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The Impact of Multi-membership on Intra-trade Performance in African Economic Communities

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Abstract

African Regional Trade Agreements (RTAs) are anticipated to boost the member country's economic growth and development. Africa currently has eight regional economic communities. Due to regional economic integration, notably trade agreements between African regions, the majority of African countries are members of multiple regional economic communities, creating a multi-membership (spaghetti bowl). The objective of the study is to assess the effect of multi-membership in African economic communities on intra-trade performance among COMESA, IGAD and EAC using a pooled Ordinary Least Squares (OLS) regression model. The research revealed that having numerous memberships hinders rather than fosters intra-regional trade and regional integration. Similar to earlier research, multiple memberships burden African governments with significant time, energy, and resource costs and make them manage conflicting policies. The study recommend that implementation of the Continental Free Trade Area (CFTA) which aims to establish a single continental market for goods and services, free movement of businesspeople and investments, expand intra-African trade, and increase the appeal of the continent as a global trade region. This is expected to eliminate the multi-membership to various regional economic communities of Africa.

Keywords: Multi-membership • Regional integration • Intra-trade • African economic communities

Introduction

Background to the study

Regional economic integration has been considered as a crucial ingredient for economic growth and development among countries and regions. Its initiatives started particularly after independence of most of the African countries and witnessed the establishment of a number of Regional Trade Agreements (RTAs) to strengthen their economic growth and development. However, there are numerous memberships that overlap as a result of regional economic integration, particularly trade agreements across African regions.

The Organization for Africa Unity (OAU) was founded in 1963. The basic motivation for such integration emanated, especially after independence, from the need to combat African major economic problems, such as, inter alias, the limited economic size of many of African states, poor infrastructure services, and land lockedness of many African states. Regional integration, therefore, is seen as the best way for relaxing these constrains and increasing intra-regional trade [1].

Statement of the problem

Regional integration has long been viewed in Africa as a vehicle for enhancing economic growth through encouraging intra-regional trade. It has also been a means of achieving industrialization and modernization through promoting trade and securing economies of scale and market access. Economic integration efforts have a long history in Africa. The large number of preferential trade agreements signed in the past five decades has led to a "spaghetti bowl" of intertwined and overlapping regional organizations. Every African country is a party to at least one regional economic agreement, and many are members of five or more.

Other studies have also produced diverse conclusions about the reasons why intra-trade has been constrained during the regional integration process. These low performances of intra-trade are marked by issues of revenue loss, compensation issues and variation in initial condition, poor private sector performance, lack of political commitment and institutional issues, issues of overlapping membership, high transaction cost due to inadequate infrastructure, macroeconomic instability, distorted trade regimes, low resource complementarity and small market size. As a result, the purpose of this research is to evaluate how multi-memberships affect intra-trade flows among members of African regional economic communities including COMESA, EAC, and IGAD.

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Objectives of the study

The general objective of the study is to assess the effect of multi-membership in African economic communities on Intra-trade Performance among COMESA, IGAD and EAC members.

Literature Review

The regional economic and trade blocs of Africa are characterized by overlapping memberships (Figure 1), varying levels of integration, and various membership ideologies that range from economic and political to security with underlying interests in cooperative customs and currency (Table 1).

Full economic union is the primary stated goal of the majority of RECs in Africa, with sectorial integration, common markets, and free trade areas ranking as secondary goals.

COMESA with a common market objective is the next level of integration, combining the features of customs union with removal of restrictions on the movement of labor, capital, goods and services. Economic union, the dominant objective of most REC arrangements in Africa involves a higher level of economic integration with the aim of removing all sorts of discrimination in policies among member countries. Monetary union supersedes the economic union by incorporating the adoption of a common currency and monetary policy, usually under a single monetary authority.

Major RECs	Types of agreement	Areas of integration and co-operation	Date of entry in to force	Member states	Specified objectives
UMA	Free trade	Goods, services, investment, migration	17 Feb 1989	Algeria, Libyan Arab Jamahiriya, Mauritania, Morocco, Tunisia	Full economic union
COMESA	Customs union	Goods, services, investment, migration	8 Dec 1994	Burundi, Comoros, DR of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe	Common Market
CENSAD	Free trade	Goods, services, investment, migration	4 Feb 1998	Benin, Burkina Faso, Central African Republic, Chad, Côte d'Ivoire, Djibouti, Egypt, Eritrea, Gambia, Libya, Mali, Morocco, Niger, Nigeria, Senegal, Somalia, Sudan, Togo, Tunisia	Free trade area and integration in some sectors
ECCAS	Free trade	Goods, services, investment, migration	1 July 200	Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Sao Tome and Principe, Rwanda	Full economic union
ECOWAS	Customs union	Goods, services, investment, migration	24 Jul 1993	Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo	Full economic union
IGAD	Free trade	Goods, services, investment, migration	25 Nov 1996	Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan, Uganda	Full economic union
SADC	Free trade	Goods, services, investment, migration	1 Sep 2000	Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, DR Congo,	Full economic union
CEMAC	Customs union	Goods, services, investment, migration	24 Jun 1999	Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon	Full economic union
EAC	Customs union	Goods, and services	7 Jul 2000	Kenya, United Republic of Tanzania, Uganda, Rwanda, Burundi	Full economic union

Source: UNCTAD, 2009

Table 1. Major regional economic communities in Africa.

Intra-trade is impacted by a number of factors, including multi-membership. In fact, some observers contend that, strangely, having numerous memberships may be preventing regional integration and, consequently, intraregional trade, rather than promoting it. They point out that having different memberships forces African governments to balance conflicting legislation, which costs them a lot of time, energy, and resources [2]. UNCTAD added that many regional integration initiatives were over-ambitious; they had overlapping memberships and mandates that sometimes conflicted and were often unclear.

Olaniyan added that multiplicity of RECs in the regions, with attendant overlapping membership by countries, is an important issue affecting the pace of regional and continental integration. The reasons motivating countries to belong to more than one REC are to be found in historical, political, strategic and economic imperatives. Political and strategic consideration derive from national security needs while economic imperatives are based on perceived economic, trade, investments etc that could rapidly accrue to the country in an integration arrangement.

There are many RTAs on the African continent, overlapping and complementing each other in some cases, but with conflicting objectives in others. For countries covered by more than one trade agreement, importers have a choice of regimes under which to import goods. For Small and Medium Sized Enterprises (SMEs), overlapping membership may pose difficulties through increasing the trade costs of exporting to different regional markets which may have varying standards related entry requirements. Consequently, this could reduce the potential for benefits which result from scale and therefore constrain product and market diversification efforts. Although replacing overlapping membership with one all-embracing REC may help in reducing the costs of trading for firms, it also makes the task of harmonizing rules and regulations greater for governments [3].

Regional integration in Africa has been the multitude of regional integration initiatives and consequently the participation of African countries in several of these Regional Trade Agreements (RTAs). Many African countries hold multiple memberships. Of the 53 countries, 27 are members of two regional groupings, 18 belong to three, and one country is a member of four. Only seven countries have maintained membership in one bloc. Multiple arrangements and institutions, as well as overlapping membership in the same region, tend to confuse integration goals and lead to counterproductive competition between countries and institutions. Figure 2 shows overlapping membership in regional integration groups and regional trade agreements in Africa. Even though, the existence and membership of several RECs demonstrates strong efforts by African countries to integrate, it could also be disadvantageous as proliferation of economic groupings could breed inefficiencies, duplication of roles and confusion. This could induce gratuitous competition among institutions and countries that could ultimately be counterproductive to the regional integration aspirations of the continent UNCTAD.

Overlapping trade agreements have been a reason for the weak implementation of regional integration schemes in Africa and the limited trade effects of the agreements. For a country to administer set sets of rules, often conflicting in some instances, can be an impediment to realizing trade gains from preferential market access. These can also create confusion about integration goals. Complexities created by overlapping memberships risk slowing down trade liberalization within the integration area and hampering the effect on integration. Their study shows that more than 25 percent of national policy makers think that overlapping agreements make it hard to meet intended integration commitments, while 23 per cent find agreement overlaps as a reason for low programme implementation. In overlapping RECs, the complexity is caused by multiple and different tariff regimes and non-tariff barriers, which may be a challenge for multi-REC members. As regards, FTAs, the existence of several rules of origin can cause additional difficulties including in terms of trade diversion.

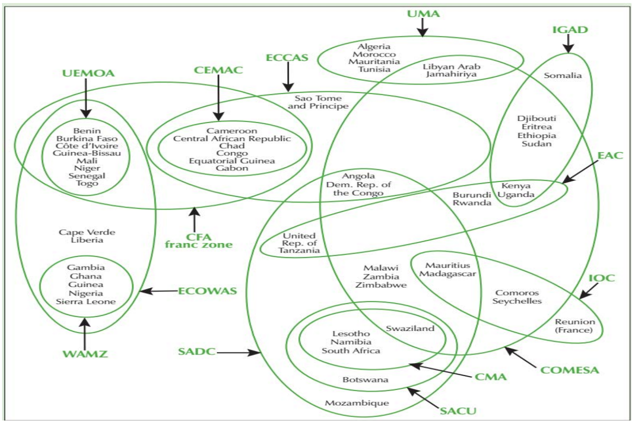

Figure 1. Overlapping membership and trade agreements in regional integration groups in Africa.

Source: UNCTAD secretariat, 2009.

Membership overlap across various intra-African regional integration arrangements causes several problems. For example, rules of origin differ among these arrangements and this creates difficulties and conflicts in establishing criteria for granting origin which raises the cost of administering the agreements. Similar problems exist in the form of duplication and maintenance of different phase-out periods for each regional partner. Taken together, these problems are manifested in the multiplication of Customs procedures and complications in paper work which run counter to the goal of simplifying and facilitating intraregional trade. To the extent that various intra-African regional integration arrangements have different objectives which are reflected in terms of differences in the scope of and schedules for liberalization, overlaps in membership diffuse regional integration efforts and may thus jeopardize the chances of success for these efforts.

In addition, overlaps in membership give rise to several more specific and technical implementation problems. When countries are members of two separate arrangements which establish two different Common External Tariffs (CETs), a technical problem arises. For instance, Kenya and Uganda are members of EAC and COMESA which have different CETs. It is technically impossible for these two countries to implement the two different CETs. Countries which choose to belong to more than one regional group have several additional resource burdens to shoulder. Duplication wastes effort and associated resources of attending meetings, implementing agreements and so on. Similarly, membership is also associated with financial obligations which the poorer countries may find difficult to meet as and when due. The ineffective support of the regional integration agencies, through regular payment by members of their financial obligations, may not be unconnected with the incidence of pervasive overlapping memberships and inability to discharge the associated obligations.

There is overlap of membership among Regional Economic Communities (RECs) in the Eastern and Southern African region to an extent unparalleled anywhere else in the world. For example; almost half of COMESA members are also members of SADC, whose membership is smaller than COMESA's. This may tend to weaken the integration process. It leads to costly competition (even for attention and resources); conflict; inconsistencies in policy formulation and implementation; unnecessary duplication of functions and efforts; fragmentation of markets and restriction in the growth potential of the sub-region. Yet, as most RECs in the Eastern and Southern African region wish to move to a Customs Union (CU), member states with multiple memberships at present will have to strike the balance of the costs and benefits of belonging to one or another CU grouping.

Sheriff and Nwokedi stated that overlapping membership (being a member of many organizations at the same time) has been an obstacle to regional integration, especially regarding SADC and COMESA, which have the same objectives. It is noted that in SADC, except for Botswana, South Africa and Mozambique, the remaining countries are simultaneously members of COMESA. Overlapping membership can constitute an obstacle to the process of regional trade integration, which leads to unnecessary duplication of functions and costs associated with the membership and the fragmentation of markets.

Multiple and overlapping memberships in RECs have created a complicated web of competing commitments which, combined with different rules, result in high costs of trade between African countries, in effect undermining integration. Multiple and overlapping memberships occasion resource and effort wastage due to duplication/multiplication of effort. It complicates harmonization and coordination among member states. Political and strategic reasons are cited as the overriding motivation for this multiplicity of memberships in RECs. Of the 53 countries, 26 retain dual membership; 20 are members of three RECs; the DRC belongs to four RECs; and only 6 countries maintain singular membership (Figure 2).

Figure 2. Overlapping membership of African countries.

Source: UNECA Annual report ARIAII cited in Atieno, 2009.

Multi-memberships of countries in RTAs have attracted a lot of criticism from different researchers and police makers. It has been stated that the overlapping memberships between the various regional arrangements generate unnecessary costs. There are administrative costs related to the complex rules of the origin. It is very expensive to pay multi-membership fees. Furthermore, it has also been stated that a country cannot change its policies without the consent of the other countries in the RTA. This becomes even more problematical when a country is a member of multiple RTAs, since it can be argued that a country ends up losing part of its sovereignty every time that it joins an RTA [4].

A “spaghetti proliferation” of PTAs is that multiple memberships may generate duty-free market access and zero-tariffs on imports with many trading partners and can hence be an appealing alternative to national policy makers as a substitute to free trade). The will of reaping the benefits of PTA membership from a whole group of preferential agreements may explain the agreement overlaps in Africa. But, instead of promoting trade, the result of multiple memberships might instead be higher transaction costs due to a mass of overlapping rules [5].

Afesorgbor and Bergeijk studied on multi-membership and the effectiveness of regional trade agreements in Western and Southern Africa. A comparative study of ECOWAS and SADC have taken using gravity model for 35 countries and the years from 1995-2006. They find that that the impact of multi-membership critically depends on the characteristics of the overlapping RTA. They find a positive impact if an additional membership complements the integration process of the original RTA: Overlapping memberships had a significant positive effect on bilateral trade within the ECOWAS bloc, but it is insignificant for SADC.

The overlap among regional economic communities also adds to the burdens of member states. A country belonging to two or more regional economic communities not only faces multiple financial obligations, but must cope with different meetings, policy decisions, instruments, procedures, and schedules. Customs officials must deal with different tariff reduction rates, rules of origin, trade documentation, and statistical nomenclatures.

Overlapping memberships between the various regional arrangements have costs. Negotiating resources and capacity have been stretched thin across the region. There are administrative costs related to often complex rules of origin. Multiple membership fees are expensive to pay and maintain. Conflicting objectives among rival arrangements have contributed to a lack of progress in many areas. These regional arrangements are in various stages of forming customs unions (COMESA, SADC, and the EAC), that has created conflicts of membership need to be resolved [6].

Iringo assessed the challenges that countries face as a result of dual/multiple membership in regional economic organizations taking Kenya experience as a member of EAC and COMESA as a case study. The objective of the study is to assess contradictions that Kenya faces as a result of being a member of EAC and COMESA. With regard to the objectives, the study established that Kenya does not face contradictions by being a member of EAC and COMESA. The study also established that Kenya is the major beneficiary of intra EAC and COMESA trade. It was also established that Kenya is an active participant in both organizations and promptly fulfills all the obligations and requirements in both organizations. The study concludes that Kenya faces challenges as a result of being dual member of EAC and COMESA. These include administration of rules of origin, imposition of non-tariff barriers, technical barriers to trade, increased competition from firms outside Kenya, and loss of revenue. However some of the challenges can be overcome through harmonizing protocols of COMESA and EAC, enhancing competitiveness of domestic industries, diversification of export base to avoid over reliance on a few commodities and improving joint investment policy within the member countries.

Nick undertook a study on the problem of overlapping membership to regional integration by consulting businesses and private-sector representatives in Tanzania, Kenya and South Africa and they mentioned that the main problems of overlapping membership are the proper administration of tariffs, enforcement of rules of origin at borders (which may also breed corruption) and confusion due to lack of coordination amongst regional integration initiatives. The poor articulation of tariff liberalisation under the different agreements, where for instance Kenya under the EAC transition arrangements may face higher tariff barriers in Uganda and Tanzania than COMESA and SADC members, respectively, was also raised as a concern, as was the possible infiltration of duty-free EU goods from SACU into SADC and *via* Tanzania into the EAC.

Overlapping membership in regional blocs often forms a web of relations and since regional economic blocs are formed at different times and progress at different paces, the process brings further complications. A country can find itself unable to fulfill all its obligations to all treaties she is a signatory in the different blocs in which is a member. For instance, Tanzania withdraws from COMESA citing high subscription fees. Membership in several regional organizations can result in divided loyalties and the country in question could end up fulfilling only a part of the requirements and thereby drag the integration process or lead the organization to collapse. Multiple membership seem to work against regional integration as it would be difficult to implement protocols on all sides especially when regimes are at customs union level [7].

Ahmad cited in Iringo stated that African countries at independence rushed to create similar cooperation arrangements in each sub-region. Most of these organizations had more or less same objectives and tended to tackle almost same problems at almost same time but in a different and independent manner without coordination or even consultation. He gave an example of West Africa where about fifty intergovernmental organizations were established over a period of twenty five years. Most of these organizations were overlapping. He notes that economic community of West Africa, the Magreb Arab Union (MRU), Senegambia and Economic Community of West Africa (ECOWAS) were all established with same objectives. There were also two monetary arrangements. These were West African Monetary Union (WAMU) and West African clearing house countries or groupings outside the continent. He concluded that, overlapping groupings and membership bring the problem of repetition and conflicts between the provisions of the treaties of similar organizations [8].

Research design

In order to achieve the objectives of the study this research uses quantitative correlational design methods to analyze the effect of multimember ship in African Economic communities. The quantitative data has been organized and analyzed using statistical and regression analysis of STATA 14.2 econometric package. In this study the panel data was estimated using pooled Ordinary Least Squares (OLS) regression model. The methodological data sources consists of annual total bilateral export trade data obtained from IMF, Direction of Trade Statistics (DOTS), UN COMTRADE data base, World Integrated Trade Solution (WITS), World Development Indicators (WDI) database, CEPII, AU, UNECA, and Freedom House.

Model specification

The study used Gravity model which is the workhorse in international trade, and one of the most popular and successful frameworks in economics. Many researchers have been used the gravity equation to study and quantify the effects of various determinants of international trade of the following reasons; first, the gravity model of trade is very intuitive. Second, the gravity model of trade is a structural model with solid theoretical foundations, third, the gravity model represents a realistic general equilibrium environment that simultaneously accommodates multiple countries, multiple sectors, and even firms, and fourth, the gravity setting is a very flexible structure that can be integrated within a wide class of broader general equilibrium models [9].

Therefore, to evaluate the effect of multimember ship on the intra-regional trade between the three economic communities (COMESA IGAD, and EAC) the study used the gravity model. The estimated econometric formulation can be written in a log-linear form as follows:

$$\ln X_{ijt}=\alpha_0+\beta_1\ln GDP_{it}+\beta_2\ln GDP_{jt}+\beta_3\ln D_{ij}+\beta_4 ADJ_{ij}+\beta_5\ln POP_{it}+\beta_6\ln POP_{jt} +\beta_7 LANG_{ij}+\beta_8 LL_{ij}+\beta_9\ln FDI_{it}+\beta_{10} DEMO_i+\beta_{11} FTA_{ijt}+RTA_{mijt}+\varepsilon_{ijt}$$

Where,

- X_{ij} is trade flows from exporter i to importer j between each member states of COMESA country (i) and its trading partner j at a time t in million US dollars;
- α_0 is the portion of the intercept that is common to all years and the trading countries or specific time effect that control for omitted variables that are common for all trade flows which vary over time,
- GDP_i and GDP_j is the Gross Domestic Product of the exporting (importing) country as a proxy for economic size (measured as the GDP of the respective countries in millions of US dollars' terms) at a time t,

- D_{ij} is the geographical or economic distance between the exporter i and importer j countries measured in kilometers between the capital cities,
- POP_{ij} is population size of the exporting country in year t,
- POP_{jt} is population size of the importing country in year t,
- FDI_{it}: Foreign Direct Investment inflows to country i at time t in million US dollars' terms,
- t -time period t: 2000-2016

Specific dummy variables:

- ADJ_{ij}, if the two countries share a common border it takes value 1 and otherwise 0.
- $LANG_{ij}$, if these two countries share a common language it takes values 1 otherwise 0.
- LL_{ij}, whether an exporter country is landlocked. It takes a value of unity if an exporter country is landlocked and 0 otherwise.
- $DEMO_i$, is the democracy variable which takes 1 if country i have a democratic electoral system and 0 otherwise. The theoretical results state that good governance has a positive effect on trade. Indeed, country characterized by a bad governance shows high transaction costs resulting in insecurity for trade then limiting its trade capabilities.
- FTA_{ij} is a dummy variable indicating whether an exporting country is a member of the three regional economic communities. A country receives a value of 1 if it belongs to either region or 0 otherwise.
- The new dummy variable RTAm is to indicate multi-membership which captures whether the additional trade creation-taking place between an overlapped country and a member country not overlapped. RTAmijt is a binary variable which is unity if both i and j belong to the same RTA, and either i or j exclusively belongs to another RTA with other countries.

Estimation techniques

The quantitative data has been organized and analyzed estimated using statistical and regression analysis of STATA 14.2. But there are no one common accepted estimation techniques in all research studies. A pooled Ordinary Least Squares (OLS) regression model, a random effect, and PPML were used in this study to estimate panel data. However, this study used the OLS estimating technique for the discussion of the research findings [11].

Discussion

The variable measures the effect of adding another new Regional Trade Agreement (RTA) as a membership. The result indicates that Multi-membership had a negative coefficient and statistically significant at one percent which suggests that forming one more membership discourages export volume among COMESA member states. This implied that holding other factors constant, a one percent additional new membership among regional communities leads to approximately 67 percent reduction in intra-export volume. The regression result supports the theory that being a member of several trade agreements has a negative impact on the effect of RTAs and thereby on export trade.

The outcome also demonstrates that membership in multiple RTAs cannot lead to increased trade between its countries involved. However, it was anticipated that the goal of fostering regional integration by various countries would benefit from the creation of trade by shifting the production of some goods from a less efficient member to a more efficient member. In other words, countries join multiple regional integrations in the hopes of generating trade that could come about as a result of domestic consumers switching from expensive domestic goods to less expensive imports as a result of the removal of trade barriers [12].

The estimation result was in line with earlier research by Mwangi, et al. which contends that multiple memberships impede rather than promote regional integration and, consequently, intra-regional trade. They point out that multiple memberships impose high costs in time, energy and resources on African governments and force them to juggle competing regulations. The negative value for the coefficient associated with the variable RTAmijt, implies that forming another RTA, by creating overlapping RTAs, its additional trade with members of existing RTA (s) or with members of new RTA(s) is less than the additional trade formed between members belonging to a single RTA (Table 2) [13].

Variables	OLS	Random effect	PPML
Export (LnXi): Dependent variable	Coefficients	Coefficients	Coefficients
GDP of exporter (lnGDPi)	1.850***	1.340***	0.341***
	(0.0716)	(0.13)	(0.0482)
GDP of importer (lnGDPj)	1.762**	0.611**	1.055***
	(0.052)	(0.267)	(0.208)
Distance (lnD)	-3.722***	-3.913***	-1.908***
	(0.189)	(0.529)	(0.207)
Adjacency (ADJij)	0.12	0.12	1.434***
	(0.296)	(0.897)	(0.200)
Population of exporter (lnPOPi)	0.227***	0.106***	0.364***
	(0.0434)	(0.0354)	(0.0714)

Population of importer (lnPOPj)	0.0923**	0.0573	0.0015
	(0.0388)	(0.0351)	(0.0233)
Common Language (Lang)	1.808***	1.770***	-0.596***
	(0.163)	(0.513)	(0.150)
Landlocked (LL)	-0.0324	0.0374	-0.548***
	(0.175)	(0.544)	(0.138)
FDI inflows (lnFDI)	0.0809***	0.00415	0.0171**
	(0.0201)	(0.0145)	(0.0179)
Electoral Democracy (DEMi)	0.520***	-0.637***	-0.633***
	(0.181)	(0.178)	(0.121)
FTA	0.681***	1.408**	0.182*
	(0.234)	(0.709)	(0.219)
Overlapping membership (RTAmijt)	-0.934***	-0.829	-0.666***
	(0.313)	(0.912)	(0.179)
Remoteness exporter (REMi)	-1.154***	-0.528	0.529**
	-0.0644	(0.333)	(0.225)
Remoteness of importer (REMj)	0.359***	0.456	0.621
	(0.0639)	(0.232)	(0.312)
Constant	0.321	-1.664	-16.93**
	(0.21)	(8.89)	(6.936)
Observations	5,684	5,684	5,703
R-square adjusted	0.7		0.65

Note: Robust standard errors are in parentheses. ***, ** and * denote significance levels at 1%, 5% and 10% respectively.

Source: Authors' regression estimation

Table 2. Summary and presentation of the regression results.

Conclusion

Multiple memberships have a detrimental impact on regional trade integration, according to the estimation findings. This shows that members must dedicate significant financial obligations, time expenses associated with holding various meetings, and costs associated with police decisions, instruments, and processes in the regional blocs. Multiple memberships in various regional blocs could also cause difficulties because it raises the exporter's costs of doing business in those regions, which may have differing entry requirements and rules of origin. The export capacity to a particular member could be affected as a result.

Therefore, based on the study result the study recommend for the practical implementation of the Continental Free Trade Area (CFTA) declaration of the AU Assembly of Heads of State and Government in 2012, which also aims to establish a single continental market for goods and services, free movement of businesspeople and investments, expand intra-African trade, and increase the appeal of the continent as a global trade region.

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