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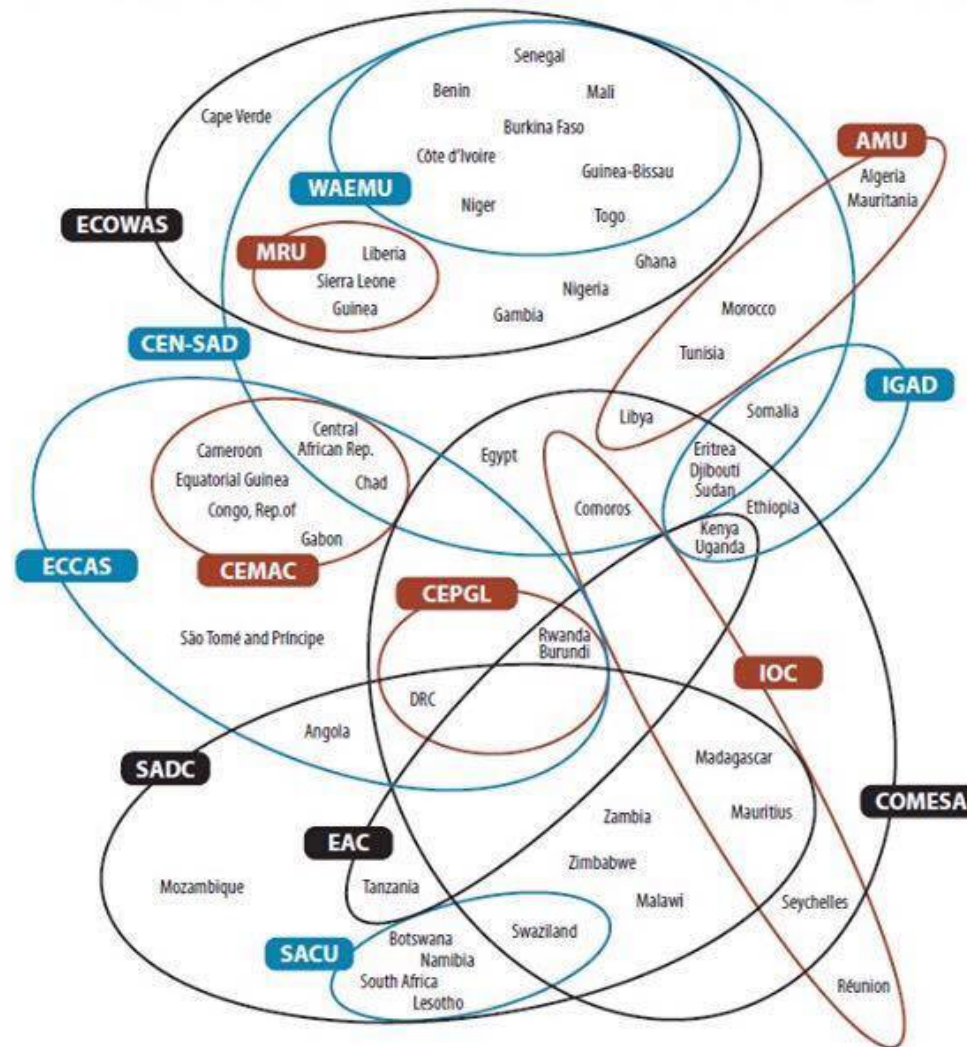
# Regional Integration in Africa: Issues, Opportunities, Challenges

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# Nkrumah's Nightmare...



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## Leveraging opportunities for integration

- Ambitious plans, policies and strategies at the AU and REC levels:
  - 1) AU's "Agenda 2063" and 10-year implementation plan
  - 2) AU's Action Plan for Boosting Intra-African Trade
  - 3) Launch of the Tripartite FTA on 10 June 2015
  - 4) Ongoing negotiations to fast track the Continental FTA
  - 5) Improving multidimensional performance on integration
  - 6) Promoting gender equality and advancement of women and girls
  - 7) AU and REC industrialisation strategies
  - 8) Major infrastructure initiatives

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## Leveraging opportunities for integration

- Framed by a shift in approach towards developmental regionalism:
  - 1) Market integration
  - 2) Infrastructure (i.e. transport, communications, energy networks)
  - 3) Structural transformation via industrialisation and service sectors
- Enormous untapped opportunities for growing intra-regional trade in food products, basic manufactures and services (middle class).
- And informal trade in goods and services flourishes.
- Digital technologies are playing a role.
- Triggering regional value chains.
- Africa's vast resource pool.



## But obstacles to trade integration

- Lack of political will to advance integration, including concerns about loss of sovereignty, policy space and tariff revenue.
- Overlapping memberships of RECs, with different tariff reduction schedules, rules of origin and ambition regarding integration.
- Failure to respect and implement regional trade agreements and their obligations.
- High tariffs on intra-regional African exports compared with the rest of the world, even though total elimination of tariffs on goods is foreseen in almost all RECs.
- Persistence of NTBs that impede trade, from import licenses, additional fees and surcharges to stringent SPS.
- Inefficient or corrupt customs and border management impacting both formal and informal trade.
- Lack of adequate infrastructure, from transport to ICT, to support both physical and digital cross-border trade in goods and services.

## Obstacles to trade integration

- Lack of MRA and other restrictive policies in regional services markets, ranging from nationality requirements to regulatory heterogeneity for licensing, qualification and educational requirements.
- Lack of robust dispute settlement on issues pertaining to obligations under regional trade agreements, including legal remedies for private traders and service suppliers when their rights are violated.
- Lack of support for entrepreneurship, private sector development and export competitiveness, especially for SMEs.
- Constraints on the freedom of movement.
- External dynamics, including the potential impact of mega-RTAs and increased import competition from advanced and emerging economies, which has contributed to Africa's deindustrialisation.

## Final thoughts...

- Tariffs are not the binding constraint on intra-SSA trade performance.
- Focus on “developmental regionalism”: market access, infrastructure, industrial development.
- Design the C-FTA as a modern, comprehensive and rules-based trade agreement.
- Place trade facilitation and regional value-chains high on the C-FTA agenda (regional industrialisation strategy plus domestic enabling business climate).
- Develop mechanisms to ensure benefits accrue evenly.
- Harness external trade partnerships, where appropriate.

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# Thank you

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