

CHAPTER 23 REGIONAL ECONOMIC INTEGRATION

Objectives

After studying this chapter, students should be able to:

- Name some economic unions in Africa.
- Describe the aims and objectives of establishing these unions.
- List and describe problems associated with these unions and
- Proffer solutions to some of the problems of these unions.

23.1 Promoting Economic Development

In order to foster unity and promote economic development, some countries in Africa and West Africa sub region have bound themselves together into economic unions. In this chapter special attention will be given to the Economic Community of West African States (ECOWAS).

23.2 Formation of ECOWAS

The idea to form ECOWAS was moved in 1973 by Generals Yakubu Gowon and Gnassingbe Eyadema, the Head of State of Nigeria and Togo respectively. Having convinced other Heads of State about the benefits of the union, the treaty establishing ECOWAS was signed in Lagos by fifteen West African Heads of State on 28th of May, 1975 excluding Guinea Bissau who was still under Portuguese rule. The Secretariat of ECOWAS was located first at Lagos, however, it had been moved to Abuja, the new Federal Capital Territory of Nigeria. The secretariat is the administrative headquarters of ECOWAS. The financial headquarter is located in Lome, Togo.



Figure 23.1: ECOWAS Secretariat, Abuja

23.3 Reasons for Establishing ECOWAS

ECOWAS was established by the cooperating countries in order to achieve the following objectives:

- i. to increase trade among member countries.
- ii. to promote cooperation and development in other economic activities such as industry, transport, telecommunication, energy and agriculture.
- iii. to foster cultural cooperation in the areas of education, music and arts.
- iv. to contribute to a common fund which could be used to compensate countries whose economy is negatively affected as a result of the organization and to develop foreign investments;
- v. to establish a common currency on the long run.

By coming together, ECOWAS countries are expected to work together in unity to achieve economic development of their region. Areas of joint development are transport, communications, energy and infrastructural development. Ways to achieve the aims of establishing the union is to work towards harmonization of monetary policies, massive industrial and agricultural projects and elimination of all forms of trade barriers. Removal of trade barriers is very important because majority of West African countries are mainly raw material producers. They produce similar products at small scale and import many products. Therefore, coming together will enable them to produce based on areas of comparative advantage and detached them from their former colonial masters. Most of West African trade is still being controlled by the expatriates, as a result, trade benefits are being taken overseas while development is at the lowest level in West African sub-regions.

List of member countries are:

- i. Benin Republic

- ii. Burkina Faso
- iii. Cote D'ivoire
- iv. Cape Verde
- v. Gambia
- vi. Ghana
- vii. Guinea
- viii. Guinea Bissau
- ix. Liberia
- x. Mali
- xi. Mauritania
- xii. Niger
- xiii. Nigeria

xiv. Senegal

xv. Sierra Leone

xvi. Togo



Figure 23.2: ECOWAS member countries

23.4 Advantages of ECOWAS:

Some advantages of ECOWAS are;

1. Improved transportation network within ECOWAS region. Good roads now link member countries. A good example is the road from Nigeria to Togo.
2. Free movement of ECOWAS citizen with the abolition of limited period visa in 1979.
3. Resolution of border conflict among member nations e.g. the border conflict between Republic of Benin and Togo was resolved by ECOWAS in 1975.
4. Establishment of ECOWAS games, (the first of its kind was in 1977) promotes spirit of solidarity and understanding among member states.
5. Increased economic cooperation among member states. For example, there are sugar and cement ventures between Nigeria and Benin Republic. Also, Nigeria exchanges oil for Togo's iron ore.
6. Creation of large market for the region. The coming together will foster a united market for goods produced in the region.

7. Free flow of capital, particularly the flow of physical and human capital to encourage investment and bigger returns.
8. The establishment of ECOWAS Monitoring Group (ECOMOG) in the 1990's greatly helps in restoring peace to crises laden countries such as Liberia and Sierra Leone. It helps restores democratic government.
9. Enlargement of natural resource base. The merger of agricultural and mineral resources, both solid and liquid, with the joint development, and use of power resources of big countries such as Nigeria and Ghana, is expected to create a more solid economic foundation.
10. Elimination of unhealthy rivalry among member nations.

23.5 Disadvantages

1. Most of the financial responsibilities of the union are often shouldered by the richer countries like Nigeria, Ghana and Cote d'Ivoire. This sometimes place unnecessary burdens on these nations negatively.
2. The free movement of citizens among member countries has resulted in illegal alien movements. Most of these aliens usually perpetrates evil in their host countries.
3. It has led to smuggling of goods across borders.

23.6 Problems of ECOWAS

Most of the problems of the union are related to political and economic conditions of the member countries. Among these problems are;

1. Links with former colonial master:

Almost all the member countries still have strong linkages with their former colonial masters. The four Anglophone countries who are ex-British colonies- Nigeria, Ghana, Sierra Leone and the Gambia have strong economic link with their former master than their West African counterparts. Similarly, the nine former French colonies have stronger ties

with France. This often hinders economic progress of the member countries.

2. Poor transport and communication: Most West African countries are not well connected to each other by roads, railways and telephones. There are only two international railways (Dakar – Bamako and Abidjan – Quagadougou). There are no railways linking Anglophone and Francophone countries.
3. Linguistic problem: West African states are divided along linguistic lines (English and French). This discourages the coming together of the two groups.
4. Different currency: Each member country has its own currency. This often complicates trade and makes exchange difficult.
5. Growth goal of each member state: The goals and aspirations of each member state to achieve an economically strong nation has led to the imposition of various barriers in the form of import duties, rates and import licensing and foreign exchange restriction. These often hinder free movement of goods.
6. The fear of domination: The smaller and poorer countries fear that the bigger and richer ones will dominate them economically and politically.
7. Political instability: Due to frequent military coups and ethnic conflicts, member countries often find it difficult to concentrate on regional integration. They are more concerned about solving their internal problems.
8. Same geographical areas produce the same products: ECOWAS countries are in the same geographical region, as a result they produce similar agricultural goods which does not stimulate international trade among member countries.
9. Import substitution industries: Similarly, they all have import substitution industries which produce consumer goods such as textiles, shoes, soft drinks, furniture and cement. Usually there is no excess for export.

10. Financial problem: Many member states could not pay their annual dues regularly. This makes the running of the secretariat difficult.

23.1.7 Recent Development in ECOWAS

1. Establishment of ECOWAS cup competition in 1982 to promote cultural and sports integration.
2. Increase intra-community trade by harmonizing ECOWAS trade liberalization scheme and strengthening corporation among the West African Chambers of Commerce through their federation.
3. Establishment of Community Computer Centre (CCC) in Lome, for processing data. It is a service centre for member countries.
4. Issuance of ECOWAS Brown Card as a third party liability insurance policy meant for the settlement of claims arising in International motor vehicle traffic.
5. Establishment of ECOWAS Energy Resources Development Fund in 1982 to facilitate the development of member states' energy resources instead of importing from outside the community.
6. Establishment of the West Africa Health Organization in July 1987 to see to the improvement of member countries' standard of living and to the protection of the health of people. The WAHO is also established to harmonise health policies of different countries and to support member states in solving health problems in times of natural disasters or emergencies.
7. Establishment of ECOBANK in 1984 to facilitate financial and economic development of member states.
8. The formation of ECOWAS Monitoring Group (ECOMOG) for peace keeping and upholding of democratic values in states that are crises laden.

23.2 The Chad Basin Commission

The Chad Basin Commission was formed in 1964 by countries that share water of Lake Chad. The countries are:

- (i) Nigeria
- (ii) Chad
- (iii) Niger and
- (iv) Cameroon

The purpose of establishing the commission among other things is to ensure the social and economic development of the member states and prevent conflict among the countries that share the water of the lake particularly in their bids to exploit the water resources for irrigation, livestock rearing and fishing.

The commission had made some significant achievements. For example:

- (i) A scientific survey of the water resources had been done with the help of UNESCO.
- (ii) Irrigation projects have started in Nigeria and Chad with plans to start similar projects in other countries.
- (iii) Linkage by rail between Nigeria and Chad, and Southern Chad with N’Gaoundere in Cameroon.

23.3 Mano River Union

This union is between Liberia and Sierra Leone. The outstanding achievement of the union is the establishing of a common external tariff since 1st April, 1977 and complete free movement of trade goods capital and labour force of the borders of the two countries.

23.4 River Niger Commission

The Commission was formed in 1963 by Republic of Benin, Cameroon, Guinea, Cote d’Ivoire, Mali, Niger and Burkina Faso, with the headquarters in Niamey, Niger republic. The objectives of the commission is to improve navigation and to achieve general economic development along the River Niger. Although, River

Niger has one tenth of its length in Nigeria, yet Nigeria is not a member of the River Niger Commission.

23.5 Senegal River Union

This union was formed in 1968 by Senegal, Mauritania, Mali and Guinea which are countries linked by Senegal River. It was purposely established to find ways of using River Senegal for their mutual benefit in the field of fishing, irrigation, power production and transportation.

23.6 The Afro-Malagasy Common Organisation (OCAM)

OCAM was found in 1965 by Cote d'Ivoire, Senegal, Togo, Republic of Congo, the Central African Republic of Equatorial Africa, Zaire, Rwanda, Mauritius and Malagasy. All members of OCAN are French – speaking. The organization was formed to:

- (i) harmonise customer regulation of the member countries.
- (ii) set up an African common market.
- (iii) suppress submersion in African states.
- (iv) create stabilization funds in support of steady prices.
- (v) harmonise taxation and investment codes.

Achievements over the years include:

- (i) the signing and ratification of a common sugar market agreement.
- (ii) the operation of Air Afrique airline with headquarters in Abidjan.
- (iii) facilitating interrelationship between coffee producing countries and the international coffee agreement.

Other forms of International cooperation in Africa include East African Community, Ghana–Guinea – Mali Union formed in 1959 which has become defunct and Mali Federation between Mali and Senegal. Others are the conseil de l'Entente (Council of Understanding) called the "Entente" formed in 1959 between Ivory Coast (Cote d'Ivoire) Upper Volta (Burkina Faso), Dahomey

(Republic of Benin) Niger and Togo and The West African Monetary Union formerly known as the West African Customs Union.

Summary

- ECOWAS was formed to promote unity for economic development amongst West African countries.
- Two heads of states instrumentals to the formation of ECOWAS are General Yakubu Gowon and Gnassingbe Eyadema of Nigeria and Togo respectively.
- ECOMOG was established to restore peace to crises laden countries and help restore democratic government.
- The countries that form the Chad Basin Commission are Nigeria, Chad, and Cameroon.
- The objectives of the river Niger Commission is to improve navigation and to achieve general economic development along the River Niger.
- Other economic union in Africa include: Senegal River Union, Mano River Union and the Afro Malagasy Common Organisation.

Revision Questions

1. When was ECOWAS formed?
A. 28th May 1975. B. 28th May 1972. C. 28th June 1995. D. 28th April 1985.
2. The following are member countries of ECOWAS except
A. Ghana. B. Guinea. C. Guinea Bissau. D. Zaire.
3. ECOMOG refers to
A. ECOWAS Monitoring Group. B. Economic Mandate Group. C. Economic Monitoring Group. D. ECOWAS Mandate group.
4. ECOWAS games was first held in
A. 1977. B. 1987. C. 1937. D. 1957.
5. Important problems of ECOWAS include the following except

- A. Links with former colonial master. B. poor transport and communication. C. Linguistic problem. D. Military aggression.
6. A scheme designed to ensure third party liability insurance policy meant for the settlement of claim arising in international motor vehicle traffic by ECOWAS is known as
A. ECOWAS Brown Agenda. B. ECOWAS Brown Card. C. Green Tree Accord. D. ECOWAS Traffic Scheme.
7. The following are countries that make up the Lake Chad Basin Commission except
A. Nigeria. B. Chad. C. Niger. D. Mauritania.
8. The following are member of River Niger Commission except
A. Cote D'Ivoire. B. Mali. C. Niger. D. Nigeria.
9. Mano River Union is between
A. Nigeria and Chad. B. Senegal and Gambia. C. Liberia and Siera Leone. D. Siera Leone and Liberia.
10. The financial secretariat of ECOWAS is located in
A. Abuja, Nigeria. B. Dakar, Senegal. C. Lome, Togo. D. Abidjan, Cote D'Ivoire.

Essay

1. Discuss the reasons for establishing ECOWAS.
2. What are the advantages and disadvantages of ECOWAS?
- b. Discuss problems of ECOWAS.
3. Enumerate recent development in ECOWAS and discuss how these development have strengthened ECOWAS.
4. Briefly discuss the following:
 - (i) The Chad Basin Commission
 - (ii) Mano River Commission
 - (iii) Senegal River Union
5. Has ECOWAS achieve its aims and objectives? Discuss.