

Economic integration under the African Union

Although it tends to prioritise political objectives, the African Union (AU) pursues a no less ambitious project for economic integration with the ultimate goal of creating a common market and a monetary and economic union. Currently, the main responsibility for driving economic integration forward is carried by the regional economic communities, which are overseen and coordinated by the AU. However, the pace of progress is very uneven. In addition, the AU has developed its own programmes for promoting the continent's economic development.

The African Economic Community (AEC)

The [Constitutive Act of the African Union](#), as amended by the [2003 Protocol](#), lists accelerating socio-economic integration, promoting sustainable socio-economic development and developing and promoting a common trade policy within the African continent, among the African Union's key objectives. From its predecessor, the Organisation of African Unity (OAU), the African Union inherited a more specific and ambitious economic integration project, framed by the [Treaty establishing an African Economic Community](#) (AEC), which was signed in Abuja in 1991 and entered into force in 1994. This treaty conceived the AEC as an integral part of the OAU's institutional and legal structure. This status was implicitly transferred to the African Union. The AEC now forms an integral part of the AU and all of its tasks are performed by the AU bodies. However, as the AU tends to focus mainly on political issues, that it steers the AEC brings some disadvantages to the latter, among which the AEC lacks own resources and visibility.

The AU subjects economic issues to the same decision-making procedure it applies to other policy areas. Its main policy guidelines are set by the [Assembly](#), assisted by the [Executive Council](#). The [AU Commission](#) – the secretariat of the African Union entrusted with executive functions – deals with economic affairs through the portfolios of some of its commissioners, and is responsible for developing programmes and policies in detail. In addition, the AU has seven [specialised technical committees](#), composed of ministers or senior officials, covering various economic sectors and playing a supporting role.

The road to economic integration

The AEC's founding treaty envisages an economic integration path similar in many ways to that followed in Europe. Its ultimate goal is the creation of a common market in which people, goods, services and capital can move freely, and an economic and monetary union. Unlike the EU, though, the AEC was conceived as a continental economic community without stringent entry requirements, as a result of which almost all African states ([49](#) out of 55 AU members at present) joined it. Second, integration does not take place directly at continental level, since the first stages are at regional level, taken by the 'regional economic communities' (RECs), which are (sometimes overlapping) African regional organisations. Besides macroeconomic and monetary integration, the AEC Treaty lays the foundation for cooperation and integration in sectors such as food and agriculture; industry, science, technology and energy; transport, communication and tourism.

The AEC Treaty sets out a long roadmap for integration, comprising six stages which should be completed within 34 years of the Treaty's entry into force (i.e. by 2028):

- The first stage – strengthening existing RECs and establishing new ones, if necessary – has been completed. Eight RECs have been officially recognised as pillars of economic integration (*see our note on ['International cooperation in Africa'](#)*), while there is a moratorium on the creation of new ones;
- The second stage (deadline 2007) – planning the gradual removal of barriers to trade and promoting sectorial integration at intra-REC level; coordination and harmonisation of activities at inter-REC level – has been [completed by five RECs](#);



- Free trade area (FTA) and customs union in each REC (2017): this phase is under way, but [progress](#) is very uneven among the RECs (three have not yet created FTAs; two have launched their FTAs – ECCAS in Central Africa ([not yet functional](#)) and SADC in Southern Africa; two have launched customs unions – COMESA in Eastern and Southern Africa and ECOWAS in West Africa; and the EAC has gone further, creating a common market in East Africa); trade is the area where RECs have made the [biggest progress](#) on integration overall;
- Customs union at continental level (2019);
- Establishment of an African Common Market (2023);
- African Economic and Monetary Union with a single currency issued by the African Central Bank (2028).

The integration process is now in its third stage, but some RECs lag behind. The AU does not have any power of enforcement over them, as they are [not AEC members or parties to the AEC Treaty](#), and the AU can at most coordinate and oversee their efforts. In order to clarify its relations with the RECs and to speed up and streamline the integration process, the African Union adopted a new [Protocol on Relations between the African Union and the Regional Economic Communities](#) in 2008, and a [Minimum Integration Programme](#) in 2009. The latter, which is to be implemented by the AU Commission in three four-year phases, aims at reaching convergence between the RECs in a number of priority areas, and at enabling the exchange of best practices.

The current [objective](#) of the African Union is to launch a continental free trade area (CFTA) by the end of 2017, in line with the initially envisaged deadline. Negotiations are under way to finalise the text of an agreement containing the essential elements of the CFTA, which could be [approved](#) in December. The scope of the negotiated [CFTA Agreement](#) goes beyond trade in goods, including trade in services, investment, intellectual property rights and competition policy. A major step towards trade integration has also been achieved, with the [establishment of a Tripartite Free Trade Area](#) (TFTA) (the agreement was completed in July 2017) among three RECs in the eastern and southern parts of the continent, covering half of the AU countries and accounting for 58 % of Africa's GDP. However, progress with [ratification](#) of this agreement remains slow even if trade liberalisation between TFTA member states has been '[watered down](#)' and a transition period envisaged. The TFTA could serve as a model for the CFTA under certain aspects, e.g. its functioning online [System for Reporting Monitoring and Eliminating Non-Tariff Barriers](#). Other planned dimensions of future African integration, especially regarding the introduction of a common currency, are not up for discussion for now despite the recent adoption of the [Protocol establishing the African Monetary Fund](#), which is yet to be ratified.

African development policy

The AU also has its own instruments and programmes for economic development and integration. The New Partnership for Africa's Development ([NEPAD](#)) was launched in 2002 as a single framework for bringing together economic development efforts. It was fully merged into the AU in 2010 with the creation of the [NEPAD Planning and Coordinating Agency](#). NEPAD was conceived as an innovative instrument based upon Africa's own experience with development, and is now widely recognised as the main framework for development efforts by Africa's development partners. NEPAD has tried to promote good political and economic governance as an essential prerequisite for economic development through the [African Peer Review Mechanisms](#). NEPAD focuses on key projects aimed at boosting development, and has succeeded in launching long-term projects, improving regional cooperation on projects and mobilising more funding. Key integration programmes developed under a common NEPAD-AU Commission framework are [CAADP](#) (Comprehensive Africa Agriculture Development Programme) and [PIDA](#) (Programme for Infrastructure Development in Africa).

The EU [Joint Communication](#) published in May, on 'Renewed impetus of the Africa-EU Partnership', underlines that EU has been working with Africa to advance economic integration processes at national, regional and continental level. The EU envisages to support Africa's ambition to build an inner-African market by facilitating trade through customs reform, and by supporting the preparations for the CFTA. The European Parliament has also expressed its [support](#) for enhanced regional integration and the CFTA. On the other hand, the EU has made progress on concluding [Economic Partnership Agreements](#) with regional configurations that more or less overlap with some RECs. One of their main objective is to promote regional integration, although there could be possible [negative effects](#) in this respect, if participation of African countries remains fragmented and the CFTA is not launched on time.

This 'at a glance' note updates a previous [note](#) from March 2015. See also our notes on the AU's [political aspects](#) and on its [mechanisms against UCG](#).