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Review

To what extent are regional trade arrangements in Africa fulfilling the conditions for successful RTAs?

Babatunde Omilola

United Nations Development Programme (UNDP) Regional Service Centre for Eastern and Southern Africa. E-mail: babatunde.omilola@undp.org

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Almost all African countries have embraced RTAs since attaining independence in 1950s and 1960s as means of enhancing policy credibility and accelerating trade to overcome the economic disadvantages of fragmentation of many small-nation economies on the continent. Today, there is no country in Africa that is not a member of at least one regional economic group. As reflected in the 13 RTAs operating in Africa, the issue of RTAs continues to occupy the economic agenda of countries. This paper examines the conditions under which RTAs are successful, and gauges the extent to which African RTAs have met these conditions. The paper concludes that African RTAs have not met most of the desired conditions required for successful RTAs. The dismal outcome of African RTAs can be attributed to many factors, which include low level of share of intra-RTA trade in total trade; dependence on basic minerals and primary products as main exports; low level of structural complementarity of the African economies; multiple, duplicative and overlapping protocols, structures, mandates and membership of African RTAs; recurrent political instability and conflicts; over-ambitious goals and unrealistic time frame for achieving their objectives; and weaker infrastructure and communication linkages. Despite their economic inefficiency, African RTAs are still being maintained. The explanation for this probably lies in the fact that African RTAs are still seen as the key to Africa's integration into the global markets and overall trade policy environment. Yet formal RTAs in Africa are not likely to ensure greater integration of member countries into the global economy, and hence are doubtful to be beneficial to member countries.

Key words: Africa, regional trade arrangements, market, economic integration, policy environment.

INTRODUCTION

Trade has always been a major component of the economic development of nations (Krueger, 1999; Grossman and Helpman, 1990). Trade enhances the rate of economic growth, natural resources usage and income distribution of countries. It also influences the economic and political relationships of nations (greater interdependence among nations). Through international trade, new opportunities are opened up for labor and new markets. Poor countries can even import the technology and machinery that they cannot produce from the industrialized countries. However, trade also creates several challenges for developing countries, including increased competition from foreign firms (which is good for consumers in poor countries, but bad for competitive producers), instability in global market prices for import and export products, and structural changes associated with the transformation from primary goods to manufactured products (Perkins et al., 2001). Overall, it is generally believed that poor countries have more to gain from free trade than rich ones (Krueger, 1999). This is because their development requires economic growth to reduce poverty, and their increased access to global markets is seen as a condition for such growth. One of the reasons why the ministerial conference of World Trade Organization (WTO) failed in 1999 was its expansion to 130 members, which made it difficult for the organization to reach consensus on issues. Developing countries expressed their concerns about the prospect of achieving multilateral change with such a large number of countries participating. As such, developing countries began looking at regional bodies or agreements as a more feasible means for inclusion. Consequently, many governments began negotiating regional trade arrangements (RTAs).

From 1948 to 1994, the general agreement on tariffs and trade (GATT) received 124 notifications of RTAs relating to trade in goods, and since the creation of the WTO in 1995, over 100 additional RTAs covering trade in goods or services were written. Currently, over 150 RTAs are in force and almost every country in the world is a member of an RTA. Many people assume that RTAs are alike in structure or aims. However, it is important to emphasize that RTAs vary widely, reflecting varying degrees of economic integration among their member countries. Types of RTAs include the following:

1) A free trade area in which member countries eliminate all trade barriers among themselves but each member country retains its individual tariffs against non-member countries.
2) A customs union in which intra-trade barriers are removed among members and common external tariffs are imposed on imports from non-members.
3) A common market that constitutes a higher degree of economic integration than the custom union in which factors of production also move freely within the markets, in addition to the free flow of goods and non-factor services and the adoption of common external tariffs.
4) An economic union in which countries within the common market agree to coordinate and harmonize their domestic economic policies on trade, monetary, fiscal and welfare.
5) A political union in which the participating countries agree to unify all of their policies and virtually become a single country.

Almost all African countries have embraced RTAs since attaining independence in 1950s and 1960s as means of enhancing policy credibility and accelerating trade to overcome the economic disadvantages of fragmentation of many small-nation economies on the continent. Today, there is no country in Africa that is not a member of at least one regional economic group. As reflected in the 13 RTAs operating in Africa, the issue of RTAs continues to occupy the economic agenda of countries. In addition to agreements at a regional level, attempts have also been made to create economic cooperation and integration among African countries at a continent-wide level. The Organization of African Unity (OAU) Summit of 1980, which led to the birth of the Lagos Plan of Action and the Final Act of Lagos, was the first effort towards this goal. This effort continued with the signing of the African Economic Community Treaty (or The Abuja Treaty) in 1991.The broad aim of the Treaty was to establish a continent-wide single market by 2025. Furthermore, the Abuja Treaty announced more specific phases for creating and/or strengthening economic integration at the sub-regional level. Particularly, its ultimate objective of a continent-wide integration was to be achieved through the building blocks of the lower level RTAs. Therefore, the Treaty expected that one RTA would exist in each of Africa’s five sub-regions (that is, Central, Eastern, North, Southern and West) (it is important to emphasize that the Abuja model of integration showed a marked departure from previous models in that it was not a narrow trade agreement, but included long-term development strategies, the eradication of poverty and ignorance, and the fostering of democratic principles). These challenges faced by Africa can be seen to have culminated into the creation of the African Union Commission. This paper seeks to understand the extent to which RTAs have been beneficial to Africa. The methodology employs by this paper is the examination and assessment of all the existing 13 RTAs in the five sub-regions of Africa against the conditions for successful RTAs.

The remainder of the paper is structured as follows: First is an exploration of the conditions for successful RTAs. Next is an examination of the extent to which African RTAs have met the characteristics required for successful implementation of RTAs. This is then followed by concluding remarks on the success of African RTAs to date and recommendations.

Conditions for successful regional trade arrangements

The rationale for RTAs is drawn from the standard trade theory, which states that free trade is superior to all other trade policies. Both economic theory and a vast body of empirical evidence on RTAs point towards static gains and dynamic gains as the potential economic gains that members of RTAs stand to benefit (de Melo et al., 1993; de la Torre and Kelly, 1992; Langhammer and Hiemenz, 1990; Robson, 1987; Balassa, 1961). Both static gains and dynamic gains are discussed as follows:

Static gains

Static gains result in the form of one-time improvements in allocation of economic resources such as land, labor, capital, or natural resources. The static effects have been justified in terms of relative sizes of trade creation and trade diversion. Viner (1950) first made the distinction between the effects of trade creation and trade diversion from RTAs. Trade creation takes place when a member country switches from consumption of goods produced domestically (at relatively high cost) to goods imported from a lower cost firm located in a partner country. In other words, trade is created when an RTA allows a member country A to export more to another member country B by displacing the production of country B's own industries/firms. For example, assuming a domestic textile company is protected by a 50% tariff, sufficient to preclude textile imports; and following introduction of an RTA, the tariff on textile from member countries is eliminated. Then, if a second member country can produce textile at a lower cost, trade can be created when the first member country import textile from the second country. Studies have shown that trade creation is welfare enhancing, providing gains on both the supply side and the demand side (Viner, 1950; de la Torre and Kelly, 1992; Balassa, 1961). Supply side benefits accrue from the reallocation of resources away from protected industries and towards firms producing goods for the regional market (assuming full employment), once protection in other member countries is reduced. On the demand side, consumers benefit from being able to buy from the lowest-cost producer in the region. On the other hand, trade diversion takes place when a member country switches from consumption of lower cost goods imported from outside the region to higher cost goods produced within the region (which face lower tariffs after integration). Simply, trade diversion happens if partner country production displaces lower cost imports from the rest of the world.

Trade diversion is described to be generally welfare reducing (although this may not always be the case). The loss from trade diversion stems from the reduction in government revenue as imports from outside the region (with high tariffs) are replaced by imports from within the region (with lower tariffs). Although there is an offsetting gain because consumers face lower prices (with an increase in consumer surplus), a portion of the price they pay effectively subsidizes producers in other member countries, rather than accruing to the government for reallocation within their own country. This cross-border subsidy represents a decrease in aggregate economic welfare (Ohyama, 1972; Radelet, 1999). The key question about a free-trade arrangement is whether the benefits of trade creation exceed the costs of trade diversion. Hence, a free trade arrangement is likely to be seen as more beneficial if it gives rise to greater trade creation than trade diversion. The possibility of this is likely if member countries of a custom union have different relative resource endowments or if their consumers have different tastes, so that the member countries have comparative advantages in the export of different commodities (Perkins et al., 2001). For example, if Nigeria, with comparative advantages in petroleum and cocoa, were to join in an RTA with Senegal, with comparative advantages in fresh fish and vegetables, there is likely to be trade creation and both countries would benefit. But the reality on the whole is that neighboring developing countries tend to export similar goods. Therefore, three things are likely to happen: 1) imports might displace domestic production (trade creation); 2) preferred imports might displace intra-RTA imports (trade diversion); 3), no RTA member might be producing (or hence, export) the goods and services that the RTA members import, hence, there is neither trade creation nor diversion—the RTA does not actually increase trade at all. It is possible for an RTA to bring together countries that were previously major trading partners, and in such circumstances, opportunities for trade creation seems to be more enhanced while trade diversion is minimized (Lipsey, 1957). Researchers such as Summers (1991) and Wonnacott and Lutz (1989) have also argued that member countries of an RTA can also benefit from the reallocation of factors of production across borders as long as barriers to capital and labor mobility are removed by the RTA.

The mobility of factors of production is assumed to lead to more efficient use of resources when there is an expansion from country to regional markets. However, the mobility of factors of production may face natural obstacles or what is called "natural trading bloc" due to transportation costs in the supply expenditure, incomplete information, and psychological and sociological costs of displacement (Radelet, 1999).

Dynamic gains

Most analysts of RTAs tend to argue that major benefits derived from RTAs by developing countries are dynamic gains and not static gains. The dynamic gains refer to stimulation of investments in production for export and linked industries. Radelet (1999) argues that the dynamic gains from RTAs stem from the impacts on productive capacity and potential output, and the resulting impact on income growth. Some analysts have theorized that RTAs are successful when economies of scale are achieved by firms/industries in member countries, whose output would be too small if confined to the domestic market, through enlarged and more diversified markets (Langhammer and Hiemenz, 1990; Robson, 1987). Viner (1950) first proposes the significant gains associated with economies of scale in the creation of RTAs, and Corden (1972) formalizes this theory in terms of the importance of economies of scale to trade and welfare under customs unions. Corden argues that cost reduction effect and enhanced intraregional trade, resulting from greater internal demand and reduced barriers to trade are expected to provide opportunities for firms/industries to achieve greater economies of scale and reduce output prices as firms operating within an RTA capture larger markets for their products both domestically and abroad. Similarly, transportation and communications networks are likely to be cheaper on a per unit basis in the region where an RTA exists. Larger markets may also be conducive to spillover effects such as transfers of knowledge from producers to users. Mutual gains can be realized from the joint production of public goods of common interest. For example, member countries can cooperate in the construction of connecting roads or rail networks, or from joint management of natural resources (Radelet, 1999). RTAs are also deemed successful when competition among producers is increased in the member countries, which tends to lead to greater production and marketing efficiencies and possibly gains from industry restructuring (Lyakurwa, 1997). Large-scale firms that otherwise would monopolize domestic markets at efficient levels of output tend to benefit mostly from increased competition among producers. This is because a large competitive market will induce firms to produce specialized products and thereby sharpen entrepreneurial and managerial performance in all firms. For instance, the European Common Market is thought to have benefited from such intensified competition after its formation. On the other hand, RTAs can also lead to less competition. This may happen either because in some RTAs, member countries earmark control of different sectors to different member countries or because of cartel-like cooperation between firms in the region.

A feasible manifestation of increased competition in RTAs is that much of the new trade of member countries tends to be in similar or identical products, which may represent specialization to some extent. The latter, for instance, can happen when one textile firm trims its products to concentrate on the few things it does very well. Since the large portion of trade in similar products may indicate greater competition and possibly a wider range of choice for consumers, the trade creation theory of static gains of RTAs is refuted because the latter argues that nations will benefit only if they export products that are not similar (Baldwin and Venables, 1995). RTAs also have the potential of boosting greater investment (from both within and outside the region) and result in growth acceleration (Baldwin, 1992). As the size of the market enlarges and internal trade barriers decline, the returns to some factors of production tend to increase. This could lead to increased capital stock, if it is assumed that the cost of capital remains unchanged. In turn, this increase in capital stock could lead to a transient acceleration of growth rates as capital accumulation shifts the economy towards a higher growth path (Amponsah, 2001). Furthermore, RTAs may stimulate investment by reducing uncertainty and enhancing policy credibility. In a nutshell, RTAs may attract foreign direct investment (FDI) dependent on the degree to which trade barriers are reduced and on transportation costs (Stevens, 2002). Building on Krugman (1991) “economic geography” model, which attempts to explain the determinants of regional concentration of economic activity, Baldwin (1997) notes the effect of a trade arrangement on a region’s economic geography, suggesting that economies of scale and location-specific costs can provide justification for regional integration. Puga and Venables (1997) particularly argue that agglomeration benefits accrue to firms that are located close to other firms. This is because it is reasonable to expect that as one firm relocates, it provides incentives to other firms to follow due to externalities generated from such activities. Overall, it is expected that the size of the integrated countries and markets will influence the degree and speed of industrialization.

Some analysts have also argued that the dynamic gains of an RTA could be especially large if the RTA is designed as an intermediate step towards global integration rather than as an end to itself (Radelet, 1999). This is what is termed an “infant industry argument”: firms/industries can move from being domestically competitive to regionally competitive and finally to globally competitive. This argument assumes that extension of protection on a regional basis will have useful impacts on marketing techniques, quality control, and management capabilities. These will enhance the ability of firms/industries to eventually compete globally (Langhammer and Hiemenz, 1990; Krugman, 1984). Another assumption of the argument is that member countries of RTAs will actually be willing to eventually expose firms to world competition (Bhagwati and Panagariya, 1995; Bhagwati, 1992). On the other hand, RTAs may obstruct or slow further global integration of their member countries if these countries believe that the regional market in an RTA is large enough to meet their goals or if the principal motivating factor behind an RTA’s formation is for politically influential firms to grab opportunities created by trade diversion or to extend their protected market to a regional basis. Grossman and Helpman (1995) suggest that in these circumstances, there may be few political incentives for further global integration. Thus, regional integration is viewed as establishing a long-term dynamic towards more complete global integration, and hence it is likely to be beneficial in the long run (Summers, 1991). RTAs are easier to negotiate than full multilateral agreements because they involve fewer members; hence some level of integration can take place more rapidly.

Other gains

RTAs may promote policy credibility by “locking in” uniform trade and investment reforms (Baldwin et al., 1997). Whereas individual member nations may do well in embarking on policy reforms, group action can influence all members to abide by a common reform agenda. According to Langhammer and Hiemenz (1990), there are three non-economic benefits that member countries may derive from RTAs:

1) RTAs can improve the collective bargaining of member

countries. This is because the countries may be better able to demand access to markets (or to withstand demands from non-members for access to the region) or to ensure that their voting power in international organizations is increased.
2) RTAs may enhance the commitment of member countries to political goals of common interest. Through RTAs, regional dialogue and discussion may increase. This can help prevent conflicts, diffuse potential regional disputes, and help reduce tensions and the possibility of war among potentially antagonistic countries, since political support is necessary for the creation of RTAs. Some analysts have supported this argument by saying that RTAs tend to be viewed as an instrument for fostering diplomacy and regional stability (Mansfield, 1993).
3) RTAs can serve as a check on unpopular policy decisions of governments, particularly those in newly independent countries, which might not want to surrender any of their newly acquired power. This stems from the fact that membership in an RTA entails some loss of sovereignty, which can be either positive or negative. For instance, member governments of RTAs may be co-opted to committing to a schedule of tariff reductions, which might make them abandon some of their national policy options in order to abide by the regional policy options.

In their own analysis, Schiff and Winters (1998) show that trade among neighboring countries provides security by raising the level of interaction and trust among the people of those countries, by increasing the stake that each country has in the welfare of its neighbor, or by increasing the access to the neighbors' strategic raw materials. Nevertheless, free trade does not guarantee peace.

Summary of the conditions for successful regional trade arrangements

Some generalizations about the relationship between the conditions for successful RTAs and the possibility of benefits for member nations can be adapted from the canon of trade theory described above. The conditions include the following:

i) The larger the share of intra-regional trade in total trade for the member nations before the formation of RTA, the more likely that trade creation will exceed trade diversion (Langhammer, 1992). The higher the initial tariffs between partner countries, the greater the scope for trade creation.
ii) The lower the tariffs facing non-members after the formation of RTA, the lesser the potential for detrimental trade diversion, and the more beneficial the RTA.
iii) If goods produced by member countries are not close substitutes for products previously imported from non-members, trade diversion will be smaller (Bhagwati, 1992).
iv) The greater the membership, economic size, and share in world trade of RTA, the greater the scope for trade creation, and the smaller the tendency for trade diversion (Langhammer, 1992; Robson, 1987). Moreover, the broader the sectoral coverage of RTA, the greater the likelihood that all member countries will enjoy comparative advantage in some goods.
v) The lower the transportation and communication costs among member countries of RTAs, the higher the potential gains from trade creation (Langhammer and Hiemenz, 1990; Balassa, 1961).
vi) Countries that do not produce similar goods may make better partners because their economies are potentially complementary rather than competitive (de Melo and Panagariya, 1992). A conflicting hypothesis to this argument is that countries with similar income levels and consumer demand patterns may be better able to reap gains from intra-industry specialization and product differentiation (de Melo and Panagariya, 1992). The latter seems to be most pertinent to developed countries since the demand for more specialized products tend to increase with income. To this end, some analysts (McCarthy, 1994; Hazelwood, 1979) have suggested that the economic gains from RTAs are likely to accrue more rapidly to richer countries. This implies that industries are likely to be located in the richer countries where the prospects of better transportation and communication infrastructure and better developed financial markets and larger product markets exist.
vii) Since negotiation and compromise are needed for the formation of RTAs, the greater the history of political harmony between member countries, the better the scope for integration.

PROGRESS OF AFRICAN RTAS IN ACHIEVING SUCCESS

Contrary to the design envisaged in the 1980 Lagos Plan of Action and articulated in the 1991 Abuja Treaty, most African sub-regions have more than one RTA and most African countries belong to more than one RTA. At the last count, there are 13 RTAs in Africa. A brief description of the objectives, membership, and achievements of these RTAs are presented as follows:

West African RTAs

Economic Community of West African States (ECOWAS)

This RTA, which was formed in 1975 with 16 member countries until Mauritania withdrew its membership in 1999, has the most inclusive membership of the three RTAs in West Africa. The importance of Nigeria in the success of the RTA is vital because of its huge population. ECOWAS started with the expectation of evolving through three stages into a full economic union. Its objectives were to eliminate all tariff and non-tariff restriction on intra-ECOWAS trade, establish a common external tariff and commercial policy against non-ECOWAS countries, abolish all obstacles to the free movement of factors of production, and harmonize the domestic policies across its member countries. Virtually none of the objectives of ECOWAS has been met due to poor implementation.

Mano River Union (MRU)

This RTA was established in 1973 by Sierra Leone and Liberia, with Guinea joining in 1980. The three member countries of MRU are also members of ECOWAS. MRU's primary objective was to accelerate economic cooperation among its membership through the formation of a customs union and then an economic union. The RTA has not been able to eliminate tariff and non-tariff barriers against intra-MRU trade and it is yet to establish a common external tariff against non-member countries. The political instability and conflict that confronted Sierra Leone and Liberia for many years has impacted negatively on the RTA.

West African Economic and Monetary Union (UEMOA)

This RTA came into existence in 1994 from the fusion of two older RTAs, WAMU (monetary integration) and CEAO (trade integration). It is comprised of six member countries, which are also members of ECOWAS. Concerning trade integration, UEMOA was conceived to progress rapidly through the free trade area and customs union stages to that of a common market. It appears that there has been a rapid success in the implementation of the trade liberalization objective of the RTA.

Central African RTAs

Economic and Monetary Community of Central Africa (CEMAC)

This RTA evolved in 1994 as a replacement for UDEAC (from its name in French, Union Douanière et Économique de l'Afrique Centrale), which was formed in 1973. CEMAC was specifically established to promote sub-regional integration in Central Africa through the formation of a monetary union and a common currency. It is comprised of six member countries, with Cameroon dominating in terms of population. Since its inception, it was designed to be a custom union. The common external tariff of UDEAC was adopted and reformed under CEMAC in 1994. Two problems associated with this common external tariff are that it covers only import duties and allows its members to adjust trade-related taxes that are not covered by the common external tariff, thus allowing countries to vary the protection level offered to their domestic producers.

Economic Community of the Great Lakes Countries (CEPGL)

This RTA was formed in 1976 with Burundi, Rwanda, and Congo Democratic Republic as members. Its objectives were to remove trade barriers and promote free movement of labor and other factors of production. However, it has not achieved any of its objectives. The member countries are relatively poor and have experienced prolonged political instability for several years. The political uncertainty in the member-countries has led to the virtual collapse of this RTA.

Economic Community of Central African States (ECCAS)

ECCAS was formed in 1983 and includes all the Central African sub-region countries as members. When it was created, its objectives were to develop physical, economic and monetary integration, and to establish a Central African Common Market. It was expected to transform into a customs union over a 20-year period. Within the first eight years of its creation, it adopted a trade liberalization objective of gradual tariff reduction and elimination of non-tariff barriers to intra-ECCAS trade in stages. It has, however, not made any significant progress in this direction. Moreover, large parts of the area covered by ECCAS have been engulfed in prolonged socio-political crisis, which has almost grounded economic integration.

Southern African RTAs

Southern African Customs Union (SACU)

Established in 1910, this is the oldest RTA in Africa. It is currently operating under agreements reached in 1969. The countries making up this RTA are the richest in Africa with an average gross national income per capita standing at $2040 in 1999/2000. However, it is dominated by South Africa, which accounts for about 87% of the custom union's population. It also seems to be the most effective customs union having successfully achieved its objectives of removing all barriers against intra-SACU trade flows and adopted a common external tariff with a common customs organization in place as well as free movement of factors of production among its member countries. The domination of SACU by South Africa raises concern for the RTA's future. This is because the unilateral trade policy of South Africa in signing bilateral free trade areas with Zimbabwe (1997), Zambia (1999) and the EU (1999) violates customs union principles, particularly if these agreements have been entered into by South Africa on behalf of the entire membership of SACU.

Southern African Development Community (SADC)

SADC was formed in 1992 for the primary objective of reducing dependence on South Africa through regional economic integration. It is comprised of 14 member-countries. It did not accelerate its market integration process until 1996 when it articulated the objective of creating a free trade area within eight years. Its trade protocol was ratified in 2000 and it is expected to fully become a free trade area in 2008 with possibility of progressing into a custom union after this. It has shown considerable success in promoting regional development projects, particularly in the areas of transport, communication, environment and industry.

Common Market for Eastern and Southern Africa (COMESA)

It is the largest RTA in Africa in terms of population with currently 19 member countries. Five of the member countries of COMESA (Madagascar, Malawi, Mauritius, Zambia and Zimbabwe) are also members of SADC and five are also members of East African Cooperation (Burundi, Kenya, Rwanda, Tanzania and Uganda). COMESA was established in 1994, growing out of Preferential Trade Agreement (PTA), which was established in 1981. COMESA was established to promote trade among its member countries. It is one of the RTAs recognized as a building bloc of the African Economic Community under the Abuja Treaty. Its trade liberalization objective envisaged a progression from preferential trade liberalization through a free trade area and a customs union to a common market. It intended to create a customs union by removing all barriers against intra-COMESA trade and implementing a common external tariff.

East African RTAs

East African Cooperation (EAC)

It was formed to replace the East African Community, which collapsed in 1977. The resurrected EAC was formally launched in November 1999 with the signing of its new treaty, which mandates that it transform from a free trade area to a customs union and then to eventually be transformed into a common market. This would lead to the removal of all barriers against intra-EAC trade as well as the establishment of a common external tariff combined with a common regime of excise duties.

Inter-Governmental Authority on Development (IGAD)

This RTA came into existence in 1996 for the Horn of African countries. Virtually all its member countries are also members of COMESA. It has been involved in the implementation of the trade liberalization objectives of COMESA. However, the latter is not only slow, but many of its member countries are plagued with endemic food insecurity problem and recurrent political instability.

Indian Ocean Commission (IOC)

This RTA was established in 1984, but its secretariat was set up in 1989. It is built around four African island states (Comoros, Madagascar, Mauritius and Seychelles) in the Indian Ocean with Reunion (an overseas department of France) making it the only RTA, which includes a developed country. Its primary objective was to promote regional cooperation in trade and industrial development, which included a program of tariff reductions. However, the economies of its member countries are too small to allow for economies of scale and the intra-IOC trade is low.

North African RTA

Arab Maghreb Union (AMU)

It is the only RTA existing in North Africa. It is comprised of all the countries in North Africa except Egypt and Sudan. It came into being in 1989 with the objective of progressing from a free trade area to a customs union and then to a common market. This objective has not been achieved. Much of its trade liberalization objectives have been replicated in bilateral trade agreements, particularly European markets but these have not been fully regionalized. Generally, as the analysis of the existing 13 African RTAs shows, most of the RTAs have failed to fulfill their objectives, or promote trade integration, or to result in significant economic gains for member countries. Most African RTAs have not achieved any significant integration of goods markets and positive impact on intra-regional trade due to their lack of complementarities in trade structures and their narrow focus on intraregional tariff reductions. African countries tend to have higher import tariffs than the rest of the world. The share of intra-trade within major African RTAs has either been small, stagnant, or has even declined over the past four decades. Consequently, the direct contribution of any trade diversion to overall trade performance is likely to be limited. This is in concordance with Langhammer and Hiemenz (1990), who in their comprehensive survey could find no case in which an RTA made up solely of developing countries had made a significant contribution to trade expansion or economic development. Other studies support this finding (Ariyo and Raheem, 1991; Roelfson, 1989; Lyakurwa et al., 1993; Foroutan, 1993). Several analysts (Langhammer and Hiemenz, 1990) have argued that for many African RTAs, rail, road and port facilities were designed to strengthen trade ties with the former colonial power and not for trade with neighboring countries in Africa. Thus, it is more likely for trade diversion to be higher than trade creation within African RTAs.

Yeats (1999) has also shown how the inappropriate anti-competitive transport policies adopted by many African countries have inflated their international transport costs which, in turn, have adversely influenced their export prospects. The conclusion from this general review is that inadequate transport and communication infrastructure is a deterrent to trade flows within African RTAs.

CONCLUSIONS AND RECOMMENDATIONS

This paper has examined the conditions under which RTAs are successful, and gauged the extent to which African RTAs have met these conditions. African RTAs have not met most of the desired conditions. The dismal outcome of African RTAs can be attributed to many factors, which include:

i) Low level of share of intra-RTA trade in total trade;
ii) Dependence on basic minerals and primary products as main exports;
iii) Low level of structural complementarities of the African economies;
iv) Multiple, duplicative and overlapping protocols, structures, mandates, and membership of African RTAs, leading to inefficient use of resources;
v) Recurrent political instability and conflicts; over-ambitious goals and unrealistic time frame for achieving their objectives; and,
vi) Weak infrastructure and communication linkages.

The question that one might then reasonably ask is why African RTAs are still maintained despite their economic inefficiency. Although answer to this question requires further research, the explanation probably lies in the fact that African RTAs are still seen as the key to Africa's integration into the global markets and overall trade policy environment. If African RTAs want to avoid the problems of the past and achieve potential gains of a useful RTA, the following actions need to be taken:

i) Emphasize areas where African RTAs have comparative advantages;
ii) Reduce the multiplicity of objectives and membership of RTAs;
iii) Emphasize policy coordination rather than trade integration;
iv) Adapt reforms to each member country's specific economic and social characteristics, priorities, and level of development;
v) Broaden the objectives of RTAs beyond trade integration to include free movement of people and capital with realistic time-frames;
vi) Develop infrastructures; and;
vii) Harmonize trade policy instruments.

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