



tralac Annual Conference 2015

Towards a continental integration agenda

tralac will host its 2015 Annual Conference on 16 and 17 April in Lusaka, Zambia ([see the draft programme](#)). The theme of this year's conference is '*Towards a continental integration agenda.*'

Integration remains a priority for African countries. While in some respects it may seem as if the integration debate has not evolved to meet the demands of the 21st century; closer scrutiny reveals some emerging shifts and developments in the integration agenda. It may be premature to celebrate a new African integration paradigm, but there is some evidence that investment, production and trade realities are shaping thinking about the regional integration agenda. There are also signs that regional integration initiatives need a firmer legal basis.

An important shift of focus towards industrialisation is evident across regional economic communities (RECs) in the context of the broader developmental regional integration discourse. The capacity to produce tradeables competitively remains a fundamental challenge for most African countries. While industrialisation may require innovative policy support, the importance of the market integration agenda already adopted by RECs, to support industrialisation and specifically value chain development, which features as a specific objective in this context, should not be neglected. Attention to standards (sanitary and phytosanitary issues and technical barriers to trade), quality assurance and the elimination of non-tariff barriers is essential to develop competitive industries in Africa. New thinking on rules of origin is required. The basic constructs of current thinking do not reflect 21st century production realities.

Matters of policy space and sovereignty sometimes trump commitments to rules-based governance. An area of particular concern is dispute resolution. African governments are decidedly reluctant to litigate against each other. The absence of remedies, in particular for private firms and traders, results in uncertainty and unpredictability. The benefits of rules-based trade arrangements will not materialize if obligations are not respected and rights are not guaranteed. Private parties will seek redress through national courts when governments do not implement or renege on their commitments. This may, in the absence of binding precedents about the meaning of Community Law, result in fragmented outcomes.

The role of services in African economies, in terms of contributing to overall economic activity, to employment, and to manufacturing competitiveness, is well documented. Services are also a key issue for infrastructure development; effective regulation of infrastructure services is essential to ensure competitive access to transport, communication and other such services. The links with trade facilitation are obvious. More work on an African services agenda is essential; we may have to re-visit the approach of the General Agreement on Trade in Services (GATS) with its strong focus on market access. Domestic regulation will determine whether market access is apparent or real. Shaping a *sui generis* services agenda for Africa; with an initial focus on key infrastructure services makes sense.

The development of the services agenda in the East African Community (EAC) is interesting. The EAC is consolidating its common market. This requires regulatory reform, convergence and harmonisation to ensure effective market access. A pragmatic new focus on very complex and sensitive issues such as movement of people and recognition of qualifications is evolving. An important dimension of this process is that a coalition of the willing is moving forward. Others may follow. This experience can well inform the development of a services agenda for the Tripartite Free Trade Area (TFTA) and the Continental Free Trade Area (CFTA), both in terms of substantive focus, but also in terms of a pragmatic approach for willing coalitions to take pioneering steps, and others to follow.

The partner states of the EAC recently concluded a cooperation agreement ([download here](#)) with the United States on trade facilitation, sanitary and phyto-sanitary measures and technical barriers to trade. This agreement recognises the objectives of the Trade and Investment Framework Agreement the parties concluded earlier, but now adds pragmatic support to assist the EAC member states that is linked to their World Trade Organisation (WTO) commitments and the development of domestic capacity to implement international standards, guidelines and recommendations in these areas. Market access and value chain participation is increasingly contingent upon the capacity to meet such standards, and as such an essential building block for Africa's own industrial development and integration agenda, as well as Africa's global integration.

The TFTA was heralded in some quarters, as an opportunity to develop a comprehensive, modern free trade area addressing the demands of the 21st century. This opportunity, as far as the trade in goods agenda is concerned, was, however, scuppered by short-sighted mercantilist interests and lack of ambition to truly integrate the eastern and southern African regions. Instead of addressing, amongst other objectives, the vexing problem of overlapping membership, it looks as if it could in fact compound the problem. The TFTA negotiations have also demonstrated the need for a well-coordinated process. After the member states have signed this agreement, there will still be work to do (being referred to as a 'built-in' agenda to complete phase 1). The second phase of the negotiations lies ahead; arguably, this is where a collection of potential benefits could be realised or be lost. These negotiations will cover services and trade-related issues such as investment, competition and intellectual property issues.

And then there is the CFTA; a continental integration initiative. This presents yet another opportunity to shape an agenda that effectively addresses the practical realities of investment, production, trade and integration in the 21st century. It presents an opportunity not only to support intra-African integration, but also to provide a basis for Africa's global integration. A good starting point may be to find a new appellation for this initiative. Reference to a free trade area (FTA), could bring the conceptions and straight-jacket of dated designs and approaches. Taking a leaf from some of the innovative trade and integration arrangements elsewhere in the world may be worth considering. What about a Continental Development Partnership (CDP), which takes as its starting point clusters of interconnected challenges, rather than the traditional trade-in-goods agenda, with its strong focus on tariff liberalisation? Examples of clusters of challenges could include trade facilitation, transport and logistics, and investment. A nexus of inter-related policy and regulatory issues around investment, for example, could be designed to support not only the industrial development agenda of the continent, but also financial integration and inclusion. Innovative thinking on such matters is required. It is essential that such initiatives be rules-based, with consequences for non-compliance.

In short, new thinking on African integration is required. While it is possible to consolidate and build on some of the emerging realistic initiatives, the key question is whether Africa is prepared to shape new policy and governance trajectories for its development in the 21st century?