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An Introspective Analysis of the Prospects and Challenges of Economic Integration In West Africa

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INTRODUCTION

It has been argued by economists that the question of the success of regional economic integration in the less developed countries (LDC) is tied to factors such as similarities of economic structure, market size, and the political will by various key stakeholders. However, other elements have been identified as contributory to factors militating against the smooth running of the programmes which are institutional, political and economic reasons. In this academic research, the Economic Community of West African States (ECOWAS) will be used as a case study to identify and discuss the barrier to Intra-African Trade[1].

Regional economic integration seldom enjoys popular support in the comity of economists and international trade technocrats. The current and long term debate is that north-south regional economic integration is superior to south-south integration. Several arguments has been advanced as to why regional economic integration has not been successful in the developing countries including the ECOWAS sub-region. The reasons ranges from similarity of their economic structure, market size, lack of dynamism in their economic strategy and lack of political will[2].

ECOWAS IN PERSPECTIVE

ECOWAS is an acronym for the Economic Community for West African States. It was created as an economic community with the aim(s) of promoting cooperation and integration, leading to the establishment of an economic union in West Africa in order to raise the living standards of its peoples, and to maintain and enhance economic stability, foster relations among member states¹. ECOWAS as a regional organization has similar aims and objectives with other regional organization such as SADC, EAC, MERCOSUR etc. Most written works on ECOWAS is hinged on agreed regional economic co-operation and regional security issues rather than its actual development through several stages of integration which ranges from free trade and single currency monetary union[3].

Although ECOWAS was established since 1975 however it has witnessed stunted growth in the area of intra-regional trade programme. If we concede this, the syllogism that arises would be: why do we refer to ECOWAS as regional integration organization if its internal mechanism does not qualify as such? Perhaps ECOWAS would more aptly be termed as a regional political power block?

In this essay, we shall first and foremost put the ECOWAS in view examining its evolution and interpretations of its activities and its economic development strides. This academic exercise will be preceded by analysis of the political and economic dichotomy in the sub-regions. We shall also examine the existence of ECOWAS as an economic regional integration block

as it pertains to its vision of promoting integration in the West African continent[4].

In retrospect, ECOWAS as a regional organization is reflected in the twin treaty of the 1975 Article of Agreement and the Revised Treaty of 1993, respectively. These treaties conceptualize ECOWAS as the economic union; saddled with the responsibility of promoting economic integration in the region. Its transitional plans range from Free Trade Area to Customs Union, Common Market and Monetary Union. ECOWAS is distinct in scope and operation from other regional integration schemes as it does not encapsulate political goals in the union[5].

A cursory study of the Articles of Agreement 1993, gives insight into the goals and objectives of the community. The Article did not distinguish between evolutionary goals and other goals. It is therefore trite to state that the treaty did not distinguish between integration and co-operation. This thin line between integration and co-operation makes it amorphous as it relates to what practically can be identifiable as regional organization[6].

ECOWAS AS SECURITY ORGANIZATION

Although ECOWAS is seen as a regional organization, it is much more than that as it has over the years evolved into a political union, hence the treaty contains some provisions on political co-operation such as renunciation of aggression, maintenance of regional peace, security and stability and settlement of conflict among member-states. Hence, ECOWAS is more of a security umpire than a regional organization[7].

The narrative by some scholars that ECOWAS is a security organization is predicated upon some military intervention in some countries through the ECOWAS Peace Mission (ECOMOG) in Liberia and the Sierra-Leone, respectively.

In retrospect, the Liberian war increased between 1988 and 1990 and threatened to destabilize the entirety of the West African region Chukwuma Agu (2009)[8]. The ECOWAS as a result, exhumed the moribund Non-Aggression Protocol of 1978 and established the ECOMOG that intervened to forestall peace and security in the region. Further, to mitigate the growing political tension that threatened destabilization in the sun-region, member states resolved to establish “ECOWAS Mediation Standing Committee” for peaceful resolution of conflict[9].

Although, the laudable but lofty ideal behind the setting up of the ECOMOG by member-states could not prevent the growing internal conflict in some states however, truce was struck in 1995 at Abuja, Nigeria where it was suggested that transitional government which comprised all groups who participated in the war should be established.

ECOWAS AND INTRA-REGIONAL TRADE

Lack of dynamism in the area of intra-regional trade is one of the features of the features of ECOWAS.

Notwithstanding the impediments, ECOWAS has recorded a great success in the area of free trade, movement of persons, building of regional road network, maintenance of communication links and regional peace and security. However, its effort has been abysmal in the area of market

integration. The indices is that trade liberalization scheme is still at the low ebb as it is shown in the low-level of the intra-regional trade which is only 11 percent compared to trade with third world countries[10].

Apart from realizing free trade area the planned common external tariff still awaits its inauguration and the economic and financial rules which have not been articulated. As a result, ECOWAS and its implementation of financial policies is not yet harmonized. So many reasons account for the low intra-regional trade in the ECOWAS region. According to Prof. Kufour who applied public choice theory explained the failure of ECOWAS trade liberalization scheme (TLS). Professor Kufour argues that ECOWAS policies from inception have been significant in this respect. The treaty was shaped to hinder foreign trade organizations from benefiting from the TLS Iyoha and Ekanem, (2002)[11]. He further observed that these foreign trade firms are located in Senegal and Cote

d'ivoire whereas firms in Nigeria and Ghana were state-sponsored and still at their transition stage². It was Nigeria that campaigned and lobbied for the adoption of the rules of origin; the consequence of this act, on was that only 17 manufacturing factories were allowed to take part in the TLS thereby stunting the progressive growth of the potential intra-regional trade.

This anomaly epitomizes how state bureaucracy and national interest affect intra-regional trade policies[12].

Similarly, lack of political commitment is another major set back in the area of intra-regional (African) trade within the ECOWAS sub-region. Two major reasons have been adduced for this anomaly. On the one part is the

emphasis on the differing political ideologies of the member foreign collaborators. Secondly, it is the widely held allegation of lack of commitment to issues arising from the distribution of profits accrued from integration³. The consequence is that if profits are unequally distributed and the necessary arrangement made for compensation, member-states may be reluctant in surrendering sovereignty. In this vein, lack of commitment therefore refers to the inability of ECOWAS, as a regional economic organization however it remains mystery; how such weak institution can stand the test of long years of existence[13].

THE ESSENCE OF REGIONAL INTEGRATION IN AFRICA

With the establishment of ECOWAS in 1975, the Anglophone and Francophone West Africa became members. The main motivation behind the establishment was to demonstrate the commitment of the West African Sub-regions of agitate for a better standard of living and economic freedom among member-states. Nigerian is one of the major protagonists in this great agitation, she felt strong due to its vast oil wealth and saw this regional block as a template of assuming leadership role in the ECOWAS. Basking in this lofty dreams, it was ready to confront the government of France which hitherto controlled the entire Francophone West Africa.

Although ECOWAS was established as an economic oriented organization, it has politics primarily as its motivation. ECOWAS at its best functional as a formidable regional security organization rather than a regional integration

organization. The question therefore is why establish ECOWAS as an economic organization than a political union? The rationale for this is that at the inception dating back to the 1970s, it would have been risky to create a regional political, power block which will include the Anglo and Francophone countries, but rather very popular to create a regional economic integration power block. As a decoy, regional economic integration focusing on pure economic aims became a façade for regional security matters and for addressing the political influence of France in the region.

Although Nigeria assumed the responsibility, yet, she was unable to transform ECOWAS neither to an effective political organization nor to a dynamic integration zone. ECOWAS, it seems, was an instrument to forestall political dominance of Nigeria in the region while UEMOA, on the other, sprang to counter the domineering tendencies of Nigeria in the region. This task became over bearing to Nigeria, who neither is bale to exercise the power at the centric position in the ECOWAS nor able to press its dominance effectively. This is largely due to internal strife arising from the disunity in the Nigeria federation. Nigeria is bedeviled by endemic social and political divisions which serve as a stumbling block towards the implementation of a robust, definite and coherent economic policy.

Interestingly, in Nigeria there exists about 250 ethnic groups. This paved way for ethnicist as a political issue. Ethnic contentions have been re-echoed by religions fanatics which has been employed for political advantage. While the northern leadership was primarily traditional i.e. Emirs and other traditional leaders down South, the interest groups comprised of educated elites, teacher and professionals who had worked their way through political

parties, to positions of authority. This lack of consensus among the different interest groups in Nigeria is the main hindrance to her assuming its role as trailblazer of growth, at the least for her Anglophone member - states.

BARRIERS TO INTRA-AFRICAN TRADE

The success and failure of regional economic integration in Africa should be assessed in the light of the objectives its sets to attain coupled with the socio-economic and political context under which it operates. Using the objectives as a benchmark, not many regional groupings have attained the dream of a common market and customs union in the region. This can be explained, that more often than not, member-states have failed to implement on the agreement they willingly signed. Thus, Tura, suggests people of aviation in initial condition, lack of political will, issues of compensation, low private sector participation, duplication of membership and improper policy harmonization[13].

Further to this is that economic integration-based literatures has shown that underdeveloped countries have not fulfilled the conditions of custom union, theory which will rob them off the traditional welfare gains from integration[14].

It is apposite to point out that regional economic integration has had a tremendous effect on the flow of bilateral trade in the European Union. However, a critical review of the aforementioned indicates that regional economic integration especially in the developing economies has been highly constrained. These, therefore, made the effort of building a

successful economic integration a mirage irrespective of its increasingly international trade demands[15].

Based on our research analysis, several issues have been identified as factors that affect the implementation of regional economic integration. They are: Trade diversion, lack of fiscal resources, lacking in global integration, persistence of colonial ties, low priority on policy agendas, little role for private sector, debate, grassroots support, multiple objectives and weak states.

INADEQUATE INFRASTRUCTURE

A condition precedent for a virile regional economic integration requires a functioning infrastructure. The dynamic for a robust economy that makes use of its resources is dependent upon its infrastructure. Economic gains arising from regional integration are also dependent on the functionality of the system to move resources, goods and capital as well as information from the sourcing areas to the factory base and to distribute it product effectively. Based on this, it is proper to state that a meaningful regional economic integration in the ECOWAS region may be hampered by a relatively inadequate communication and physical infrastructure to accommodate free flow of information and movement of people and goods.

Although the drastic change to regional economic integration has witnessed a steady increase in the past 25 years in all the parts of the globes, the herculean tasks of the less developed world is to improve their abilities in promoting the effectiveness of moving people, goods and information through adequate infrastructure.

According to the statistics released by the World Bank in 2004, approximately 2 billion people (over 35% total population) survive on a per

capital budget of under 2,400 US & a year. Under this, South Asian and Sub-Saharan Africa represent his people, they also rank very low as the less developed nations in terms of infrastructure and technology. With this situation, the means to initiate meaningful economic development within the region becomes difficult.

COMPETITIVE ECONOMIES

In retrospect, regional economic integration were established when most of their members were executing import substitution growth policies. While such policies could be conducive to regional co-operation in order to expand market size, its focus on encouraging domestic production may negatively affect specialization and division of labour among member - state[16].

This is particularly true when trade structures among regional integration member-states are the same. For instance, research findings reveals that member-states of COMESA export virtually similar primary goods such as textile and manufacturing goods make up their major trading partner, the European Union. This indicates that a rather non-complimentary nature of COMES in intra-regional trade Iyoha and Ekanem [17]. The significance of a competitive economy within an economic regional block is to ensure that a meaningful and progressive integration created appropriate structure for economic gains to be enabled and losses to be reduced. It follows that those that gained should be made to compensate those that lost in the medium term and cases of losses must be minimized in the long run. Tax revenue cut is a particular case in point. Many economies in Sub-Sahara Africa are highly dependent on the export of natural resources and basic products.

Therefore, if a particular country is asked to reduce or restructure its exportation policy of a particular product due to a competitive advantage of another member-state, such a member-state must in some way be compensated for its revenue loss. This situation of tax revenue loss encourages members' lack of interests and hesitation except if they envisage an immediate benefit from the integration process⁴. Aside from revenue tax loss, developing countries of ECOWAS are concerned about unhealthy competition from the rich and industrialized nation. This is because the few regional blocks have meaningfully addressed issue of industrializing the economies of their countries, thereby leaving the issue of complementary or competing industries or factories.

It is apposite to contend that even if member-state that gains agree to compensate those that lost in principles, setting up an agreeable modalities and implementing it in a suitable manner, is a difficult exercise. However, due to the fact that this kind of issues have not been addressed in many instances, it has contributed immensely to the weak performance of many economic regional integration agreement[14].

POLITICAL ANIMOSITY

Several reasons have been adduced in regard to the hindrance to progress in the pursuit for regional economic integration in the ECOWAS region. Be that as it may, none are as germane as kick off political will.

According to Henderson, although the world is a global village, it does apply in the integration programme "an economically border-less world does not

now exist, nor is it prospect; and the world economy today is further away from full integration than it was before the first World War"⁵. Therefore, how far the trend towards integration will go may not be predictable rather depends on government.

Theoretically, the benefits of regional economic integration would far outweighs the short-term losses of an individual member-nation, however the politics of administering a nation and addressing the yearnings of her citizens are extremely difficult a task. But in doing this, its political implication on trade liberalization, the issue of predictability of transparent decision-making or lack of it, and the credibility of government programmes and policies all have to be taken into consideration⁶. The following are some of the reasons low politic will hinders the establishment of meaningful integration: (i) Issue of sovereignty (ii) avoiding an unforeseen consumption cost that may arise by importing from high cost member-state (iii) member-states inability to distribute gains and losses equally in line with the integration agreement. (iv) reluctance to discontinue existing economic ties with non-member-states. Further to this, is the subtle but existing element of sentiment of members' national governments within a regional zone towards one another adds to the list of political animosity.

In retrospect, political animosity, was an age-old phenomenon as states battled among themselves for power domination, wealth and ideology. For instance, for several hundreds of years, preceding western civilization, France and the Republic of Germany, the best political method was to slaughter each other.

Similarly, regional integration in Africa cum ECOWAS region indicates that countries are not willing to create a supranational organizations and sub-let or transfer power to them as sanctioning authority. Thus the secretariat that are established are not vested with the legal authority that can force member states to implement rules or obligations - such as agreement on reducing tax tariffs rates, common customs policies and other trade barriers. When these barriers are broken as a result of liberalization, the reluctance to lose sovereignty is escalating non-tariffs, which is becoming a major challenge in ECOWAS.

More so, the Africa initiative such as the Abuja treaty and others that arises therefrom could potentially serve that purpose but is yet to establish the structure to do so.

On the much discussed issue of political will, irrespective of the political promises and rhetoric, practical commitment is lacking. According to the Nana Dankwa Akuffo-Ado, Foreign Affairs Minister, Ghana "Peace and Security will continue to be a mirage in the region unless real substance is given to the numerous legal instruments and structures put in place to address conflicts by heads of states and governments[18].

It is instructive to state that many economic regional blocks especially among the developing economies are obligated and committed to other multilateral and bilateral commitments, than to regional agreements. For instance in the case of ECOWAS, there are two regional blocks - Anglophone and Franco-phone sub-regional groups, cross-national ethnic groups, lingering border conflicts, and the menace of well documented cases of insurgencies and terrorism. It is interesting to note that no ECOWAS

member-state government can sincerely express the will of a coherent regional integrated block with multiple consequents, self-serving interest groups and sincere district across the region.

MEASURING THE COST AND BENEFITS UNDER THE INTEGRATION PROGRAMME

In the preceding leadings, we have described the nature, scope and factors militating against regional economic integration in the ECOWAS region. Irrespective of the likely gains that can be made with integration programme, very few of such projects have in reality been achieved. In attempting to identify the rationale for the slow pace of success of the integration programme in the ECOWAS region, it is significant to draw a clear distinction between two major set backs in this direction, one related to the evaluation of the cost and benefits of the economic integration programme is related to the establishment and operation of these projects.

The selection and evaluation of economic integration programme in the ECOWAS region raises a number of logistics problems. It is indisputable that one of the main arguments for economics integration programme is the exploitation of economies of scale that it exhibits. However, not until recently no effective planning modalities were able to select optimal programme in the presence of economies of scale. Further to technical programmes that is associated with the planning of the programme in the presence of economies of scale, complications are introduced by the explicit recognition of risks and uncertainty in the project analysis. Apart form the methodological problem of cost evaluation, the problem of data also exists. In order to make an accurate case for integration programme in the ECOWAS

region, a comprehensive detail of net estimates associated with them in comparison to the alternative mode are required. For an equitable measurement of cost and benefits, the data of production cost is needed as well as a comprehensive information on the distance and geographical spread of demand and transportation cost. Unfortunately, due to low appreciation of information technology, the ECOWAS region rarely access statistical data and even when it is collected it is done on the basis of individual member-countries aimed at addressing the needs of their domestic economies Orji (2012)[7]. Differences in data collection and coverage, more often than not, renders the construction of regional integration which may further compound the task of adequately measuring the cost and benefits of economic integration programme in the ECOWAS region. As a result of these, a rough estimates can be made of the net gains or losses associated with any gains or losses associated with any production structure⁸. It should be pointed out that in contrast, for foreign products, imports from world markets paves way for an alternative to production⁹ on a national or regional scale in order to make an informed estimation of the gains and losses of an integration programme in this category, projection of import prices is needed Peter Jenkins (2008)[10]. This situation is made worse owing to the uncertainty associated with the wobbling nature of world market prices, the assessment of likely cost and benefits of regional product makes it more complicated[11].

THE RATIONALE BEHIND INTEGRATION IN AFRICA

The reasons behind economic integration in Africa is quite obvious. Acting independently, most African states are designed to remain, vulnerable and dependent nation. For over five decades since political independence, Africa continue to occupy the back seat in the world as evidenced by the growing level of under development infested with civil strife and abject poverty. Between 1960's and 2000 sub-Saharan Africa registered absolute decline on almost all facets of socio-economic development¹². Hence integration offers the only alternative. What is required to be done is building capacity particularly of the sub-Saharan Africa nations in order to overcome their backwardness to be integrated into the global economic system [18]. Documents abound testifying to the fact that regional economic integration programme in Africa have not significantly improved intra-regional and intra-Africa trade. Therefore, African regional economic trade have not succeeded in expanding intra-African trade, increasing the region's trade or enhancing the regions overall economic growth. According to Oyejide, the consensus in respect of this result is a function of broad agreement, from the analytical and empirical literature. This barrier to intra-African trade have been traced to several factors.

In the first place, it can be argued that regional economic integration programmes that is applied is certainly not the appropriate tools for achieving the goals of integration. Secondly, the nature and the formal structure of the mechanisms adopted are inappropriate. Thirdly, the initial conditions that is in existence in Africa and the structural features of the

many member - states in the ECOWAS countries that is involved in regional integration programmes was not strong-enough to have facilitated their progress. More so, the programmes have not faithfully and completely been implemented as designed. Thus, Africa's regional economic integration have suffered from both design and implementation problems.

It has been observed that over the past two and half decades, West African States have been involved in the struggle to achieve sustainable economic development an independent regional economic integration Eghosa (1978)[13]. As earlier pointed out above, ECOWAS was formed by sixteen member-state of Western Africa with the aim to bring a practical approach in tacking the economic woes of the sub-Saharan African continent that is already at the threshold of economic quagmire [19].

CONCLUSION

To hold that ECOWAS is a full-fledged economic community may be difficult. ECOWAS goals and self-image is contradictory tilting, it more as a regional security organization than an economic regional scheme. While Nigeria is one of the major forces behind the ECOWAS, in the same breadth, it hinders fall development of ECOWAS to a regional economic organization in order to protect its own domestic goals. Without member-states commitment to its aims and objectives, ECOWAS is faced with the barrier to develop into a dynamic economic regional integration organization. ECOWAS is, at the onset a political organization where Nigeria is exercising domineering influence. Regional economic objective focusing on pure economic

objectives have become a decoy for regional securities issues. But in economic terms, ECOWAS is made up of two different regions. The abysmal record of economic integration in West Africa comes to fore on member-states lofty proposal to have a single currency for ECOWAS by the year 2004. UEMO is already operating a common currency system (CFA France). ECOWAS is expected to be an economic community. Its progressive take-off has been hampered by self-built bureaucracy that has mitigated its development into a virile economic community. ECOWAS is, until now, neither a free trade area nor a custom union.

It is interesting to say that ECOWAS tends to place the cart before the horse as monetary integration appears to be the Community's targeted goal.

Monetary union should be regarded as the last stage of integration. Striving for monetary union in ECOWAS is not only preposterous, it also portrays ECOWAS drivers as lacking the needed idea that will create a strong integration in the region. Also, divergence of concept, political and economic in the region testifies to the existence of not just one but two distinct economic integration programmes in the ECOWAS region. All of these constitute a barrier to greater intra-African trade within the ECOWAS region.

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