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Safeguarding Africa's Development Goals in the Global Governance of Trade

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Abstract

Concerns have been expressed about the impact of free trade on many developing countries and whether such countries really stand to benefit from the current regimes for the global governance of trade. This is particularly exemplified by the challenges African nations confront in gaining export access for their products in the global North and the inability of the WTO Doha Development Round to resolve the matter effectively. Africa remains the world's poorest continent. In addressing challenges confronting Africa in the global governance of trade, we examine the existing framework for trade liberalisation in the continent against the backdrop of the regional trade arrangements and the recent efforts towards the formation of an African Continental Free Trade Area. The paper discusses some of the challenges of Africa in the WTO system especially in relation to the ability to compete favourably in global markets and how the continent may pursue trade

liberalisation objectives in a manner conducive to the realisation of the development goals of the continent through regional integration.

Introduction

Trade liberalisation has been a major objective of Western countries since the end of World War II. The agitation for a new world order based on the principles of free trade started with the 1947 Geneva Round of Trade Negotiations that culminated in the adoption of the General Agreement on Tariffs and Trade (GATT) and eventually the establishment of the World Trade Organization (WTO). Free trade builds on the doctrine of comparative advantage – if manufacturers specialise in those products which they produce with relative efficiency, a wider variety of products will be available across national borders at cheaper prices (Motala 2016, p.34). It is thus believed that it will be in the interest of consumers across countries if all the barriers to international trade are removed and they can then access commodities from the cheapest market available (Motala 2016, p.35).

Developed countries continue to exert significant pressure on developing countries to embrace a strong free trade agenda in their bid to attain economic development (Williamson, 2004, p. 2) and the WTO has played a significant role in the liberalisation of international trade (WTO, 2018a). Developing countries, for the purposes of this paper, are countries eligible to receive official development assistance from the Organisation for Economic Co-operation and Development (OECD). Given the consensus decision making process of the WTO, free trade policies that are unlikely to enjoy the support of some members of the WTO are usually pursued as bilateral or plurilateral trade agreements (Cho 2001, pp. 432-433). While most developed countries embraced trade liberalisation policies and adopted mutually beneficial free trade agreements after attaining a significant level of development, developing countries are made to embrace free trade rules while still enmeshed in a quagmire of poverty fostered by gross inequalities (Udombana 2005, p. 1160). There have been concerns about the impact of free trade in many developing countries and doubts have been expressed on whether developing countries really stand to benefit from the current regimes for the global governance of trade (Broude 2005, p. 239-240). This is particularly exemplified by the challenges African nations confront in gaining export access for their products in the global North and the inability of the WTO Doha Development Round to effectively resolve the matter (le Pere 2017, p. 15). There is in fact strong support for the view that the WTO is shifting from an era of multilateralism to a more plurilateral regime (le Pere 2017, p. 15; Ismail 2017, p.4).

There is also a concern that free trade agreements between developed countries and developing nations tend to place many constraints on the ability of developing countries to pursue legitimate public policy goals designed to promote their national interests (Baker 2005, p. 1330). There is however support for the view that free trade between countries that share similar socio-economic circumstances may be more beneficial to developing countries (Owoeye 2016, p. 1109). Africa remains the world's poorest continent and in addressing the challenges confronting Africa in the global governance of trade, it is pertinent to examine the existing framework for trade liberalisation in the continent against the backdrop of the regional trade arrangements in the continent and the recent efforts towards the formation of an African Continental Free Trade Area. The paper discusses some of the challenges of Africa in the WTO system especially in relation to the ability to compete favourably in global markets and how the continent may pursue trade liberalisation objectives in a manner conducive to the realisation of the development goals of the continent through regional integration.

The WTO and the Multilateral Trading System

A major objective of the World Trade Organization, as stated in the preamble to the Marrakech Agreement establishing the WTO, is the development of an integrated multilateral trading system that encapsulates all the major international trade liberalisation efforts. The history of the WTO dates back to trade negotiations that started in December 1945 and culminated in the coming into force of the GATT through a Protocol of Provisional Application in June 1948 (WTO 2018b). The GATT is based on two major foundational non-discrimination principles: the most favoured nation principle and the national treatment principle (GATT 1994, Arts. I, III). While the GATT was successful in significantly reducing tariff barriers to trade amongst contracting parties, its major weaknesses were the lack of a dispute settlement structure, the controversial nature of its position as an international institution and its inability to control protectionist measures that undermined the trade liberalisation efforts of the GATT (WTO 2018b). A number of factors continue to militate against the efforts to build strong economic partnerships amongst African countries (Flatto 2007, p.420). The challenges confronting African regional trade arrangements include overlapping commitments arising from membership of different regional trade agreements, political instability and stiff competition from more industrialised economies with stronger manufacturing capacity (Flatto 2007, pp. 420-421).

The WTO has been compared with George Orwell's fictional Animal Farm where all animals are equal by reason of the concept of sovereignty but where some animals (mainly industrial countries) are more equal than others (Udombana 2005, p. 1160). There has been a massive proliferation of Regional Trade Agreements (RTAs) since the establishment of the WTO in 1995. There is no member of the WTO without an RTA in force (WTO 2018c). There were 287 RTAs in force as of 1 May 2018 (WTO 2018c).

The WTO has an institutional framework for monitoring Regional Trade Agreements. Article XXIV of the GATT contains explicit provisions dealing with how RTAs may be brought within the WTO framework. An important requirement of Article XXIV (5) is that the duties and other regulations of commerce imposed on non-members of RTAs must not on the whole be higher or more restrictive than the general incidence of relevant duties and regulations applicable prior to the formation of the RTA. Where a WTO member's commitment following the formation of an RTA results in an increment in the rate of existing duties in contravention of the most favoured nation principle, the member is required to make arrangements for compensatory adjustments for WTO members affected by the increment (GATT 1994, Art. XXIV.6). Thus, while RTAs are generally allowed under the WTO system, they are not expected to make existing structures for international trade with other WTO Members that are not parties to the RTAs more onerous or cumbersome. In other words, RTAs are not expected to undermine the WTO multilateralism. Any WTO member intending to enter into a regional trade agreement is also required to notify the WTO with information on the proposed RTA (GATT 1994, Art. XXIV.6).

The Washington Consensus and Implications for Africa

John Williamson used the phrase 'Washington Consensus' in 1990 to refer to the prevailing trend in the policy advice given to Latin American countries until 1989 by Washington based institutions; the phrase was generally considered as having the same meaning as 'neoliberalism' or 'globalisation' (Williamson 2004, p.2). Williamson composed a list of 10 policies that he believed everyone in Washington would agree were needed all over Latin America and termed them the 'Washington Consensus' (Williamson 2004, p.2). Two 'reform' items (ie reforms 6 and 7) are particularly relevant to Africa:

6: Trade Liberalization. I acknowledged that there was a difference of view about how fast trade should be liberalized, but everyone agreed that was the appropriate direction in which to move.

7: Liberalization of Inward Foreign Direct Investment. I specifically did not include comprehensive capital account liberalization, because I did not believe that did or should command a consensus in Washington.

Writing fifteen years after coining the phrase, Williamson observed that, “everyone agrees that the Washington Consensus did not contain all the answers to the questions of 1989, let alone that it addresses all the new issues that have arisen since then. So of course, we need to go beyond it” (2004, p. 14). As noted above, reforms 6 and 7 of the Washington Consensus list are generally considered as particularly important to developing countries in their pursuit of development. Following the end of Apartheid, South Africa embraced expansive free trade and began a process of eliminating tariffs on all imported products and local content rules were also eliminated (Motala 2016, pp. 36-37). A local content measure is a measure that makes it obligatory for an investor or manufacturer to purchase a particular amount of local materials for use in producing the investor’s products (WTO 2018d). Annex 1a of the World Trade Organization Agreement on Trade-Related Investment Measures prohibits any investment measure that requires,

> The purchase or use by an enterprise of products of domestic origin or from any domestic source, whether specified in terms of particular products, in terms of volume or value of products, or in terms of a proportion of volume or value of its local production.

While South Africa is presently Africa’s second largest economy, many South Africans continue to live in conditions as deplorable as those found in under-developed countries (Frye 2017). According to official figures, 55.5% of the South African population lived in poverty in 2015 by surviving on R992 (US$80 or less) per person per month (SSA 2017, p. 14). Up to 40% of South Africans lived on less than US$52 a month in the same year (Statistics South Africa 2017, p. 28). It has been argued that the implementation of free trade policies in South Africa has contributed to the economic quagmire of the country as free trade expansion damaged important sectors of the economy that provided jobs for the people and kept them out of poverty (Motala 2016, p. 37).

State intervention in national markets is often criticised as likely to inhibit economic development. As far back as 1998, the *Economist* noted that governments in emerging East Asian nations had made extensive market interventions in the region since 1970 ‘leaving their economies riddled with rigidities and distortions' (*The Economist*, 1998). Amongst the East Asian tigers, Malaysia and South Korea were reported to have 'the most heavy-handed governments' with all the others, excluding Hong Kong, using industrial policies to promote economic growth (*The Economist*, 1998).

Evidence however indicates that economic growth in large Asian economies, such as Malaysia, Taiwan, Korea and Singapore, was significantly propelled by state's interventions made with the objective of strengthening the economy and promoting human development (Motala 2016, p. 45). Indeed, the accuracy of Adam Smith's theory on wealth of nations which promotes the principle of free trade has been criticised on the basis that economic growth in Japan, Germany, South Korea and Taiwan did not happen without significant state intervention (Movahed 2014). The state in those countries actively created market conditions that favoured capital accumulation, in addition to subsidies in the form of low interest credit, low taxes and government support for the purchase of necessary equipment (Movahed 2014). State intervention in emerging East Asian countries was found to involve a monitored performance system whereby high performance was demanded in return for government's fiscal support and market protection (Movahed 2014). It is however important to note that the success of the East Asia Tigers was largely due to a strategic alliance between the political class and the local industries in those countries (Movahed 2014). While the emerging East Asian nations have substantially embraced free trade and trade liberalisation, their economic growth was not unconnected with significant state interventions (Glick & Moreno 1997; Wu, 2017).

It has been argued that no African country has escaped the gnawing claws of poverty through free trade and foreign direct investment and it may be important to consider the benefits of regulated fiscal policies that may be considered heretical under the Washington Consensus (Motala 2016, pp. 45-46). There is also increasing support for the view that developing nations will benefit more from free trade within the continent or similarly placed economies than from free trade agreements with the developed world (Motala 2016, pp. 47-48). While trade liberalisation can be an effective strategy for boosting foreign direct investment and economic growth, it is very important for developing countries to pursue such policies in a manner conducive to their socio-economic needs and circumstances. The WTO clearly allows developing countries to pursue trade liberalisation policies in a way that supports the growth and development of the major sectors of the economy. This view finds support in the "Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing

Countries" (otherwise known as the Enabling Clause) adopted under the GATT on 28 November 1979.

Paragraph 1 of the Enabling Clause provides that GATT contracting parties may, notwithstanding the most-favoured nation principle of the GATT, 'accord differential and more favourable treatment to developing countries, without according' the same to other parties. Paragraph 2(b) of the Enabling Clause provides that such preferential treatment may include differential treatment in relation to non-tariff measures. While trade liberalisation can offer great benefits for Africa, it is important for the continent to adopt trade liberalisation strategies that will promote human and economic development in the region. This can be done through strengthening intra African trade and removing the existing trade barriers to free trade within the continent.

The suitability of the classic European integration model developed by Jacob Viner for Third World Countries is considered suspect (Mikesell 1963, pp. 205-229). A major challenge to the Vinerian model is that it was developed for industrial nations while most African countries produce mainly raw materials and agricultural products (Gathii 2010, p. 580). The Vinerian model is also based on the assumption that the volume of trade created would outweigh trade diversion arising from integration (Gathii 2010, p. 580). This assumption is often problematic in the African context as most African countries produce similar products and lack comparative advantages to help overcome the difficulties posed by economic integration (Gathii 2010, p.580). The small size of African economies also makes it difficult to achieve economies of scale without expanding the regional market (Gathii 2010, pp.580 -581). A peculiar feature of African RTAs is the fact that they have offered more flexibility in terms of coordination and cooperation thereby allowing member countries to focus on activities of interest, as against being inexorably bound by rigorous trade rules with attendant penal sanctions for non-compliance (Ravenhill 1985, 212). African RTAs do not have the actualisation of market integration as their sole objective, and they also serve as veritable structures for development cooperation (Ezenwe 1983, p.45). There is evidence demonstrating the success of African RTAs in non-trade areas like regional security arising from arrangements made under the auspices of African regional economic communities (Bearce 2004, p. 347). The pursuit of self-reliance devoid of undue external influence or coercion is also one of the major goals of many African RTAs (Organisation of African Unity 1979). It has been argued that RTAs inhibit rather than promote the multilateral trading system available under the WTO system (Bhagwati 1998, p. 1138).

Writing on the nature of African RTAs, James Gathii thus opined:

> If the goal of trade liberalization is to increase efficient production and therefore to lower costs, African RTAs seem to have strayed far from this goal. Reducing costs on each unit of trade created by entering into the next RTA does not appear to be the primary motivation for African countries belonging to more than one RTA. Instead, multiple memberships in RTAs have been driven by historical circumstances, political and ideological considerations as well as strategic considerations such as access to riparian waterways. In this sense, trade diversion may very well have increased the magnitude of costs of production further exacerbating the problems of trade liberalization within Africa (2010, p. 664).

According to the 2018 World Investment Report of the United Nations Conference on Trade and Development (UNCTAD), foreign direct investment in Africa continued to reduce in 2017 (UNCTAD 2018, p. 4) and a continuing decline in FDI will inexorably affect the ability to raise capital for industrial growth and the development of social infrastructure (OECD 2012, p. 5). China has been increasing its investment in Africa in the last decade (Kelley 2012, p. 38) and recent figures from the UNCTAD World Investment Report indicate China was Africa's 4th largest investor economy by FDI stock in 2011 and 2016 (UNCTAD 2018, p. 44). There is strong Chinese interest in Africa's extractive industries and the extractive industries continue to be a major focus of China's investment in the continent (Toesland 2017). It has been argued that 'Chinese investment could be the cure for a continent in need of capital-intensive investment in infrastructure and economic modernization' (Kelley 2012, p. 38). Chinese investment in Africa is however not without its pitfalls, including the likelihood of exacerbating the corruption and misgovernance in the extractive industry in Africa with China's nonchalance towards human rights issues (Toesland 2017). While Chinese investment in Africa may have the effect of promoting infrastructural development and industrial growth in the continent, the extent to which it will promote sustainable development in the continent remains to be seen (Kelley 2012, p. 41). The markets in many African countries are too small to be globally competitive and the fragmented nature of the African market may make it more difficult to attract FDI or attain significant competitiveness in the global market. This challenge has made regional trade agreements particularly important in the continent.

RTAs in Africa

Apart from the WTO multilateral trading system and its foundational non-discrimination principles, there are also international arrangements that seek to improve market access for developing countries. The African Growth and Opportunity Act (AGOA) for instance is a US Trade Act enacted in 2000 to increase market access to the US for products emanating from eligible Sub-Saharan African states (AGOA 2000). The AGOA is in force till 2025 (AGOA 2000). The AGOA was based on the expectation that granting preferential trade treatment to Sub Saharan African countries would facilitate the export of goods from Sub-Saharan Africa (SSA) to US markets and thus promote economic development in the region (Chukwumerije 2016, p. 318). Granting trade preferences without addressing issues like infrastructural and financial challenges relating to the production of goods will however do little to strengthen trade relations or increase the competitiveness of African markets (Chukwumerije 2016, pp. 335-336). The use of US agricultural subsidies has been identified as one of the main challenges with which Sub-Saharan African producers have to contend (Chukwumerije 2016, p. 347). Writing on this point, Chukwumerije trenchantly opines that a:

> more difficult issue to resolve in connection with agricultural access is the trade distorting and adverse effects of US agricultural subsidies on SSA agricultural producers. Of particular relevance are US cotton subsidies that, although recently reformed, continue to negatively affect the competitiveness of SSA cotton producers. Cotton plays an important role in the economies of four SSA cotton producers: Burkina Faso, Benin, Chad and Mali. Price suppression caused by US cotton subsidies put a strain on the economies of these countries (2016, pp. 347-348).

There is equally the Everything But Arms (EBA) scheme which grants duty free market access to products from all countries listed as least developed by the UN Committee for Policy Development without quota restriction (European Commission 2018). The EBA scheme covers all products with the exception of arms and armaments (European Commission 2018).

The first set of RTAs in Sub-Saharan Africa were instituted to foster both economic growth and post-colonial unity in the region (de Melo 2013). While economic development is a major objective of RTAs, it is very doubtful if RTAs have made significant contributions to economic development in the continent (de Melo 2013; Omilola 2011, pp. 105-113). A number of reasons have been attributed for the limited impact of African RTAs on the growth of Intra African trade. It has been argued that African trade policies tend to be inherently discriminatory and that African countries would be able to attract better market opportunities by placing more emphasis on implementing the most favoured nation's principle (Flatto 2007, p. 427). The fact that Africa relies heavily on traditional exports like agricultural products and raw materials is also a major reason for the continent's low competitive standing in the global market (Flatto 2007, p. 427). Non-tariff barriers such as poor infrastructure and significant economic disparities amongst African states are factors that have accounted for the sub-optimal performance of African RTAs (de Melo 2013).

To achieve better results, it has been suggested that African RTAs should follow the EU model by reducing trade restrictions against nations that are not members of the RTAs (Yang & Gupta 2005, pp. 24-28). It has also been opined that Africa should liberalise trade with non-African countries to benefit from economic opportunities that come with access to developed countries markets (Flatto 2007, p.429; de Melo 2013). Despite the sub-optimal performance of African RTAs, experience from RTAs all over the world suggests that Africa should continue to invest in regional integration (de Melo 2013). RTAs play a prominent role in reducing the probability of conflicts by increasing the opportunity cost of war and reducing information asymmetries, thereby increasing transparency among member countries (de Melo 2013).

African RTAs are generally different from the European economic integration model (Gathii 2010, p. 579). The European integration model begins with a free trade area and then becomes a customs union before progressing to a common market, and then ultimately metamorphoses into an economic union with a political union being the highest level of integration (Gathii 2010, pp. 579-580). RTAs in Africa are known for their flexible arrangements (Gathii 2010, p. 589). Gathii observes that African RTAs have focussed less on enshrining strictly formal commitments that may attract the application of sanctions by promoting flexible arrangements for development and cooperation that allow countries to determine and prioritise issues that are of paramount interest to them (Gathii 2010, p. 589). African RTAs are thus forums for addressing and facilitating cooperation in relation to common resources and challenges in addition to their objectives of strengthening self-reliance and economic independence in the continent (Gathii 2010, pp. 592-601).

The African Regional Framework

The formation of the Organization of African Unity (OAU) was facilitated by the Pan African movement of the first half of the twentieth century following an agitation for African independence that started as far back as the nineteenth century (Ricks 2016, pp. 256-257). The OAU was established in 1963 (Carbone 2002, pp. 30-31) and the treaty establishing the African Economic Community (AEC) was adopted by the now defunct OUA in 1991. The objectives of the Abuja Treaty as enunciated in Art. 1 of the Treaty are to promote the development and integration of African economies, to establish a continental framework for the development of Africa's human and material resources and to harmonise policies among African regional economic communities, all fostering the gradual establishment of the AEC - the overarching objective of the treaty, as stated in Art. 2. The objectives of the AEC are meant to be progressively actualised over a period of 34 years and not exceeding a period of 40 years from the entry into force of the Abuja Treaty (Abuja Treaty 1991, Art. 6). Pursuant to Art. 6, the AEC is expected to be established progressively in six stages:

- Stage 1: strengthening existing economic communities and establishing them in regions where they do not exist.
- Stage 2: stabilising tariff and non-tariff barriers at each regional level, strengthening sectoral integration at regional and continental levels and harmonisation and cooperation among the regional economic communities.
- Stage 3: establishment of a free trade area and then a customs union at the level of each regional economic community.
- Stage 4: coordination and harmonisation of tariffs and non-tariff barriers among the regional economic communities with a view to forming a customs union at the continental level.
- Stage 5: the formation of an African Common Market involving the adoption of common policy in many area, free movement of people within the continent, harmonisation of fiscal policies.
- Stage 6: the sixth and final stage involves the establishment of a full-fledged African Economic Community.

Given the fact that the Abuja Treaty entered into force on 12 May 1994, the full objectives of the Treaty should be actualised not later than 12 May 2044. However, not much has been done in relation to achieving the objectives of the treaty. There are currently eight regional economic communities in Africa:

- The Arab Maghreb Union (AMU/UMA)
- The Economic Community of West African States (ECOWAS)
- The East African Community (EAC)
- The Intergovernmental Authority on Development (IGAD)
- The Southern African Development Community (SADC)
- The Common Market for Eastern and Southern Africa (COMESA)
- The Community of Sahel-Saharan States (CENSAD)

Most of the African regional economic communities are yet to fully implement stage three of the six stage implementation plan. The Arab Maghreb Union in North Africa comprising Algeria, Libya, Morocco, Tunisia and Mauritania (AMU 2018) has found it difficult to implement a free trade area due to partly to instabilities in Libya and the political situation in Tunisia (United Nations Economic Commission for Africa [UNECA] 2018a). The Economic Community of West African States (ECOWAS), made up of fifteen countries located in West Africa (ECOWAS 2018), has made some remarkable progress with trade liberalisation in the region with the adoption of a common external tariff in 2015; but there are still challenges with the domestic implementation of trade liberalisation schemes in the region (UNECA 2018b).

The East African Community has established a customs union in the region and has adopted a Model Investment Code that is expected to be a guide for member states in formulating investment policies that will promote foreign direct investment in the region (UNECA 2018c). The Intergovernmental Authority on Development is yet to achieve free trade area in the region due partly overlapping connections of members states with other regional economic communities (UNECA 2018d). Presently, thirteen of the Southern African Development Community member states are part of the free trade area in the region and the SADC is working on establishing a customs union in the region (UNECA 2018e). The Common Market for Eastern and Southern Africa has a free trade area covering fifteen of its nineteen-member states (UNECA 2018f). Although the region launched a customs union in 2009, it is not yet in effect (UNECA 2018f). The Economic Community of Central African States continues to face market integration challenges although six of its eleven members states (Cameroon, Central African Republic, Chad, Congo, Gabon and Equatorial Guinea) presently have a monetary union but not a customs union (UNECA 2018g). The Community of Sahel-Saharan States is yet to establish a free trade area due partly to the instability in the region and partly to the overlapping memberships of regional economic communities (UNECA 2018h). SADC launched the Tripartite Free Trade Area with COMESA and EAC in 2015 (UNECA 2018e). The Tripartite Free Trade Area is however yet to enter into force (UNECA 2018e).

The African Continental Free Trade Agreement (AfCTFA) was signed on 21 March 2018 in Kigali, Rwanda (Aglionby 2018) and entered into force on 30 May 2019. As indicated in its preamble, the AfCFTA aims at integrating African markets in line with the objectives and principles enunciated in the Abuja Treaty. It seeks to create 'a single market for goods, services, facilitated by movement of persons' that will deepen the economic integration of African countries (AfCFTA 2018, Art.3.a). It aims to remove tariffs and non-tariff barriers to trade in goods, progressively liberalise trade in services, and cooperate on investment, intellectual property rights and competition policy (AfCFTA 2018, Arts. 3.a, 4.b, 4.c).

Essentially, signatories agreed to comply with basic rules of non-discrimination i.e. the Most-Favoured-Nation Treatment and the National Treatment (AfCFTA 2018, Art.5). Each signatory will provide market-access commitments, and work towards a 'progressive liberalisation' allowing market access to services and services suppliers (AfCFTA Protocol on Trade in Services, Art. 18 and Art. 19). Signing the AfCFTA in 2018 concluded Phase I of negotiations. It has been argued that the AfCTFA 'faces the difficult task of fostering cooperation among a multitude of national and regional actors with trade interests that will diverge at times' (Signe 2018). The challenge is to translate market opportunities brought by the AfCFTA into actual trade and developments results (A. González 2016 at 51). Reiter argues that harnessing trade for development in Africa "will entail adding together greater value to the goods and services exported within the continent" (Reiter 2016, p. 53) but the level of cooperation required between African countries to implement the AfCFTA will be unprecedented. There will have to be economic and political trust on a continent where goodwill can be in short supply. South Africa signed the AfCFTA on 1 July 2018, however, and this represents a major win for the African Union and the future of free trade in Africa (Kimani 2018). Phase II of the negotiations will cover intellectual property rights, investment and competition policy (AfCFTA, Art.7). Free movement of people and a single currency could be future developments (ISSD 2018, p.13).

Regional Integration in Africa

The AfCFTA is expected to bring about significant trade and promote foreign direct investment in Africa. Foreign direct investment is generally considered an important component of development given its role in increasing employment opportunities and its significance for investment and foreign exchange (Farole & Winkler 2014, p.7). By creating a strong platform for the adoption of a common foreign direct investment policy and a bigger integrated market for goods and services, regional integration can bring about a significant increase in foreign direct investment (Farole & Winkler 2014, p.275).

However, given that the eight existing regional economic communities in Africa are still largely struggling to attain full economic integration, the ability of African states to successfully implement AfCFTA remains suspect. While regional integration through the creation of a free trade area and a customs union will greatly enhance the economic prospects of Africa and the significance of the continent in the global governance of trade, African nations will have to demonstrate a strong political will to promote regional integration for AfCFTA to fulfil its objectives. Even though free trade and trade liberalisation are important to Africa's economic development, promoting intra African trade through the establishment of an African free trade area and strengthening regional structures for economic integration in the continent will enhance Africa's competitiveness in the global market. Regional integration in the continent will promote economies of scale and greatly enhance industrialisation and manufacturing capabilities in the continent. With the continuing move towards trade plurilateralism in the WTO, it is becoming more expedient for African regional economic communities to take the harmonisation of trade policies amongst Member States more seriously with a view to establishing a more integrated regional market that can compete better in the global market.

Conclusion

As outlined in the Washington Consensus, trade liberalisation is important to attract foreign direct investment and spur development in Africa. In promoting free trade and foreign direct investment, it is very important for Africa to pursue trade liberalisation options that will serve the interest of the populations in the continent. The existing regional economic communities in Africa are strong economic blocs that can be used to foster trade liberalisation within the continent. Intra-African trade holds great prospects for Africa and having an African regional free trade area will enable African countries to attract foreign direct investment more easily and strengthen the economic position of the continent significantly. The recent adoption of the African Continental Free Trade Agreement is a very positive development that is likely to enhance industrial growth, local manufacturing capacity and economic development in the continent. A potential further step will be free movement of people and a single currency. The success of AfCFTA will however depend largely on whether African countries are ready and willing to summon the political will to ensure the successful implementation of its provisions. This is a hurdle that AfCFTA may not surmount very easily in view of the existing challenges that have made it difficult for many of the existing African regional economic communities to successfully establish free trade areas within their regions. Nonetheless, the adoption of AfCFTA is a highly commendable feat and its emergence seems to be taking Africa closer to the realisation of some of the objectives of the Abuja Treaty.

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