



United Nations
Economic Commission for Africa

**Beyond the AfCFTA: Bringing the Continental
Customs Union and Common Market About**

**A DRAFT CONCEPT NOTE FOR THE PREPARATION
OF 11TH EDITION OF THE REPORT ON ASSESSING
REGIONAL INTEGRATION IN AFRICA (ARIA XI)**

I) Introduction & Background

Regional integration has been an important and permanent feature in Africa's development thinking and practice since independence in the late 1950s and early 1960s. The continent has experimented with different forms of regional integration and cooperation arrangements over the years, as strategies for overcoming the constraints of small, fragmented and uncompetitive markets inherited from its colonial past (see ECA, ARIA I – 10; Hartzenberg, 2011; Yang and Gupta, 2005; Hailu, 2014).

Africa's post-independence integration 'project' has been in constant evolution informed and shaped by changing local and global realities (Ikome, 2007). In the immediate post-independence period (1958 – 1963), the main impulse for integration was the strong anti-colonial sentiments, which translated into the clamor for a complete unification of the continent to a single political entity – the United States of Africa. This was, however, subverted by the burdens of nation-building, self-preservation and consolidation of national identities, yielding only minimalist-intergovernmental cooperation. The second period (1964 -1979) featured a shift from radical Pan-African idealism to a more modest approach to regional integration, focusing on the sub-regional economic domain of market-driven inter-state cooperation. During this phase, many African states were inclined towards cooperation involving pooling some competencies of domestic regulation and policy at a sub-regional level. These efforts gave rise to several sub-regional economic blocs including the Southern African Development Community (SADC), the original East African Community (EAC), and the Economic Community of West African States (ECOWAS). A third phase in the evolution of African integration (1980 - 2000) happened at the instigation of a combination of systemic factors, including the perceived skewed and unfair character of the post-War global economic order. One of the defining initiatives that emerged under this phase was the 1980 historic Lagos Plan of Action (LPA) and its accompanying Final Act of Lagos (FAL) (Ikome, 2007; Hartzenberg, 2011).

The LPA and FAL proposed a new Pan-African approach to Africa's economic challenges that included the establishment/revitalization of three Regional Economic Zones as a step towards continental integration. It proposed the revitalization of the already existing ECOWAS in West Africa, the establishment of the Preferential Trade Area (PTA) in 1981 for the East and Southern African states, and the Economic Community for Central African States (ECCAS) in 1983. The LPA was indeed an important phase in the evolution of regional integration for re-introducing such pan-Africanist themes like "African solidarity, collective self-reliance and self-sufficiency, economic progress on self-sustaining socioeconomic development, reducing its dependence and vulnerability vis-à-vis 'external nations'". It underscored the importance of regionalism for African economic progress, expressly urging that "efforts towards African economic integration" be pursued with "renewed determination" to create a continental framework for cooperation. (OAU, 1980; Hailu, 2014). The dominantly inward-looking prescriptions of the LPA were in sharp contrast to the outward-oriented recommendations of the Burg Report (1980), which ushered in Structural Adjustments Programs on the continent. The adoption and implementation of Structural Adjustment Programmes by majority African countries throughout much of the 1980s and beyond therefore overshadowed the LPA/FAL and stalled its implementation.

The sub-regionally anchored pan-African approach to integration, introduced by the Lagos Plan of Action was however not lost and it was fully revived in 1991 with the adoption of the Treaty Establishing the African Economic Community (The Abuja Treaty), which, in some sense marked the beginning of the fourth phase of African Integration (1991 – 2017). The Abuja Treaty built on the prescriptions of the LPA, reaffirming not only the centrality of regional integration for the continent’s development but also setting the timeline for full continental economic integration by 2025. The Treaty envisaged the ultimate continental integration which would culminate in the African Economic Community (AEC) to be achieved progressively beginning with the RECs as building blocks. Article 6(2)(a) of the Treaty urged for “Strengthening of existing regional economic communities and ... establishing economic communities in regions where they do not exist”. The immediate post-Abuja Treaty era saw the revitalization of the main regional economic blocs, such as the replacement of the Preferential Trade Area (PTA) by the Common Market for Eastern and Southern Africa – COMESA in 1993 (See OAU, 1991). Subsequently, however, the Abuja Treaty’s call for the creation of new regional arrangements in regions where none existed, inadvertently resulted in the proliferation of RECs, accompanied by the associated challenges of overlapping mandates, duplication and inefficiencies - which have remained enduring obstacles to the attainment of the goals Abuja Treaty itself.

Nonetheless, the Abuja Treaty constitutes one of Africa’s most important strategic instruments for the realization of the continent’s goal for inclusive and sustainable development, and about the best manifestation of a pan-African drive for unity, self-determination, freedom, progress and collective prosperity. This is evident in the fact that it has continued to be referenced in almost all subsequent African integration instruments and frameworks, including the Constitutive Act of the African Union, the New Partnership for Africa’s Development (NEPAD), AU’s Agenda 2063: the Africa we Want and most recently, the Agreement Establishing the African Continental Free Trade Area (AfCFTA). The integration process defined in the Abuja Treaty involves the phased elimination of barriers – tariff and non-tariff – to trade, as well as the facilitation of the movement of factors of production across countries and regions. The ultimate goal of Africa’s integration is the formation of a continental Common Market and the African Economic Community. The Abuja Treaty, which provides the blueprint as well as the framework for continental integration, sets out a strategy that envisages intra-REC trade liberalization and market integration as the foundation for intra-African trade liberalization and continental market integration, and the ultimate integration of African countries into the global market. Specifically, Article 6 of the Abuja Treaty sets out the modalities for the establishment of the African Economic Community, with stages four and five, inter alia, being the establishment of a continental Customs Union and an African Common Market, respectively (OAU, 1991).

Although RECs continued to make some progress towards the attainment of their respective treaty objectives; as well as towards meeting some of the integration milestones set out in the Abuja Treaty, the overall pace of progress not only varied from one REC to the other, it was also, generally very slow (ECA, ARIA Reports, I – X). With specific regard to attempts by RECs to form Customs Unions and Common Markets, the results have been rather mixed. Some of the RECs like the Arab Maghreb Union (UMA), the Community of the Sahel-Saharan States (CEN-SAD) and the Intergovernmental Authority on Development (IGAD) have made minimal progress towards forming even Free Trade Areas while others like the Common Market for Eastern and

Southern Africa (COMESA), the East African Community (EAC), and the Economic Community of West African States (ECOWAS) have made notable progress in launching their envisaged Free Trade Areas. Only the EAC and ECOWAS have established fully operational customs unions with a common external tariff (CET). COMESA and SADC both have operational Free Trade Areas without a CET, with UMA, CEN-SAD, ECCAS and IGAD yet to make notable progress towards trade liberalization that might lead to the formation of Free Trade Areas in their respective regions (ECA, 2021; Owiro and Akoth, 2020).

African leaders have continued to deploy various efforts geared towards accelerating progress towards achieving the Abuja Treaty objectives. Among others, they adopted in September 1999, the Sirte Declaration that urged for the acceleration of the integration process and shortening of the timelines fixed by the Treaty, as well as set in motion the transition from the OAU to the African Union and its associated New Partnership for Africa's Development NEPAD – which were effectively launched in 2001 and 2002 respectively. Continued concerns with the slow pace of integration and related inefficiencies brought about the 2006 AU Decision that placed a Moratorium on the Recognition of Regional Economic Communities (AU, 2006); the adoption in 2009 of the Consensual Integration Framework between member States, RECs and AUC, known as Minimum Integration Framework - MIF – (AU, 2009); and the adoption in January 2012 of the Action Plan for Boosting Intra-African Trade (BIAT), alongside the decision in favour of the establishment of the Continental Free Trade Area (CFTA). Subsequently, in 2013, the leadership of the continent adopted Africa's Agenda 2063: the Africa We Want, envisioned as a blueprint and strategic framework to facilitate the emergence of an integrated, prosperous and peaceful Africa, driven by its own citizens, representing a dynamic force in the international arena – accompanied by 10 year implementation plans and a number of flagship projects (AU, 2015).

The African Continental Free Trade Area (AfCFTA) which was adopted in 2018, as the first flagship project of Agenda 2063, falls within the category of initiatives intended to leapfrog/accelerate Africa's economic integration in the backdrop of the slow progress towards attaining the ultimate goal of establishing the African Economic Community envisioned in the Abuja Treaty. It could be considered as marking the beginning of the fifth phase of Africa's integration. Admittedly, the Abuja Treaty never expressly contemplated the establishment of a continent-wide Free Trade Area, rather, it envisioned RECs-level FTAs and CUs Union (Stage 3 of Abuja roadmap), which were to converge to a Continental Customs Union with a common external tariff (stage 4 of the Abuja roadmap) and subsequently a Continental Common Market. However, while the establishment of the AfCFTA represents a significant departure away from the Abuja Treaty's roadmap and introduces important new dynamics in Africa's integration, it neither negates nor renders it redundant, rather, it sets out to facilitate the realization of its core objectives. Understandably, the Agreement establishing the AfCFTA properly references the Abuja Treaty and the AfCFTA is rightly recognized as representing a critical step in Africa's integration journey towards the African Economic Community envisioned in the Abuja Treaty.

The AfCFTA creates the world's largest free trade area by the number of participating states, potentially bringing together all 55 African Union Member states. It seeks to lay the foundations for a single market for a continent with a population of about 1.4 billion people and a combined GDP of approximately US\$ 3 trillion. The AfCFTA has a comprehensive and ambitious scope and constitutes the first large-scale effort at deep integration at the continental level - with a potential to accelerate efforts towards the ultimate goal of an African Economic Community, of course,

building on the commendable integration achievements by Regional Economic Communities. Not only does it seek to liberalize and boost intra-African trade through the removal of tariffs and other traditional barriers to trade in goods (shallow integration), it also seeks to address domestic regulatory measures with respect to services, investment, competition, intellectual property rights, and digital trade (deep integration). It is concerned not just with the expansion of trade, but also with scaling up the structures of trade (by advancing trade in value-added products across sectors of the African economy and contributing to the establishment of regional value chains, as well as enabling investment and job-creation) thus enhancing the competitiveness of Africa in the global market (Lejarraga, 2022).

With the implementation of the AfCFTA already underway, the next step in Africa's integration project as outlined in the Abuja Treaty is the launch of the Customs Union, and subsequently the African Common Market. Generally, free trade areas are often vital building blocks and important experimentation labs for deeper integration (De Melo et al., 2017; Crowley, 2006) and the AfCFTA is no exception. As a matter of fact, there are some AfCFTA Provisions, as well as the AfCFTA implementation processes themselves that support or lay the foundations for deeper integration at both the levels of a continental Customs Union and a Common Market. With regards to specific provisions, Article I(J) of the AfCFTA Agreement clearly defines what a Customs Union is, and Article 3 (d) expressly states that one of the objectives of the agreement is to "lay the foundation for the establishment of a Continental Customs Union at a later stage". Deeper integration through a continental Customs Union and Common Market, would result in the expansion of value chains and herald further economic efficiencies, as well as stimulate investments, competitiveness and innovation. It has the potential to facilitate the concretization of the other freedoms envisioned in the Abuja Treaty – such as the free movement of all factors of production. Moreover, available literature suggests that under most circumstances, Customs Unions are more efficient and allow for greater market integration even as they require greater coordination and tighter constraints on individual member policies and sovereignty (World Bank, 2020; Ovadek and Willemyns, 2019; Clausing, 2000). The transition to a Customs Union and Common Market, would remove some of the operational complexities of FTAs arising from Rules of Origin and risks of trade deflection (UNCTAD, 2019). Additionally, considering that the eventual establishment of a continental Customs Union and Common Market would have to be accompanied by the establishment of common external tariffs, as well as the harmonization of broader economic policies for African countries, it is envisaged that it would also render trade negotiations between the continent and other regions or blocs much easier (Lejarraga, 2022).

Although the transition from the AfCFTA to a Customs Union and a Common Market has the potential to significantly deepen Africa's integration, as well as enhance the continent's competitiveness, including strengthening its bargaining power with the rest of the world, there is a recognition that this progression or/and deepening should be done in a manner that does not divert attention away from the AfCFTA or otherwise, delay or complicate its implementation (Fasan, 2019; Fofack, 2018; Miritto, 2021). Contemplating this transition therefore necessarily raises pertinent questions, not least the question as to whether Africa has attained the optimum conditions for the realization of a continental Customs Union and a Common Market. Or alternatively, if these conditions are not yet in existence, what interventions/actions should be embarked upon to quickly bring them about? Related to these are questions around the relevance/pertinence of a customs union and a common market in integration processes generally and in African integration more specifically. What for example are the potential or real benefits of

CUs/CMs and are these benefits so significant that an integrating unit (region) must necessarily strive to attain them? Would a CU/CM make African countries' economies significantly more competitive and what would be the impact of the pursuit of a Customs Union and Common market on the implementation and consolidation of the AfCFTA or could the implementation of the AfCFTA be pursued in parallel with the pursuit of a continental CU/CM?

Against this background, the United Nations Economic Commission for Africa (ECA), in partnership with the African Union Commission, and the African Development Bank, as well as UNCTAD, seek to have the eleventh edition of the flagship report on *Assessing Regional Integration in Africa* (ARIA XI) focused on the theme: **“Beyond the AfCFTA: Bringing the Continental Customs Union and Common Market About”**. The ARIA series offers deep insights based on empirically and theoretically grounded research into themes of considerable significance to African policymakers, trade negotiators, academia, and development stakeholders. The eleventh edition of ARIA report will focus on assessing the progress made in Africa's integration journey especially since the advent of the AfCFTA, and the preparedness of Africa to take the next critical step in this journey as envisioned both in the Abuja Treaty and the AfCFTA Agreement – the establishment of a Continental Customs Union and subsequently, a continental Common Market. ARIA XI will interrogate the extent to which the conditions for the establishment of the continental customs union and common market set out in the Abuja Treaty and other instruments such as the AfCFTA Agreement have been satisfied or alternatively, actions/interventions that need to be taken to bring about these conditions. Critically also, and in recognition of the uneven progress or/and fortunes recorded by different RECs in the formation of sub-regional customs unions and common markets, ARIA XI would explore the extent to which RECs experiences offer a foundation for the continental Customs Union and the African Common Market as envisaged by the Abuja Treaty and as provided for in the AfCFTA Agreement.

The report will also leverage comparative experiences of Customs Union and Common markets outside the continent, including the European and South-East Asian integration experiences. ARIA XI will also build on, leverage and complement the ongoing work on 'readiness for a continental Customs Union and Common Market', which is currently being led by the African Union's Commission Department for Economic Development, Trade, Tourism, Industry and Minerals (ETTİM). It will also leverage the analyses and findings of ECA research related to themes such as, “Framework for Boosting Intra-African Trade (BIAT), Ten Years After: Progress, Implementation Challenges, and Implications for the AfCFTA;” empirical analyses of the impact of the AfCFTA on intra-African trade, continental GDP and overall welfare; “Free Movement of People in support of the implementation of the AfCFTA and Africa's broader integration agenda” and research work on the Abuja Treaty and Africa's integration journey.

II) Major Issues and Challenges

The eleventh edition of ARIA primarily discusses the next critical steps in Africa's integration, namely, the formation of the Continental Customs Union and the African Common Market, as provided for in the Abuja Treaty, with due consideration to other frameworks for continental integration and development, such as the AfCFTA Agreement, Agenda 2063, and the Constitutive Act of the African Union. Thus, ARIA XI explores the theoretical and conceptual roots of Customs Union and Common Markets, highlighting the opportunities that will accrue from their

establishment and implementation as well as the challenges that Africa is likely to face in trying to establish and operationalize them. The major question that ARIA XI seeks to address is the impact that the establishment of the continental Customs Union and the African Common Market will have on Africa's integration and development trajectory. It will also investigate whether the conditions outlined in the Abuja Treaty and other regional and continental integration frameworks for the effective establishment of the Customs Union and the Common Market have been met or alternatively, how they could be brought about if they are not already there. This will necessarily require exploring the extent to which the establishment and ongoing implementation of the AfCFTA could facilitate the establishment of a continental CU/Common Market, as well as how the dedication of resources to the pursuit of a continental CU/CM could impact on the implementation of the AfCFTA. The report would also analyze progress that has been made by the RECs in establishing Customs Unions and Common Markets, highlighting how and if successful regional cases could be leveraged for the formation of a continental customs union and common market. Lessons will also be drawn from successful cases outside the continent. In summary, the major issues related to the continental customs union and the African Common Market that ARIA XI seeks to address include:

- Theoretical and conceptual issues related to free trade areas, customs unions and common markets, including their interface and sequencing. More precisely, under what conditions can the customs union and the common market be adopted and implemented or at what point is a transition from an FTA to a Customs Union and Common Market desirable and feasible? Is the linear pattern of integration a necessary and/or the only pathway towards deeper integration?
- What are the expected trade and economic benefits/losses/risks of a customs union and a common market?
- Have the conditions set out for the establishment and successful implementation of the Continental Customs Union and the Common Market, in the Abuja Treaty and other integration frameworks been sufficiently met? If not, how or what actions need to be taken to bring about these conditions?
- Has the establishment and ongoing implementation of the AfCFTA contributed in creating the conditions/foundations for the establishment and operationalization of the continental Customs Union and the Common Market as envisaged in the Abuja Treaty and other integration frameworks?
- In what ways could the pursuit of the establishment of a continental Customs Union and Common market impact the implementation and consolidation of the AfCFTA?
- How can the experiences of the RECs in the formation of free trade areas, Customs Unions and Common Markets be harnessed for the implementation of the continental Customs Union and the African Common Market?
- How can the existing customs procedures be harmonized under the continental customs union?
- What are the implications of the establishment of a common external tariff (CET) and other regulations and the accompanying need for a formula with which to divide and distribute customs revenues among African countries for the latter's appetite to engage in the negotiations to create a CU and CM? Would the digital economy era, upon which digital trade is thriving make it easier to deal with the question of revenue sharing? And can the

understanding of trade in value added help resolve the intricacies of trade in goods and services?

- What are the implications of the establishment of a CU and CM for Africa's ability to influence the terms of economic engagement with the rest of the world?
- What are the governance, institutional and resources (financial, technical, and human and institutional capacities) requirements for a successful continental customs Union and African Common Market?
- What lessons can Africa draw from successful cases of customs unions and common markets across the world?

III) Methodology

The research for the report will primarily comprise of desk review of literature on the subjects under study. The literature review will be complemented by empirical research involving semi-structured interviews targeting officials at the RECs and AU member states, the AfCFTA Secretariat and other stakeholders (including customs union and common market experts outside the continent) in the African regional integration project; as well as carefully review relevant official primary sources, such as policy declarations, resolutions, treaties, and similar official documents produced by AU member States, RECs and AU organs with a view of discerning experiences gained during their implementation. Finally, the report would include an empirical analysis on the likely impact of the CU/CM on intra-African trade, African GDP, welfare, and overall development.

IV) Proposed Report Outline

This report is expected to consist of 10 chapters as outlined below.

➤ Chapter 1: The Status of Regional Integration in Africa

The chapter on "The status of Regional Integration in Africa" is a standard and traditional chapter of the ARIA Series and it will outline progress and trends in Africa's economic integration at national, regional and continental levels. It will build on progress reported in previous ARIA reports and draw its data and analysis from sources such as the Africa Regional Integration Index (ARII), the AU Multidimensional integration Index (AMRII) and report on Assessing Regional Integration, the African Development Bank's Visa Openness Index and Regional Economic Communities' reports on their progress towards the continental regional integration agenda. It will serve as a foundation and bridge to the thematic segments of the ARIA XI.

➤ Chapter 2: Theoretical, conceptual and nexus issues around Free Trade Areas, Customs Unions and Common Markets

The African integration project has over the years followed the Balassa integration logic, according to which economic integration advances gradually in five stages, beginning with a free trade area, through a customs union, a common market, and culminating in an economic union and total economic integration. But as many critics have pointed out, the Balassa integration logic has its

weaknesses. For instance, it implicitly assumes that the levels of integration imply a sequential process, which the experiences of several regional organization, including those in Africa, have shown to be inaccurate. So, there is no theoretical reason why a regional trade agreement cannot skip the customs union stage and establish a common market or a monetary union. But even more importantly, and these might be important insights for the African integration project, it has been pointed out that the Balassa integration logic underestimates the amount of integration necessary in practice for the realization of a common market and overestimates the amount of centralization required for an economic union or monetary union (Crowley, 2006).

This chapter would focus on identifying the theoretical, conceptual and nexus issues related to free trade areas, customs unions and common markets and establishing the significance or/and relevance of each of these modes or phases of integration to African development.

➤ **Chapter 3: The advent of AfCFTA, its deeper integration provisions and ongoing implementation processes versus the transition/progression to a continental Customs Union and Common Market**

Moving from the theoretical realm in chapter 2 above to the empirical realm, this chapter would attempt to locate the AfCFTA within the overall context of Africa's integration agenda/realities on the path towards the African Economic community (AEC) envisioned in the Abuja Treaty and referenced in the Constitutive Act of the African Union, the African Union's Agenda 2063 and other relevant frameworks/instruments. The chapter would among others, dissect various provisions in the AfCFTA relating to deeper integration and how these could serve as foundations and enablers for progression to a continental Customs Union and Common Market; review progress in the implementation processes of the AfCFTA since the commencement of trading in January 2021, as well as African countries' progress toward the domestication of the Agreement, including through the adoption and roll out of National AfCFTA Strategies with a view of establishing whether enough ground has been covered to support a progression to the next phase in the continent's integration journey – establishing a Customs Union and a Common Market. The chapter will also attempt to answer the question, namely, if the conditions for the establishment of a continental customs union and common market are not yet available, what actions or interventions are needed to bring them about. Finally, the chapter would provide analyses on the overall likely impact of the pursuit of the establishment of a continental Customs Union and Common Market on the implementation of and consolidation of the AfCFTA.

➤ **Chapter 4: Trade and economic benefits of a customs union and a common market for Africa: making the case for a continental CU and CM**

This chapter would discuss in depth, the social and economic implications of adopting the continental customs union and the African Common Market. It explores the trade benefits and the costs associated with their adoption. Most importantly, the chapter would set out to demonstrate the importance of the continental customs union and the African Common Market for the achievement of the African Economic Community, and for Africa's broader integration and development agenda. In a nutshell, this chapter will attempt to make an economic case for a continental Customs Union and Common market.

➤ **Chapter 5: Requirements for a Continental Customs Union: Stabilization and harmonization of tariff and non-tariff systems/operationalizing a common external Tariff**

As has been the case with the establishment of Customs Union elsewhere in the world and at the sub-regional level on the continent, the prerequisites for the establishment of the African continental Customs Union would comprise among others, the coordination and harmonization of tariff and non-tariff systems among the state parties and the adoption of a common external tariff. Available literature indicates that membership of a CU can have far-reaching consequences for the ability of states to conduct their international trade policy independently, including negotiations of FTAs with other states. Although recently popularized by proponents of the United Kingdom's (UK) departure from the European Union (EU) (commonly known as 'Brexit'), concerns about CUs constraining the 'independent trade policy' of states have been voiced in international adjudication as early as 1931. The concept of a CU has been present in international law at least since the German Zollverein treaties in the 19th century. As the capacity to enter relations with other states is one of the generally accepted criteria of statehood, the creation and operation of CUs bears directly on questions of state sovereignty in international law (Ovadek and Willemyns, 2019).

Against this background, this chapter will focus on the role of the elimination of tariff and non-tariff barriers to trade, and the adoption of the common external tariff, in the implementation of a customs union. The chapter will then assess the progress made at both the continental and regional levels to harmonize the tariff and non-tariff systems and in the adoption of a common external tariff, in preparation for the adoption of the continental Customs Union. The chapter would provide analyses on how the continent could be assisted in taking actions to create these conditions and meet these requirements in case they are yet to do so. It would include a major section focused on running simulations/projections on common external tariffs (CETS) drawing from data on the Common External Tariff arrangements of a select number of African RECs that have Customs Union such as ECOWAS and EAC (Robson Peter, 1968).

➤ **Chapter 6: Requirements for establishing a Continental Common Market: Policy coordination and harmonization**

For the effective establishment of the African Common Market, the Abuja Treaty and other relevant continental integration frameworks outline, as requirements, the adoption of a common policy across several economic sectors including agriculture, transport and communications, industry, energy and scientific research; the harmonization of monetary, financial and fiscal policies; the adoption of a free movement of persons regime; and the mobilization of resources for the establishment of the Common Market. This chapter would seek to establish how far the conditions for the establishment of the common market have been satisfied and if not, lay out what needs to be done to bring them about.

➤ **Chapter 7: Exploring/leveraging the RECs experiences with Free Trade Areas, customs unions and common markets in facilitating the establishment of the continental Customs Union and African Common Market**

This chapter will briefly review African RECs attempts at or experiences with the establishment and operationalization of Free Trade Areas, Customs Union and Common markets, including how they have managed the transitions from FTAs to CUs and common markets and the results they registered. The chapter will attempt to establish if there are lessons to be drawn from the experiments of the RECs – both the failed and successful attempts that could be leveraged towards bringing about the continental Customs Union and Common Market. This is in light of the Abuja Treaty’s provisions that set out RECs as the building blocks of the African Economic Community.

➤ **Chapter 8: Lessons from select cases/experiences with customs unions and common markets from across the world**

This section provides a comparative analysis of experiments/experiences with customs unions and common markets in other regions of the world with a view of distilling some lessons that could be learned or/and applied in Africa’s efforts to bring about the continental Customs Union envisaged in the Abuja Treaty. Lessons from comparative experiences would be analyzed and considered with due consideration of the specificities of the continent and the peculiarity of integration project/agenda.

➤ **Chapter 9: Contemplating the Governance and resources requirements for establishing and operationalizing the continental Customs Union and African Common Market**

The chapter will provide analysis of what could constitute the key elements of the governance and resources (human, material and financial) requirements for a continental customs Union and Common Market, including pointers on how the continent should plan to put these together – mobilizing the resources and building the requisite capacities. Lessons will be drawn, again from successful cases among the RECs and across the world.

Chapter 10: Conclusion and Recommendations

This chapter will summarize the chapters, identify possible pathways and provide policy recommendations on how to proceed with considerations for the establishment and implement the continental Customs Union and the African Common Market.

VI) Timeline

Based on the understanding that work on the report will begin at the beginning of January 2023 and that it will be completed in September 2023, the following timeline is proposed.

Table 1: Timeline for ARIA XI

| Phase | Task | Dates |
|---|--|--|
| Report conceptualization | First draft of concept note | 23 January 2023 |
| | Finalization of the draft concept note | 28 February 2023 |
| | Drafting partners' notification and planning of consultative meeting | 10 th March 2023 |
| | Final concept note | 28 th March 2023 |
| Identification and recruitment of consultants to support the ECA team to prepare the Report | Development of ToRs; Identification of drafting team including prospective consultants; convening of an inception and methodology workshop; hiring of a select number of consultants | 5 th April to 25 th May 2023 |
| Research and first draft of the report | Research, data collection and drafting of chapters 2-7 | 1 st June 2023 to August 2023 |
| Finalization of report | Quality panel review of the first draft | September 2023 |
| | Experts' Group Meeting | October 2023 |
| | Final draft report (including drafting of chapters 1 and 7, key messages and foreword), internal peer review | November 2023 |
| | Finalization of report | December 2023 |
| Editing, translation and printing | Editing and infographics | January 2024 |
| | Translation and printing | February 2024 |
| Launch | Launch of the report at the ECA Conference of Ministers 2024 or another suitable event | March 2024 |

VII) Possible partners for the report

Aside from the three key ARIA Partners, namely, ECA, AUC, AfDB, as well as UNCTAD, other prospective partners or resource institutions for the preparation of this ARIA XI report include:

- **The AfCFTA Secretariat:**
- AUDA-NEPAD
- **The World Customs Union,**
- **The Afreximbank**
- **The World Trade Organization (WTO)**
- **The Regional Economic Communities (RECs)**
- **The Regional Business Councils** (COMESA business council, EAC business council, SADC business council, etc.).
- **The Commonwealth Secretariat**

VIII) Budget Estimates for ARIA X

To be filled later.

IX) Contact Persons

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