

# DOING BUSINESS IN AFRICA



Africa is the world's second-largest and second most-populous continent, after Asia. At about 11.7 million sq. miles including adjacent islands. It covers 20.4% of the world total land area. With a billion people (as of 2009) in 61 territories, it accounts for about 14.72% of the world's human population.

The continent is surrounded by the Mediterranean Sea to the north, both the Suez Canal and the Red Sea along the Sinai Peninsula to the northeast, the Indian Ocean to the southeast, and the Atlantic Ocean to the west. The continent has 54 sovereign states, including Madagascar, various island groups, and the Sahrawi Arab Democratic Republic, a member state of the African Union whose statehood is disputed by Morocco. It encompasses numerous climate areas; it is the only continent to stretch from the northern temperate to southern temperate zones.

Africa's population has rapidly increased over the last 40 years, and consequently it is relatively young. In some African states half or more of the population is under 25 years of age. African population grew from 221 million in 1950 to 1 billion in 2009.

## OPPORTUNITIES

Africa's collective GDP in 2008 roughly equaled Brazil's or Russia. Between 2000 and 2008 Africa's GDP grew by an impressive 5.3%, compared to 4% globally. Its equity markets have outperformed global indexes, according to a 2010 report by the Boston Consulting Group. When established economies were shrinking last year Africa was expanding. Since 1998 revenues of the continent's 500 largest companies, excluding banks, have grown at an average of 8.3% a year.

The inflation rate has declined from 22% in the 1990s to just 8% since 2000. Foreign direct investment has jumped from \$10 billion in 2000 to \$88 billion in 2008. This growth is more than a resource boom, many governments have taken action to end political conflicts, improve macroeconomic conditions, streamline investment laws and create a better business climate.

Africa has an abundance of natural resources. The continent has 90% of the world's cobalt, 90% of its platinum, 50% of its gold, 98% of its chromium, 70% of its tantalite, 64% of its manganese and one-third of its uranium. The Democratic Republic of the Congo (DRC) has 70% of the world's coltan, and most mobile phones in the world have coltan in them. The DRC also has more than 30% of the world's diamond reserves. Guinea is the world's largest exporter of bauxite.

Social and demographic trends will greatly impact growth; a growing labor force, urbanization and an increase in middle-class consumers. The combined consumer spending for 2008 was \$860 million.

Africa's future growth will also depend on its ability to access capital and build business relationships with foreign partners and investors.

Of course each African country will follow its own unique path to growth which will also be influenced by its neighbors and the degree of integration of the economic community.

The main economic communities in Africa are:

<b>Pillars</b>	<b>Subgroups</b>
<a href="#">Community of Sahel-Saharan States (CEN-SAD)</a>	
<a href="#">Common Market for Eastern and Southern Africa (COMESA)</a>	
<a href="#">East African Community (EAC)</a>	
<a href="#">Economic Community of Central African States (ECCAS/CEEAC)</a>	<a href="#">Economic and Monetary Community of Central Africa (CEMAC)</a>
<a href="#">Economic Community of West African States (ECOWAS)</a>	<a href="#">West African Economic and Monetary Union (UEMOA)</a>

	West African Monetary Zone (WAMZ)
Intergovernmental Authority on Development (IGAD)	
Southern African Development Community (SADC)	Southern African Customs Union (SACU)
Arab Maghreb Union (AMU/UMA)	

<b>African Economic Community</b>					
<b>Pillars regional blocs (REC)<sup>1</sup></b>	<b>Area (km<sup>2</sup>)</b>	<b>Population</b>	<b>GDP (PPP) (\$US)</b>		<b>Member states</b>
			in millions	per capita	
<a href="#"><u>AEC</u></a>	29,910,442	853,520,010	2,053,706	2,406	53
<a href="#"><u>ECOWAS</u></a>	5,112,903	251,646,263	342,519	1,361	15
<a href="#"><u>ECCAS</u></a>	6,667,421	121,245,958	175,928	1,451	11
<a href="#"><u>SADC</u></a>	9,882,959	233,944,179	737,335	3,152	15
<a href="#"><u>EAC</u></a>	1,817,945	124,858,568	104,239	1,065	5
<a href="#"><u>COMESA</u></a>	12,873,957	406,102,471	735,599	1,811	20
<a href="#"><u>IGAD</u></a>	5,233,604	187,969,775	225,049	1,197	7
<b>Other African blocs</b>	<b>Area (km<sup>2</sup>)</b>	<b>Population</b>	<b>GDP (PPP) (\$US)</b>		<b>Member states</b>
			in millions	per capita	
<a href="#"><u>CEMAC</u></a> <sup>2</sup>	3,020,142	34,970,529	85,136	2,435	6
<a href="#"><u>SACU</u></a> <sup>2</sup>	2,693,418	51,055,878	541,433	10,605	5
<a href="#"><u>UEMOA</u></a> <sup>2</sup>	3,505,375	80,865,222	101,640	1,257	8
<a href="#"><u>UMA</u></a> <sup>3</sup>	5,782,140	84,185,073	491,276	5,836	5
<a href="#"><u>GAFTA</u></a> <sup>4</sup>	5,876,960	166,259,603	635,450	3,822	5

<sup>1</sup> The [Sahrawi Arab Democratic Republic](#) (SADR) is a signatory to the AEC, but not participating in any bloc yet

<sup>2</sup> Economic bloc inside a pillar REC

<sup>3</sup> Proposed for pillar REC, but objecting participation

<sup>4</sup> Non-African members of GAFTA are excluded from figures

smallest value among the blocs compared largest value among the blocs compared During 2004.

Source: - [CIA World Factbook](#) 2005, IMF WEO Database

Growth from 2000 to 2008 was remarkable compared to the previous decade. The commodity boom was very beneficial to many African countries but this accounted only to 24% of African GDP growth from 2000 to 2008. The rest came from wholesale and retail, transportation, telecommunications and manufacturing. The main factor that provided the environment for this growth was improved political and macroeconomic stability and macroeconomic reforms.

The key sectors that have the potential for significant growth are Consumer Goods including telecommunication and banking, Resources, Agriculture and Infrastructure. It is projected that Africa's GDP will rise to \$2.6 trillion by 2020, consumer spending by \$1.4 trillion, number of households with discretionary income by 128 million.

## CHALLENGES

Poor infrastructure

Language and cultural barriers

Political instability and corruption

## CONCLUSION

The CEO of Monsanto, Hugh Grant, noted that business is business and companies will find more similarities than differences between Africa and the US. He said, "The conversation around where are we going to be a year from now and how do we define success and what do we need to do-that's business. It applies in new markets everywhere." Robert Diamond, Jr, the president and chief executive of Barclays Bank is calling Africa an "incredible" opportunity. Speaking at the Clinton Global Initiative in September he cited high growth rates and rapid expansion of consumer spending as driving factors for the bank's presence in about a dozen countries on the continent.

In the often called "neo-colonial" race for a foothold in Africa the US lags behind China and India because we are still subject to misinformation and worn out stereotypes.

Bill Killeen, CEO of Acrow, which manufactures steel bridges in the US for export to Africa, remarked that US companies that are willing to invest time and resources will find fertile ground. He said "The opportunity for a company like mine is off the charts. In some places we're doing very large projects; in others, very small. But I look at it this way: Every bridge we put in there

helps people travel back and forth, whether to medical clinics, to a job, or to help a truck carrying cocoa beans along a road without breaking its axles."

## Territories and regions

*Main articles: [List of regions of Africa](#) and [List of sovereign states and dependent territories in Africa](#)*

The countries in this table are categorised according to the [scheme for geographic subregions](#) used by the United Nations, and data included are per sources in cross-referenced articles. Where they differ, provisos are clearly indicated.



Regions of Africa:

-  [Northern Africa](#)
-  [Western Africa](#)
-  [Middle Africa](#)
-  [Eastern Africa](#)
-  [Southern Africa](#)
















Physical map of Africa



☞  
Satellite photo of  
Africa



☞  
Political map of Africa

<b>Name of region<sup>[89]</sup> and territory, with <a href="#">flag</a></b>	<b><a href="#">Area</a> (km<sup>2</sup>)</b>	<b><a href="#">Population</a> (2009 est) except where noted</b>	<b><a href="#">Density</a> (per km<sup>2</sup>)</b>	<b><a href="#">Capital</a></b>
<b><a href="#">Eastern Africa:</a></b>	<b>6,384,904</b>	<b>316,053,651</b>	<b>49.5</b>	
 <a href="#">Burundi</a>	27,830	8,988,091 <sup>[90]</sup>	322.9	<a href="#">Bujumbura</a>
 <a href="#">Comoros</a>	2,170	752,438 <sup>[90]</sup>	346.7	<a href="#">Moroni</a>
 <a href="#">Djibouti</a>	23,000	516,055 <sup>[90]</sup>	22.4	<a href="#">Djibouti</a>
 <a href="#">Eritrea</a>	121,320	5,647,168 <sup>[90]</sup>	46.5	<a href="#">Asmara</a>
 <a href="#">Ethiopia</a>	1,127,127	85,237,338 <sup>[90]</sup>	75.6	<a href="#">Addis Ababa</a>
 <a href="#">Kenya</a>	582,650	39,002,772 <sup>[90]</sup>	66.0	<a href="#">Nairobi</a>
 <a href="#">Madagascar</a>	587,040	20,653,556 <sup>[90]</sup>	35.1	<a href="#">Antananarivo</a>
 <a href="#">Malawi</a>	118,480	14,268,711 <sup>[90]</sup>	120.4	<a href="#">Lilongwe</a>
 <a href="#">Mauritius</a>	2,040	1,284,264 <sup>[90]</sup>	629.5	<a href="#">Port Louis</a>
 <a href="#">Mayotte</a> (France)	374	223,765 <sup>[90]</sup>	489.7	<a href="#">Mamoudzou</a>
 <a href="#">Mozambique</a>	801,590	21,669,278 <sup>[90]</sup>	27.0	<a href="#">Maputo</a>
 <a href="#">Réunion</a> (France)	2,512	743,981(2002)	296.2	<a href="#">Saint-Denis</a>
 <a href="#">Rwanda</a>	26,338	10,473,282 <sup>[90]</sup>	397.6	<a href="#">Kigali</a>

 <a href="#">Seychelles</a>	455	87,476 <sup>[90]</sup>	192.2	<a href="#">Victoria</a>
 <a href="#">Somalia</a>	637,657	9,832,017 <sup>[90]</sup>	15.4	<a href="#">Mogadishu</a>
 <a href="#">Tanzania</a>	945,087	41,048,532 <sup>[90]</sup>	43.3	<a href="#">Dodoma</a>
 <a href="#">Uganda</a>	236,040	32,369,558 <sup>[90]</sup>	137.1	<a href="#">Kampala</a>
 <a href="#">Zambia</a>	752,614	11,862,740 <sup>[90]</sup>	15.7	<a href="#">Lusaka</a>
<b><a href="#">Middle Africa:</a></b>	<b>6,613,253</b>	<b>121,585,754</b>	<b>18.4</b>	
 <a href="#">Angola</a>	1,246,700	12,799,293 <sup>[90]</sup>	10.3	<a href="#">Luanda</a>
 <a href="#">Cameroon</a>	475,440	18,879,301 <sup>[90]</sup>	39.7	<a href="#">Yaoundé</a>
 <a href="#">Central African Republic</a>	622,984	4,511,488 <sup>[90]</sup>	7.2	<a href="#">Bangui</a>
 <a href="#">Chad</a>	1,284,000	10,329,208 <sup>[90]</sup>	8.0	<a href="#">N'Djamena</a>
 <a href="#">Congo</a>	342,000	4,012,809 <sup>[90]</sup>	11.7	<a href="#">Brazzaville</a>
 <a href="#">Democratic Republic of the Congo</a>	2,345,410	68,692,542 <sup>[90]</sup>	29.2	<a href="#">Kinshasa</a>
 <a href="#">Equatorial Guinea</a>	28,051	633,441 <sup>[90]</sup>	22.6	<a href="#">Malabo</a>
 <a href="#">Gabon</a>	267,667	1,514,993 <sup>[90]</sup>	5.6	<a href="#">Libreville</a>
 <a href="#">São Tomé and Príncipe</a>	1,001	212,679 <sup>[90]</sup>	212.4	<a href="#">São Tomé</a>
<b><a href="#">Northern Africa:</a></b>	<b>8,533,021</b>	<b>211,087,622</b>	<b>24.7</b>	
 <a href="#">Algeria</a>	2,381,740	34,178,188 <sup>[90]</sup>	14.3	<a href="#">Algiers</a>
 <a href="#">Egypt</a> <sup>[91]</sup>	1,001,450	83,082,869 <sup>[90]</sup> total, Asia 1.4m	82.9	<a href="#">Cairo</a>
 <a href="#">Libya</a>	1,759,540	6,310,434 <sup>[90]</sup>	3.6	<a href="#">Tripoli</a>
 <a href="#">Morocco</a>	446,550	34,859,364 <sup>[90]</sup>	78.0	<a href="#">Rabat</a>
 <a href="#">Sudan</a>	2,505,810	41,087,825 <sup>[90]</sup>	16.4	<a href="#">Khartoum</a>
 <a href="#">Tunisia</a>	163,610	10,486,339 <sup>[90]</sup>	64.1	<a href="#">Tunis</a>
 <a href="#">Sahrawi Arab Democratic Republic</a> <sup>[92]</sup>	266,000	405,210 <sup>[90]</sup>	1.5	<a href="#">El Aaiún</a>
<i>Spanish and Portuguese territories in Northern Africa:</i>				
 <a href="#">Canary Islands</a> (Spain) <sup>[93]</sup>	7,492	1,694,477(2001)	226.2	<a href="#">Las Palmas de Gran Canaria,</a> <a href="#">Santa Cruz de Tenerife</a>
 <a href="#">Ceuta</a> (Spain) <sup>[94]</sup>	20	71,505(2001)	3,575.2	—

 <a href="#">Madeira Islands</a> (Portugal) <sup>[95]</sup>	797	245,000(2001)	307.4	<a href="#">Funchal</a>
 <a href="#">Melilla</a> (Spain) <sup>[96]</sup>	12	66,411(2001)	5,534.2	—
<b><a href="#">Southern Africa:</a></b>	<b>2,693,418</b>	<b>56,406,762</b>	<b>20.9</b>	
 <a href="#">Botswana</a>	600,370	1,990,876 <sup>[90]</sup>	3.3	<a href="#">Gaborone</a>
 <a href="#">Lesotho</a>	30,355	2,130,819 <sup>[90]</sup>	70.2	<a href="#">Maseru</a>
 <a href="#">Zimbabwe</a>	390,580	11,392,629 <sup>[90]</sup>	29.1	<a href="#">Harare</a>
 <a href="#">Namibia</a>	825,418	2,108,665 <sup>[90]</sup>	2.6	<a href="#">Windhoek</a>
 <a href="#">South Africa</a>	1,219,912	49,052,489 <sup>[90]</sup>	40.2	<a href="#">Bloemfontein, Cape Town, Pretoria</a> <sup>[97]</sup>
 <a href="#">Swaziland</a>	17,363	1,123,913 <sup>[90]</sup>	64.7	<a href="#">Mbabane</a>
<b><a href="#">Western Africa:</a></b>	<b>6,144,013</b>	<b>296,186,492</b>	<b>48.2</b>	
 <a href="#">Benin</a>	112,620	8,791,832 <sup>[90]</sup>	78.0	<a href="#">Porto-Novo</a>
 <a href="#">Burkina Faso</a>	274,200	15,746,232 <sup>[90]</sup>	57.4	<a href="#">Ouagadougou</a>
 <a href="#">Cape Verde</a>	4,033	429,474 <sup>[90]</sup>	107.3	<a href="#">Praia</a>
 <a href="#">Côte d'Ivoire</a>	322,460	20,617,068 <sup>[90]</sup>	63.9	<a href="#">Abidjan</a> , <sup>[98]</sup> <a href="#">Yamoussoukro</a>
 <a href="#">Gambia</a>	11,300	1,782,893 <sup>[90]</sup>	157.7	<a href="#">Banjul</a>
 <a href="#">Ghana</a>	239,460	23,832,495 <sup>[90]</sup>	99.5	<a href="#">Accra</a>
 <a href="#">Guinea</a>	245,857	10,057,975 <sup>[90]</sup>	40.9	<a href="#">Conakry</a>
 <a href="#">Guinea-Bissau</a>	36,120	1,533,964 <sup>[90]</sup>	42.5	<a href="#">Bissau</a>
 <a href="#">Liberia</a>	111,370	3,441,790 <sup>[90]</sup>	30.9	<a href="#">Monrovia</a>
 <a href="#">Mali</a>	1,240,000	12,666,987 <sup>[90]</sup>	10.2	<a href="#">Bamako</a>
 <a href="#">Mauritania</a>	1,030,700	3,129,486 <sup>[90]</sup>	3.0	<a href="#">Nouakchott</a>
 <a href="#">Niger</a>	1,267,000	15,306,252 <sup>[90]</sup>	12.1	<a href="#">Niamey</a>
 <a href="#">Nigeria</a>	923,768	158,259,000 <sup>[90]</sup>	161.5	<a href="#">Abuja</a>
 <a href="#">Saint Helena, Ascension and Tristan da Cunha</a> (UK)	410	7,637 <sup>[90]</sup>	14.4	<a href="#">Jamestown</a>
 <a href="#">Senegal</a>	196,190	13,711,597 <sup>[90]</sup>	69.9	<a href="#">Dakar</a>
 <a href="#">Sierra Leone</a>	71,740	6,440,053 <sup>[90]</sup>	89.9	<a href="#">Freetown</a>
 <a href="#">Togo</a>	56,785	6,019,877 <sup>[90]</sup>	106.0	<a href="#">Lomé</a>
<b>Africa Total</b>	<b>30,368,609</b>	<b>1,001,320,281</b>	<b>33.0</b>	

## Africa Free Trade Zone

The Africa Free Trade Zone (AFTZ) is a [free trade zone](#) announced at the [EAC-SADC-COMESA Summit](#) on Wednesday October 22, 2008 by the heads of [Southern African Development Community](#) (SADC), the [Common Market for Eastern and Southern Africa](#) (COMESA) and the [East African Community](#) (EAC). The African Free Trade Zone is also referred to as the **African Free Trade Area** in some official documents and press releases.

### Signing

The leaders of the three AFTZ trading blocks, COMESA, EAC, and SADC, announced the historic agreement, an agreement aimed to create a single free trade zone to be named the **African Free Trade Zone**, consisting of 26 countries with a GDP of an estimated \$624bn (£382.9bn). It is hoped that the African Free Trade Zone agreement would ease access to markets within the AFTZ zone and end problems arising from the fact that several of the member countries in the AFTZ belong to multiple regional groups.

The African Free Trade Zone announced at the EAC-SADC-COMESA Summit (also known the AFTZ Summit and Tripartite Summit) effectively is the realization of a dream more than a hundred years in the making, a trade zone spanning the length of African continent from [Cape to Cairo](#), from North African [Egypt](#) all the way to the southern-most tip of Africa in [South Africa](#) ([Cape Town](#)). The Cape to Cairo dream was envisioned by [Cecil Rhodes](#) and other British imperialists in the 1890s and was expressed in different contexts and versions including, but not limited to, the following ideals: Cape to Cairo Road, Cape to Cairo Railway, Cape to Cairo Telegraph, and Cape to Cairo Trade Union.

While other powers, notably [Germany](#) and [Portugal](#) had [colonies](#) or [spheres of influence](#) in the Cape to Cairo trade zone contemplated, the primary benefactor of the Cape to Cairo union would have been the [Great Britain](#) and [British Empire](#). The biggest difference in the idea of the original Cape to Cairo zone and its current incarnation is that the African Free Trade Zone is the creation of African Countries for the mutual benefit and development of the AFTZ member countries, their peoples and the whole of continent of [Africa](#) rather than a trade zone for the benefit of Great Britain. Ultimately, it is hoped the AFTZ would serve as a key building block to [African Unity](#) and the realization of a united Africa under the auspices of the [African Union](#).

Another important difference between the original and current ideal is that the AFTZ encompasses an area greater than the one even Cecil Rhodes could have imagine. The original Cape to Cairo idea in Cecil Rhodes' time and now under the AFTZ is a free trade zone spanning

the whole continent from Cape Town in South Africa to [Cairo](#) in Egypt. Cecil Rhodes' Cape to Cairo would have involved at most a dozen countries. The current rendition of the Cape to Cairo zone actualized by the AFTZ encompasses most of Africa, almost half of the countries (26 out of 54), more than half of the production, trade, population, land mass and resources. If it actualizes its potential and becomes a truly integrated economic union, the AFTZ could actually rival any other economic union with its vast natural resources, huge markets, young population, and great technical know-how (mostly courtesy of SADC in general and the Republic of South Africa in particular).

In addition to eliminating duplicative membership and the problem of member states also participating in other regional economic cooperation schemes and regional political and security cooperation schemes that may compete with or undermine each other, the African Free Trade Zone further aims to strengthen the AFTZ block's bargaining power when negotiating international deals.

Analysts believe that the African Free Trade Zone agreement will help intra-regional trade and boost growth. See the BBC October 23, 2008 story on the AFTZ.

The AFTZ is considered a major step in the implementation of the AEC, an organization of African Union states establishing grounds for mutual economic development among the majority of African states. The stated goals of the AEC organization include the creation of free trade areas, customs unions, a single market, a central bank, and a common currency thus establishing an economic and monetary union for the African Union.

## **The trade blocs**

The three trade blocs that agreed to and make up the AFTZ, the COMESA, the EAC and the SADC, are already well-established in their own right and cover varying swathes of land, economic systems, political systems and a varied number of peoples (which includes Arabs in the North, multi-racial peoples in the East and South, including significant numbers of [Africans of European descent](#), Asian Africans, including Indians, Chinese and other Asian groups as well as Colored Africans—mixed race Africans numbering millions in South Africa). Many of the membership of the three AFTZ member trade blocks overlap with several countries being a member of more than one of the AFTZ member trade blocks as well as a member of other alliances within and without the three trade blocks.

## **COMESA**

The [Common Market for Eastern and Southern Africa](#) (COMESA) traces its genesis to the mid 1960s. The idea of regional economic co-operation received considerable impetus from the buoyant and optimistic mood that characterised the post-independence period in most of Africa. The mood then was one of pan-African solidarity and collective self-reliance born of a shared destiny. It was under these circumstances that the [United Nations Economic Commission for Africa](#) (ECA) convened a ministerial meeting of the then newly independent states of Eastern and Southern Africa in 1965 to consider proposals for the establishment of a mechanism for the promotion of sub-regional economic integration. The meeting, which was held in [Lusaka](#),

[Zambia](#), recommended the creation of an Economic Community of Eastern and Central African states.

An Interim Council of Ministers, assisted by an Interim Economic Committee of officials, was subsequently set up to negotiate the treaty and initiate programmes on economic co-operation, pending the completion of negotiations on the treaty.

In 1978, at a meeting of Ministers of Trade, Finance and Planning in Lusaka, the creation of a sub-regional economic community was recommended, beginning with a sub-regional preferential trade area which would be gradually upgraded over a ten-year period to a common market until the community had been established. To this end, the meeting adopted the *Lusaka Declaration of Intent and Commitment to the Establishment of a Preferential Trade Area for Eastern and Southern Africa* (PTA) and created an Inter-governmental Negotiating Team on the Treaty for the establishment of the PTA. The meeting also agreed on an indicative time-table for the work of the Intergovernmental Negotiating Team.

After the preparatory work had been completed a meeting of Heads of State and Government was convened in Lusaka on 21 December 1981 at which the Treaty establishing the PTA was signed. The Treaty came into force on 30 September 1982 after it had been ratified by more than seven signatory states as provided for in Article 50 of the Treaty.

The PTA was established to take advantage of a larger market size, to share the region's common heritage and destiny and to allow greater social and economic co-operation, with the ultimate objective being to create an economic community. The PTA Treaty envisaged its transformation into a Common Market and, in conformity with this, the Treaty establishing COMESA was signed on 5 November 1993 in [Kampala, Uganda](#) and was ratified a year later in [Lilongwe, Malawi](#) on 8 December 1994.

It is important to underline the fact that the establishment of PTA, and its transformation into COMESA, was in conformity with the objectives of the [Lagos Plan of Action](#) (LPA) and the [Final Act of Lagos](#) (FAL) of the [Organization of African Unity](#). Both the LPA and the FAL envisaged an evolutionary process in the economic integration of the continent in which regional economic communities would constitute building blocks upon which the creation of an African Economic Community would ultimately be erected.

The Member States of COMESA are as follows:

[Burundi](#) [Comoros](#) [Democratic Republic of Congo](#) [Djibouti](#) [Egypt](#) [Eritrea](#) [Ethiopia](#) [Kenya](#) [Libya](#) [Madagascar](#) [Malawi](#) [Mauritius](#) [Rwanda](#) [Seychelles](#) [Sudan](#) [Swaziland](#) [Uganda](#) [Zambia](#) [Zimbabwe](#)

COMESA's Vision is to "be a fully integrated, internationally competitive regional economic community with high standards of living for all its people ready to merge into an African Economic Community."

## **East African Community**

The [East African Community](#) (EAC) is the regional intergovernmental organization of the Republics of Burundi, Kenya, Rwanda, Uganda and Tanzania with its Headquarters in [Arusha](#), Tanzania. The [Treaty for Establishment of the East African Community](#) was signed on 30 November 1999 and entered into force on 7 July 2000 following its ratification by the original three Partner States – Kenya, Uganda and Tanzania. Rwanda and Burundi acceded to the [EAC Treaty](#) on 18 June 2007 and became full Members of the Community with effect from 1 July 2007.

The EAC was originally set up in 1967. However, disagreements between the original founding members, [Uganda](#), [Kenya](#) and Tanzania, led to its collapse. The 30 November 1999 treaty was signed for its re-establishment and the new EAC came into being in 2000, reincarnated as a more mature group. The EAC is one of the more naturally homogenous of the African trade blocks given the prevalence of Swahili as a common language in its member countries as well as their long history of regional cooperation, even going back to colonial times.

The EAC aims at widening and deepening co-operation among the Partner States in, among others, political, economic and social fields for their mutual benefit. To this extent the EAC countries established a Customs Union in 2005 and are working towards the establishment of a Common Market by 2010, subsequently a Monetary Union by 2012 and ultimately a Political Federation of the East African States.

With the enlargement of the Community in 2007, the EAC really became energized. The realization of a large regional economic bloc encompassing [Burundi](#), [Kenya](#), [Rwanda](#), [Tanzania](#) and [Uganda](#) with a combined population of 120 million people, land area of 1.85 million sq kilometres and a combined gross domestic product of \$41 billion, "bears great strategic and geopolitical significance and prospects of a renewed and reinvigorated East African Community." See EAC website.

The regional integration process is at a high pitch at the moment. The encouraging progress of the East African Customs Union, the enlargement of the Community with admission of Rwanda and Burundi, the ongoing negotiations of the East African Common Market as well as the consultations on fast tracking the process towards East African Federation all underscore the serious determination of the East African leadership and citizens to construct a powerful and sustainable East African economic and political bloc.

The vision of the EAC is similar to that of the COMESA to "be a fully integrated, internationally competitive regional economic community with high standards of living for all its people ready to merge into the African Economic Community."

## **Southern African Development Community**

The [Southern African Development Community](#) (SADC) is the largest, arguably the most integrated and possibly the most successful of all of the African trade blocks (in terms of regional cooperation and the mutual benefit of the members). While South Africa may be the driving force behind a lot of SADC's economic integration, all member countries seem to have

greatly benefited. Out of many truly came an organization greater than the sum of its parts. Several SADC countries have the highest GDP in Africa.

The Southern African Development Community has been in existence since 1980, when it was formed as a loose alliance of nine majority-ruled States in Southern Africa known as the [Southern African Development Coordination Conference](#) (SADCC), with the main aim of coordinating development projects in order to lessen economic dependence on the then apartheid South Africa. The founding Member States are: [Angola](#), [Botswana](#), [Lesotho](#), [Malawi](#), [Mozambique](#), [Swaziland](#), [United Republic of Tanzania](#), [Zambia](#) and [Zimbabwe](#).

SADCC was formed in [Lusaka](#), Zambia on April 1, 1980, following the adoption of the [Lusaka Declaration](#) - Southern Africa: Towards Economic Liberation.

The transformation of the organization from a Coordinating Conference into a Development Community (SADC) took place on August 17, 1992 in Windhoek, Namibia when the Declaration and Treaty was signed at the Summit of Heads of State and Government thereby giving the organization a legal character.

The SADC Member States are as follows:

[Angola](#), [Botswana](#), [Democratic Republic of Congo](#), [Lesotho](#), [Madagascar](#), [Malawi](#), [Mauritius](#), [Mozambique](#), [Namibia](#), [South Africa](#), [Swaziland](#), [United Republic of Tanzania](#), [Zambia](#), and [Zimbabwe](#).

The SADC covers a population of some 248 million people and a zone whose combined GDP is \$379bn in 2006.

SADC headquarters are located in Gaborone, Botswana.

## **Historic significance of the AFTZ**

The [EAC-SADC-COMESA Summit](#) is considered historic because for the first time, since the birth of the [African Union](#), several key building blocks of the AEC have met on how to integrate territories and moving towards deepening and widening integration within the overall [Abuja Treaty](#) for the establishment of the AEC. Further, for the first time a truly transcontinental union came into being, ranging from the North to the South of the continent. The AFTZ (EAC, COMESA and SADC) currently have a combined population of 527 million and combined GDP of US\$625 billion. In size and capacity, the AFTZ rivals most trade blocks. The only question is whether the AFTZ will fully integrate or simply be another one of those "feel good" African organizations with lofty goals but little results.

The SADC is the largest of the AFTZ member trade blocks and covers a population of some 248 million people and a zone whose cumulative GDP is \$379bn in 2006.

COMESA, established in 1994 as a replacement for the Preferential Trade Area, includes 398 million people and the area has a combined GDP of US\$286.7bn in 2006. Among its members are [Zimbabwe](#), [Zambia](#), [Uganda](#) and [Sudan](#).

The EAC, the smallest of the member trade blocks in terms of GDP, had a GDP of US\$46.6bn in 2006.

### **Members countries of the AFTZ**

The AFTZ membership includes the following countries:

[Angola](#), [Botswana](#), [Burundi](#), [Comoros](#), [Djibouti](#), [Democratic Republic of Congo](#), [Egypt](#), [Eritrea](#), [Ethiopia](#), [Kenya](#), [Lesotho](#), [Libya](#), [Madagascar](#), [Malawi](#), [Mauritius](#), [Mozambique](#), [Namibia](#), [Rwanda](#), [Seychelles](#), [Swaziland](#), [South Africa](#), [Sudan](#), [Tanzania](#), [Uganda](#), [Zambia](#), and [Zimbabwe](#).

The only natural member of the AFTZ not included was Somalia, due to the civil war that has left most of that country without a functioning government.

