Sub-regional workshop on:

« Regional Integration and International Cooperation in the ECOWAS:
The role of Employers’ Organizations »

25-26 February 2003

CONCLUSIONS

On 25 and 26 February, 2003, Ouagadougou hosted a sub-regional meeting of Employers’ Organizations of the ECOWAS on the theme: « The Employers’ Organizations of the ECOWAS facing the challenges of regional integration and international cooperation ».

The contributions of the participants highlighted, inter alia, the following three strategic issues:

**A. West African integration facing the new global context**

**B. West African SME facing the challenges of integration and globalization**

**C. The role of Employers’ Organizations in the West African integration**

**A. West African integration facing the new global context**

The various changes affecting the world during the last decades have brought about a global structural evolution. The nature of investments and actors, the rules and the spacial configuration have evolved considerably.

Nevertheless, contrary to a certain vision, this evolution is not uniform in the sense of a globally integrated and balanced economy. On the contrary, dominant trends seem to reveal an immense deficit in the sense that real profits generated by globalization are always inaccessible to the vast majority. There is, therefore, an ever-growing impression that opportunities are poorly distributed.

In this context, regionalization and reinforcement of economic groups of adapted size seem to represent the most relevant way to benefit from globalization opportunities and minimize the risks resulting from this process.

Particularly since the 80’s, the institutional expression of regionalization has become present in theory as well as in economic practice in order to be able to respond to the challenges and opportunities resulting from globalization and liberalization of exchanges.
Necessity of competition as a factor to West African integration

The economic surveys conducted to date on the impact of regional integration on national economies have demonstrated the following results in terms of economic profits:

- Increase in the level of production efficiency due to economies of scale and specialization
- Efficient allocation of resources due to elimination of trade barriers
- Improvement of the terms of exchange generated by increase of market capacity
- Creation of favorable conditions for competition generating improved economic efficiency
- Increase in income and stimulation of economic growth

These profits are not of course evident and uniform for all countries of the ECOWAS. Indeed, they depend on the specific characteristics of each country and the effects of distribution between countries and within each one of them.

Achievement of the above mentioned results is not only due to the effective creation of a West-African free trade zone, but mainly to a Common Market formula allowing free movement of capital and labour and fluidity of cross-border activities of companies of the various Member States. The combined effects derived from regional integration lead concretely to the enhancement of competition.

West African Regional integration facing regionalization of the global economy

The global economy is also becoming regionalized. The European Union, a trade partner it is impossible to circumvent for West Africa, has broadened and deepened. In reaction to this transformation, the North-American Free Trade Agreement NAFTA has been concluded. On the other hand, Japan and some emergent countries seem to well coordinate their strategy in the South-East Asia area. The gulf countries are strengthening their co-operation in various fields, especially economic.

Strong growth of intra-regional compared to international trade and rise of intra-regional trade in global trade of each region expresses concrete development of regionalization.

Foreign direct investments (FDI) follow a similar evolution. Thus, financial flows are mainly structured in 3 different categories each with its own rhythm and direction: intra-regional flows, interregional flow and flows with the rest of the world.

Currently, the main of these flows circulates either within the 3 great zones (EU, North America and Japan), or between them (approximately 80% of FDI, trade and financial transactions). The last UNCTAD report indicates that Africa receives 2% of world investment, while it accounts for 12% of the world population. According to a study carried out by the World Bank on "the perspectives of investment of multinational firms", Africa is in the last position of their investment intentions. Moreover, investments concentrate on oil, agriculture and mining.
These elements show the advantages and the need for regionalization to acquire points for competitiveness in the global economy.

The Employers’ Organizations present also had the opportunity to reinforce their approach to the Global Compact, the PRSP and the harmonization of social legislation in the context of regional integration. They were able to better apprehend to what extent the respect of fundamental rights and principles of work within the framework of the Global Compact offers an effective structural framework for development of social responsibility and the citizen enterprise. The presentations and discussions on the PRSP allowed them to increase their understanding of its relevance in terms of opportunities for action on the national macro-economic framework. Concerning the harmonization of social legislation, the Employers’ organizations had reservations towards this initiative which should in any event take into account national specificities and be conducted with the social partners of each country.

B. West African SME facing the challenges of integration and globalization

All participants formally recognize, and the discussion throughout the seminar confirmed this, the need to coordinate and focalize efforts in the field of assistance to SME development.

From the point of view of regional integration, an enterprise promotion strategy has to be based on promotion, innovation, research and development and management skills organized around management training institutions, connected to professional Employers’ Organizations and usefully fertilized by their membership of regional and international networks.

Within this framework, a minimum of voluntarism must be reinstated in the economic policy. The reinforcement of the professional organizations can allow externalization of certain costs and, consequently, make the companies more competitive.

All current programmes concentrate their efforts on assistance to enterprise creation and on assistance and guarantee mechanisms. These measures will only be effective if they are integrated within a global framework. In other words, the development programmes of companies loose efficiency if they are not part of an intelligent macro-economic framework. It is indeed difficult to imagine sustained development of companies in an environment characterized by deep recession and negative growth.

SME creation must be integrated to respond to a dual challenge. First, it is important to find efficient and profitable answers to a significant share of the regional and local demand. In the context of economic globalization, it is further important to concentrate efforts on one or more specific markets in which the region can develop a competitive advantage for external markets.
To allow the West African SME to fulfil its role as the motor for regional integration, it is suggested inter alia to act on following factors in order to attain the level vital to sustainable socio-economic development:

- Promotion of social dialogue at local, national and West African levels
- Improvement of productivity of technical and human production factors
- Support opening and widening of markets by rational policies mainly through liberalization and privatization of commercial activities
- Build coherent, effective and durable economic integration concept
- Consolidate good governance founded on respect of the intangible rules of transparency and equity and the role of each actor
- Creation of optimal conditions to attract capital to increase volume of productive investments, development of private initiative, decent labor creation and fight against poverty
- Set-up and improvement of the operation of basic infrastructures necessary to economic activity
- Set-up of human resource development strategies based on competences and employability
- Establish a legal framework to facilitate as well as offer impetus and security to business transactions;

C. The role of Employers’ Organizations in West African integration

The issues presented above relating to the potential profits of West African integration and the strategic framework of creation and development of SME, show the importance of the role of the private sector in general and the of Employers’ Organizations in particular. On the issue of integration, the Employers’ Organizations action can take place at three levels: the governmental level, the level of the West African Employers’ Organizations and the level of the members of each organization.

Governmental level:

Conscious of the essential role of development of economic relations in general for increase of trade and reinforcement of opportunities of realization of common productive projects, the West African Employers’ Organizations can contribute to the constitution of special interest groups with well defined objectives. These will ensure that commitments made by the governments to remove obstacles to the promotion of West African exchanges are respected within the given time limits.

The Employers’ Organizations have to consider themselves as a powerful lever strongly concerned by the efforts of economic integration in their region. They have to mobilize to avoid delays in implementation of treaties and protocols, in particular those having a direct incidence on company operation and economic operators of the private sector. It is also important that they ensure the reliability and stability of the macro-economic framework within which the private enterprises at the West African level evolve.
West African Organizations’ level:
The following initiatives can contribute to reinforcing their position:

- Creation of a federative structure regrouping the Employers’ Organizations of the 15 ECOWAS countries. This structure will be strongly challenged to play a more active role in clarifying the integration strategies based on West African exchanges, working to reveal the true potential of the exchange, uncovering the “hidden” potential of these partnerships and “niche” markets: sectoral studies, investigations on the offer and demand, etc. This employer and regional structure will have to continue and reinforce the effort already initiated to allow the African private sector to play its role within the framework of the negotiations between the European Union and ACP countries. It should identify and disseminate to members the different opportunities offered by regional and subregional African institutions in terms of support and financing of the private sector.
- Creation of an enterprise forum of exchange and dialogue, meeting at least once a year and each time issues relevant to the future of co-operation and West African integration require it.
- Better coordination of the activities of the West African private sector within the framework of opportunities offered through the partnership agreements between the European Union and ACP countries.
- Organization of a maximum of meetings between West African economic operators working in markets representing business opportunities.

Obviously an integration programme can only progress if it is supported by interest groups with short, medium and long-term strategies.

At the level of each West African Employers’ Organization:

Any West African economic integration project is dependent, inter alia, on the vitality of the companies and the improvement of the economic and social well-being of the region.

Within this framework, the strengthening of the Employers’ Organizations is of considerable importance. Their ability to better fulfill their mission depends on the amount of economic sectors and enterprises, including those of the productive informal sector, they will be able to serve.

At this level the role of Employers’ Organization constitutes a means to challenge and modernize the West African economies. This role must be accompanied by national strategies guaranteeing the conditions of free competition and transparency, as well as the strengthening of a consultation and participation culture within the private sector and its involvement in the definition and implementation of economic policies.

The participants would like to thank the authorities of Burkina Faso for their total support to the organization of this important meeting and address their congratulations to the ILO, the IOE, the FOPAO and the CNPB.