

AFRICAN UNION

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**Second Conference of African Ministers
In charge of Integration (COMAI II)
Ministerial Conference
26-27 July, 2007
Kigali, Rwanda**

COMAI/Min/Rpt(II)

**FINAL REPORT
OF THE CONFERENCE**

I. INTRODUCTION

1. The Second Conference of African Ministers in charge of Integration was held in Kigali, Rwanda, from 26th to 27th July, 2007. The discussion of the Conference mainly focused on the two studies, namely, the Review of the Abuja Treaty; and Adoption of Minimum Integration Programme for each REC, which were undertaken by the African Union Commission. The Conference also exchanged views on key questions surrounding integration, including the challenges facing integration and whether there could be lessons from the European experience; the difficulties and challenges facing the building of common markets in Africa; and the role of mobility of factors of production in integration.

II. ATTENDANCE

2. The Conference was attended by the following countries: Algeria, Angola, Botswana, Burkina Faso, Burundi, Cameroon, Chad, Central African Republic, Congo, Cote d'Ivoire, Democratic Republic of Congo, Egypt, Ethiopia, Eritrea, Gabon, Ghana, Guinea, Kenya, Libya, Lesotho, Malawi, Mali, Mauritius, Mozambique, Niger, Nigeria, Rwanda, Saharawi Republic, Senegal, Somalia, South Africa, The Sudan, Tanzania, Togo, Uganda, and Zimbabwe.

3. The following organizations were also represented at the meeting: the United Nations Economic Commission for Africa (UNECA), the African Development Bank (AfDB), the Common Market for Eastern and Southern Africa (COMESA), the Community of Sahelo Saharan States (CEN-SAD), the Economic Community of Central African States (ECCAS), and the East African Community (EAC). The International Conference on the Great Lakes Region (ICGLR) attended as observer. The list of participants is attached as Annex 1.

III. OPENING CEREMONY

4. The Conference was officially opened by Honourable Dr. Charles Murigande, Minister of Foreign Affairs and Cooperation, on behalf of His Excellency Mr. Paul Kagame, President of the Republic of Rwanda.

5. In his opening remarks, Dr. Murigande welcomed the participants to Kigali, and thanked them for accepting the invitation to attend the Conference besides their busy schedules.

6. At the out set, the Minister informed the Conference that the debate on Africa's integration was not a new phenomenon. It started way back in the years of the struggle for Africa's independence. Hence, the integration of Africa was not only desirable, but also achievable. To this effect, he urged all African countries to integrate into world markets in order to transform their economies and compete in the globalized economy of today.

7. The Minister further reminded the Conference of the recent AU Summit held in Accra, Ghana, which among others, emphasized that integration was key to the

achievement of Union Government. In particular, he commended the AU Assembly on the Decision to put a moratorium on the recognition of new RECs. In this respect, he called upon on all African countries to concentrate on policies and programmes which would help in accelerating Africa's integration agenda.

8. Finally, the Minister urged the Conference to find solutions to the current problems associated with regional integration, including that of overlapping memberships and the proliferation of RECs. At this point, the Minister commended the work on the two studies, by the African Union Commission which would help in addressing some the problems as the Continent continues to implement the integration agenda.

9. On behalf the Chairperson of the African Union Commission, the Commissioner for Economic Affairs, H.E. Dr. Maxwell M. Mkwezalamba extended sincere appreciation to His Excellency Mr. Paul Kagame, President of the Republic of Rwanda, his entire Government and the people of Rwanda for hosting the Conference. He also thanked the Ministers, Heads of delegation and Representatives of Regional Economic Communities, for attending the Conference.

10. The Commissioner pointed out that Africa continued to face huge development challenges making it one of the poorest continents in the world, despite the abundance of natural resources and the enormous potential to be a pace setter in development. These challenges needed to be addressed. On this note, he emphasized the need to address a number of key issues including, promotion of peace and security, good governance, infrastructure development, the adoption and implementation of sound macroeconomic policies and the creation of a conducive atmosphere to attract both domestic and foreign direct investment.

11. Further, he noted and commended the on-going efforts and significant progress achieved by the RECs in the areas of transport and communication; macroeconomic policy convergence; trade and customs; free movement of persons, goods, services and capital; and peace and security. However, he indicated that despite significant progress in many RECs, there were challenges that continued to prevail and more effort coupled with strong political commitment needed to be unleashed.

12. Finally, the Commissioner informed the Conference on the two studies which the AUC had undertaken in the area of Rationalization of RECs: (i) actualization of the economic integration stages as defined in Article 6 of the Abuja Treaty; and (ii) formulation of a Minimum Integration Programme for each REC. He informed the Conference that the findings and recommendations from the deliberations would be submitted to the Heads of State and Government during their next Summit. He further informed the Conference that the African Union Commission remained committed to implement AU Assembly Decisions, in close collaboration with the RECs, Member States, as well as its partners.

13. Addressing the Conference after the Commissioner was Mrs. Josephine Ouedraogo, Acting Deputy Executive Secretary of ECA, on behalf of Mr. Abdoulie Janneh, the UN Under Secretary General and Executive Secretary of the Economic Commission for Africa.

14. In her statement, she thanked His Excellency Mr. Paul Kagame, President of Rwanda, for hosting the Conference and for his strong commitment to deeper integration and the development of the continent. She commended the good working relationship between the AUC and ECA. She further commended commitment demonstrated by the African Leaders during the Accra Summit in the area of integration. Among others, the Assembly requested the AUC to accelerate work on integration process which would lead to the Union Government.

15. The Acting Deputy Executive Secretary also informed the Conference about the commitment of the ECA in the area of integration since its inception in 1958. She assured the Conference that that ECA would continue to work very closely with the AUC, RECs and Member States in developing sound development policies.

16. The European Union Representative to Rwanda, Dr. David MacRae also made a statement. In his statement, he informed the Conference about the EU's commitment in supporting the work on integration.

17. He pointed out that Africa would not compete in a globalised world unless the integration agenda is addressed. Further, he indicated that enhanced co-operation would also lead to greater stability and peaceful conditions for Africa.

18. Finally, Dr. MacRae commended the work on rationalization of the RECs. In his view, rationalization and harmonisation of the RECs would, among others, save time and money, and facilitate the on-going negotiations with the third parties, including the EU.

IV. ELECTION OF THE BUREAU

19. The following was the composition of the Bureau:

- Chair: Rwanda
- 1st Vice-Chair: Chad
- 2nd Vice-Chair: Zimbabwe
- 3rd Vice-Chair: Libya
- Rapporteur: Cote d'Ivoire

V. ADOPTION OF THE AGENDA

20. The Conference adopted the following agenda:

- i. Opening Ceremony;
- ii. Election of the Bureau;
- iii. Adoption of the Agenda and the Organization of Work;

- iv. Exchange of Views on;
 - Can Africa Overcome the Challenges of Its Economic and Political Integration? Can the European Example serve as a Model;
 - The Building of Common Markets in Africa: Results Obtained, Difficulties Encountered and the Way Forward (The Case of COMESA); and
 - Mobility of Factors of Production among States: Driving Force or Handicap to the Regional Integration Process?
- v. Consideration and Adoption of the Report of Experts' Meeting;
- vi. Consideration and Adoption of the Report of Ministers;
- vii. Consideration and Adoption of the Draft Declaration;
- viii. Date and Venue of the Next Conference
- ix. Any Other Business; and
- x. Closing Ceremony.

VI. PRESENTATIONS

a) ***“Can Africa overcome the challenges of its economic and political integration? Can the European example serve as a model?”***

21. The presentation was made by H.E Amb. Smail Chergui, Representative of the Minister of Foreign Affairs of Algeria. In his presentation, he gave a brief history of the European experience from the 1950s to date, and gave some examples of the successes of the European model. He indicated that trade had grown tremendously within the European Union, as well as other areas of economic activity such as banking, insurance and so on. In general, favourable conditions for the establishment of an economic and monetary union greatly assisted the growth of intra-community trade in Europe. The presenter also recalled the extraordinary plethora of European directives taken up in national legislations aimed at harmonizing conditions for the exercise of economic activities, access to national markets and to reduce tariff and non-tariff barriers.

22. He then drew the attention of the Conference to the fact that well-conceived regional integration, along the European model, would have multiple advantages for African countries. To achieve it, RECs must be perceived as the effective vectors of the integration of African countries and political will was a necessary prerequisite for the achievement of the objectives of regional integration. Furthermore, a resolute effort would have to be made to harmonise institutions and economic policies at continental level.

23. On the way forward, he said Member States needed to set ambitious but realistic timeframes for the implementation of reforms and the setting up of regional institutions. Robust and efficient regional institutions could accelerate the integration process in Africa. The coordination and harmonization of REC programmes was,

therefore, a priority. The African Union Commission should to play its lead role in accelerating African integration process.

Discussions

24. During the discussions that followed the presentation, a number of key issues were raised in respect of Europe's integration process vis-à-vis Africa. Among these was the importance of having a clear understanding of the imperatives for integration. In the case of the EU, the process of integration was driven by exigencies such as the post Second World War challenges, the need for lasting peace and security on the continent and the need to reposition Europe in a bi-polar world. The Marshall Plan greatly enhanced this process. In the case of Africa, the key drivers could be considered as the need for peace and security, development, poverty reduction and the strong need to face the challenges of globalization.

25. A comparison of Europe and Africa also reveals a number similarities and differences. In terms of similarities, firstly, Europe needed to reposition itself as a force in the global arena. Africa today is in a similar position in the face of globalization and its challenges. Secondly, integration in Europe was done by sovereign states, and the same applies to Africa today. Thirdly, there were divergences in the economies of European states and the strong states provided support for weaker states. Africa faces similar divergences in the level of development of its member states. In terms of differences, the first was that Europe started its integration process with few states and gradually accepted other states, bringing the total to twenty-seven today. In the case of Africa, fifty-three states went into a union at a single moment and this was identified as a source of difficulty. Secondly, Europe started with an economic grouping and worked towards a political union. Africa on the other hand started from a political grouping and started working towards an economic union.

26. A number of conditions for success were identified. The first of these is political will, which was identified as key. Resource availability was also identified as key in the accomplishment of integration objectives. It is also vital that the people of Africa own the process. Extensive consultation with civil society, private sector and other stakeholders identified as essential. In order to get the support of all the stakeholders, it would be necessary to demonstrate that integration will bring gains to the people. Once this is convincing enough, selling the idea would be an easy task. Institutions such as the parliament and the judiciary must also be able to play their rightful role in this process. As in the case of Europe, in order for Africa to succeed in its integration endeavours, stronger countries must provide the requisite support to the weak ones. Such support is not necessarily just financial but also through the enhancement of absorptive capacity of these economies.

Recommendations

27. The following were the recommendations from the discussion:
- i. It is important for Africa to draw valuable lessons from the European integration process. This model is a source of inspiration because of its successes.
 - ii. Africa will need to develop its own model given that the challenges facing the continent are different from those of Europeans. The advent of the African Union was recognized as a step in the right direction in Africa's integration endeavours;
 - iii. Support the activities and the work of the RECs in developing common policies with a view to supporting or assisting the poorest countries;
 - iv. The benefits of integration should be highlighted in order to encourage the full participation of all stakeholders; and

b) *Building of Common Markets In Africa: Results Obtained, Challenges Faced and the Way Forward (The Case of COMESA)*

28. The presentation on this theme was made by Hon. Ekwee Ethuro, the Assistant Minister of Planning and National Development of Kenya.

29. He started by reminding the Conference that the Common Market for Eastern and Southern Africa (COMESA) was initially established as a Preferential Trade Area of Eastern and Southern Africa (PTA). Like all the other RECs, COMESA had achieved significant progress on the path of integration, despite several challenges facing it.

30. He highlighted major achievements of COMESA in integration, including COMESA becoming a Free Trade Area on 31 October, 2000 with 9 States completely and mutually eliminating their customs tariffs in accordance with a tariff reduction calendar adopted in 1992. He also informed the Conference that COMESA had since November 2006, created a Development and Compensation Fund for infrastructure development and adjustment costs resulting from trade liberalization and had also established various specialized institutions.

31. Furthermore, he drew the attention of the Conference to the fact that COMESA had several projects to implement in the very near future including a study on the Ways and Means to Speed up Establishment of COMESA Monetary Union. COMESA was also in a process deploying efforts to achieve its Customs Union in 2008.

32. Regarding the challenges facing COMESA to accelerate its integration, he outlined the following:

- i. slow pace of implementation of some decisions;
- ii. slow ratification and the non-application of some legal instruments;
- iii. the economic disparities among Member States;
- iv. issue of multiple membership of some of COMESA Member States to different RECs.

33. He concluded by noting that COMESA had made a lot of progress in various sectors and will surely constitute a catalyzing factor for the integration process.

Discussions

34. During the discussions, the importance of regional integration was discussed in detail. Integration was identified as a lynch pin for Africa's development. Africa cannot develop as a continent without being integrated. The Abuja Treaty has effectively built a model for Africa's integration by identifying RECs as the building blocks of the continent's integration.

35. In the case of RECs such as COMESA, liberalization of trade was generally considered to be the key objective of integration. But, it had also created immense opportunities for cooperation in wide range of areas such as infrastructure, energy, peace and security, health, legal and judicial. Challenges that are regional in nature are better dealt with through integration and growth can be leveraged both at country and regional level. It was also stressed that integration should not be limited to an economic agenda. Instead, it should also comprehensively address political, social, and cultural issues. Integration should be people-centred and development oriented.

36. Progress made by RECs in Africa was also highlighted. Key achievements have been recorded by various RECs in areas such as free movement of people and goods, elimination of tariff and non-tariff barriers, cross-boundary transportation and energy projects. Peace and security was also identified as a key area of integration.

37. The importance of infrastructure development within the context of integration was also highlighted. Poor transport infrastructure is a major impediment to the development of trade within the continent. In this vein, regional initiatives such as cross-boundary road projects within RECs were seen as a major step forward. The problem of financing such infrastructure projects and the need to come up with financing mechanisms was also raised.

38. Institutional strengthening was also identified as a key area to support the integration efforts of the continent. Need to look at areas that need strengthening to ensure that all the different activities are properly coordinated.

39. Harmonization and coordination of the various efforts of RECs was also identified as an important area. The role of the AU in this process was highlighted. It was noted that several important recommendations come out of different meetings on the subject of integration and the implementation of these recommendations was key.

40. The point was also raised that too much focus seems to be on markets while the production side seems to be neglected. Market and production development need to go hand in hand. Developing markets without a production base to serve such markets will not yield adequate benefits to countries in an integration grouping. This needs to be reflected in all development policies.

41. The RECs, namely, EAC, CEN-SAD and ECCAS made presentations on the status of progress and experiences of their integration. Progress made and key achievements recorded by these RECs included: implementation of customs union, infrastructure development programmes, peace and security and commencement of progress to common market.

Recommendations

42. Some of the key recommendations made were:

- i. Infrastructure development should be given adequate attention within the framework of the integration agenda. In this vein, appropriate funding mechanisms should be put in place to finance regional infrastructure projects;
- ii. More emphasis should be put on the production side to ensure that there is adequate capacity to serve larger markets that come about as a result of integration;
- iii. The strengthening of the capacity of regional and continental bodies was also recommended;
- iv. Emphasis should be put on the diversification of production, as well as the free movement of goods; and
- v. Put in place relevant mechanisms of coordination and harmonization of the programmes and activities of RECs

c) *Mobility of Factors of Production among States: Driving Force or Handicap to the Regional Integration Process?*

43. The item was presented by Hon. Essimi Menye, Minister Delegate in charge of the Budget in the Cameroon Ministry of Economy and Finance. In his presentation, he highlighted the fact that African economies are still weak and not diversified. This lack of diversification exposes them to various challenges including exogenous factors. He emphasized that one way of dealing with this problem, is to put more emphasis on the enhancement of human capacities. This will ensure that countries are more competitive in the global arena and attract investments.

44. He said that the free movement of goods and persons in Europe was beneficial to its regional integration (Example of the entry of Spain and Portugal).

45. He informed the meeting that the debate on the mobility of factors of production was, in his opinion, premature because Africa's economies are still embryonic and unstructured.

46. The Minister highlighted the importance of putting emphasis on training in the areas of science and technology as well as the mastery of capital markets (Examples of South Korea, Taiwan, China and India).

47. Finally, he said that the economies of the future would be dominated by markets based on intelligence and know-how, and therefore Africa needs to invest in human resource training by creating technology universities at regional level. This would enable it to compete effectively on the international scene.

Discussions

48. In discussing the item, it was pointed out that Africa needs to put more emphasis on education, training and capacity building. In this regard, the meeting indicated the need to develop centres of excellence with a focus on science and technology. This would go a long way in creating job opportunities in the Continent and hence play a critical role in enhancing growth and alleviating poverty. The need to develop common research institutions and sharing of knowledge within the Continent was stressed.

49. The meeting called for the harmonization of policies to facilitate free movement of factors of production. Further, it called for a clear definition of free movement of persons. According to the Ministers, free movement of people would promote the development of tourism within the continent. In this regard, the meeting, among others, called for the harmonization of migration laws.

50. It was also pointed out that free movement of persons is the basis for free movement of factors of production which is especially relevant within the context of mode IV under the WTO trade in services regime.

51. The Ministers highlighted that free movement of factors of production should also take into account movement of capital. In this regard, mention was made of the need to review and harmonize national banking, business and financial laws as well as develop sub-regional and pan-African stock exchanges. It was also pointed out that the continent would need to accelerate the establishment monetary zones with a view to enhancing intra-African trade and investment. Furthermore, the meeting called for the development of sub-regional payments systems to facilitate intra-African trade.

Recommendations

52. In a bid to enhance regional integration, the following recommendations were made:

- i. The AUC in collaboration with the ECA and the AfDB to work with the Member States and the RECs in harmonizing business and financial laws to promote free movement of financial capital.
- ii. The RECs should facilitate harmonization of immigration laws in collaboration with the Member States with a view to promoting free movement of persons.
- iii. The AUC, with the support of the ECA and the AfDB, should expedite the process of establishing the pan-African stock exchange, as per Decision Assembly/AU/Dec.109 (VI), to enhance the mobilization of financial resources within the continent.
- iv. Member States should create a conducive environment for free movement of factors of production, while ensuring that Member States put in place mechanisms to deal with criminal activities.

VII. Consideration and Adoption of the Report of Experts' Meeting

53. The Conference took note of the report of Experts as presented and endorsed the recommendations as contained therein.

VIII. Consideration and Adoption of the Draft Declaration

54. The Conference considered and adopted a Declaration (attached).

IX. Date and Venue of the Next Conference

55. Following the offer made by the delegation of Cote d' Ivoire, the Conference decided that its next session would be held in Cote d'Ivoire at a date to be agreed upon in consultation with the AUC.

X. Closing

56. During the closing session, the vote of thanks was delivered by Honourable Ballay Megot Justin, Minister in charge of Regional Integration of Congo. He expressed gratitude to the Government and people of Rwanda for the excellent facilities put at their disposal since their arrival in Kigali and throughout the duration of the Conference. This, he said, was eloquent testimony of Rwanda's strong belief in the cause of Africa's integration and has greatly contributed to the success of the Conference. He called on the participants to be resolute in ensuring effective implementation of the recommendations with the goal of accelerating Africa's economic, political, social and cultural integration, by tapping from Africa's resources, complementarities and rich diversity. He said in this changing world, Africa must use

its ingenuity and resources necessary for development to ensure that it takes its rightful place in the global arena. He called for concerted effort to ensure success.

57. Dr. Maxwell Mkwezalamba, AU Commissioner for Economic Affairs, also delivered his closing remarks during this session. In his statement, the Commissioner conveyed thanks to the Government and people of Rwanda for the excellent hospitality extended to all the delegations and he attributed part of the success of the Conference to this. He also thanked the participants for having attended the Conference despite their busy schedules and for the commitment they showed throughout the deliberations. He said the candid and frank deliberations were a reflection of the commitment to achieving deeper African integration and further gave assurances that the recommendations of the Conference will be taken seriously by the AU Commission.

58. Dr. Mkwezalamba further reminded the Meeting of the need to urgently address the challenges inhibiting Africa's development and identified integration as the best solution to this. He underscored the need to promote peace and security, good governance, and consolidation of sound macroeconomic management for sustained economic growth and development. He emphasised the need to accelerate the integration process and reminded the Conference that this will require sacrifices. He highlighted the problem of overlapping membership of RECs and said this will need to be high on the agenda of the African political leadership in order to achieve deeper and faster integration. He finally called for the effective implementation of the recommendations and assured the Meeting that the Commission will do everything possible to steer the integration process with determination.

59. Finally, Honourable Dr. Charles Murigande, the Minister of Foreign Affairs and Co-operation of Rwanda also gave his closing remarks. In his statement, he congratulated the participants for the successful deliberations and expressed his conviction that the recommendations that came out of the meeting constituted another milestone in Africa's integration process. He indicated that the meeting identified major challenges, weaknesses, strengths and opportunities to African integration and went further to say that the challenges must be tackled to achieve a peaceful and prosperous Africa.

60. In conclusion, Honourable Dr. Murigande requested the AU Commission, Member States of the AU and RECs to work together to build capacity at national, regional and continental level and also called on AUC and Member States to ensure effective implementation of Decisions. He also suggested that the Third Conference of Ministers scheduled to take place in Cote d'Ivoire in 2008, adopt the theme "How to move from theory to practice" because, in his view, all the good ideas have already been expressed. Hence, all that remains now is how to implement them. He finally expressed his satisfaction over the way in which the AUC collaborated with the Government of Rwanda in the organization of the Conference.