouping investments in bailing out other countries may lead to distrust and a weakening of the bonds among integrated unions. For example, Greece's current unwillingness to repay the whole of the bail out or implement further austerity measures sends negative signals to other countries and serves as a note of warning that whatever economic integration is being advocated for Africa should maybe not be as holistic as the EU's integration but rather a more measured and limited approach as was done in the Schengen passport-free zone to protect the currently fragile developing economies of African countries.

A hybrid model that suits the peculiarities of the African continent should be developed and applied to the economic integration process. The lessons that can be learnt from the EU and Asian experiences are to adopt and apply those measures from the two models that are necessary for the Africa economic integration process.

The AU must note and accept that the process of economic integration is gradual, lenghty and progressive. There must be concessions on the clear objectives to be achieved by African member states. Efforts backed with strong political will must be made to eliminate discriminatory practices and barriers among member-states. From the EU model, André Sapir recommends five main considerations for successful integration models: there must be agreed and clear objectives, integration must be progressive, there must be clear and realistic deliverables, derogations must be granted with caution, and there must be in place a framework that allows a party to be able to cope with shocks (Sapir, 2005). In applying this to the integration of RECs and the African Economic Community, there must be

shared identifiable and realistic objectives by the RECs and not the AU[1]. This will later be endorsed at the AU level. This is because it has been noted that some RECs, the platform on which the African economic integration strategy is based, do not share the long term AU Economic Integration Strategy (Sapir, 2005). Hence, it will be difficult if not impossible to achieve the desired African Economic Integration by 2028[2]. The RECs must also agree on the form of integration to be achieved[3]. They may choose from the Balassa EU model discussed above. This requires parties to choose from the least to full integration. Parties must also agree on the degree of flexibility and derogations allowed. For example, the UK belongs to the Free Economic Zone but does not belong to the Schengen and the euro-zone. Member states must reserve the rights to limit their involvements to some of the bodies or processes of integration. Parties must also be able to choose between a trade area arrangement and a custom union arrangement.

EU strong institutional processes provide valuable lessons for AEC. Africa has a narrower institutional scope and regional institutions hardly interact with one another, they have different and fragmented jurisprudence. The key institutions that can facilitate the integration process, such as the AU Commission, Parliament and Court of Justice have not been adequately empowered. To achieve economic integration, this must change. There must be an effective interface between credible and effective regional institutions and African economic integration. When markets for goods, services and capital are integrated, there must be effective institutional arrangements to facilitate and consolidate that integration process. There must be in place an effective African Court of Justice to adjudicate over dispute. The court must be accessible at reasonable cost, funded and well staffed. Its judgment must be timely, respected and capable of being enforced across Africa. There must be an Africa Consumer Protection Agency. Credible, effective and reliable institutions promote confidence in investors and leads to increased flow of trades and services across borders. Strong institutions underscore effective co-operation and integration among states and vice versa.

[1] As reflected in the protocol between the RECs and the AU.

[2] The launch of the Tripartite FTA in 2008 between the three (3) regional economic communities, namely COMESA, EAC and SADC is an important achievement for the realization of the African Economic Community.

[3] There are different forms and depth of economic integration. For further reading see: Lolette K., Regional Integration: Concepts, Advantages and Lessons of Experience" Available at: www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf pp. 6-7.

Like Asia, AU's membership consists of countries with diverse races, cultures, languages, legal systems and heritages. Most of the African countries are at different levels of economic developments. Hence, the lesson to draw from Asia is that private sectors should be assigned roles in the African Economic Integration Strategy. The integration should be private sector and market driven. Private sectors are the drivers of the companies and the economies. They should be allowed to take the lead, as well as be involved in the design and implementation stages. Across Africa, private sector players have the history of performance. Government should not develop monopolies; countries should encourage competition, and offer customers choices.

The AU should set up a mechanism that monitors compliance, provides information, and facilitates interactions and co-operation among the RECs. It is recognized that the Conference of African Ministers in Charge of Integration (COMAI) has met annually since 2006 to monitor progress and compliance in furtherance of actions towards regional and continental integration. However, their efforts have not yielded the desired results. There is a need for a permanent body not an ad hoc body to perform this function. For example, under the EU model, the European Commission is charged with the responsibilities of preparing and proposing legislation independent of the members, monitoring of level of compliance with obligations.

Economic integration in Africa cannot occur except the transportation, energy and communications systems are well developed and interconnected across Africa. This is vital to any step towards economic integration. It is suggested that RECs should be harmonized in consonance with the Abuja Treaty's approach. The aim is to eradicate the wastages, reduce the issues relating to divided loyalty and distractions of multiple and overlapping membership of RECs. This will ensure the"*rationalization of the continent's integration efforts towards an African Economic Community as: merging and absorbing the various RECs in line with the five regions identified by the Abuja Treaty namely: North Africa; West Africa; Central Africa; East Africa and Southern Africa. It urges backing up such merger and absorption by signed treaties, protocols and commitment of all African leaders*" (Ndomo, 2009).

From the EU model, African countries must learn that clinging to their sovereignty at the expense of achieving long term economic integration goals is a retrospective step. Clinging to their sovereignty in all respects is not advisable. The world is

clearly becoming a global village. As such, in clear areas where there are significant commercial gains and economic growth to be made, it is better to cede sovereignty to a regional body to enjoy the gains. The countries are free to decide which areas are to its preference in ceding sovereignty to a regional body, to achieve economic growth. Member countries should put the long term goal of African Economic integration above immediate priorities.

Overall, this paper has demonstrated that the proposals above are capable of eliminating some of the challenges stalling the African economic integration process, and has shown, from the EU and Asian experiences, the importance of setting and meeting credible and realistic deadlines. This will produce a win-win outcome for everyone. These propositions may be adopted by way of amendment to the Abuja treaty or by the creation of additional Protocols to supplement the existing Protocols.

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