

## Contents

<b>Preface</b>	IX
<b>A. Concepts and Definitions</b> .....	1
<b>B. The Rationale of Regional Integration among Developing Countries</b> .....	4
<b>I. Expected Economic Benefits</b> .....	4
1. The "Training Ground" Argument.....	4
2. Enlarging the Size of the Domestic Market and Achieving Economies of Scale.....	5
3. Improving Resource Allocation and Availability of Resources.....	5
4. Enhancing Industrialisation.....	6
5. Joint Production of Public Goods.....	7
6. Protection against Adverse Developments in World Markets.....	8
<b>II. Noneconomic Benefits</b> .....	9
1. Improving the Collective Bargaining Power vis-à-vis Industrialised Countries.....	9
2. Consensus Building on Regional Political and Security Issues.....	10
3. Provision of a Scapegoat for Unpopular Policy Decisions.....	11
<b>C. Barriers to Integration</b> .....	13
<b>I. Natural Barriers</b> .....	13
<b>II. Political Barriers</b> .....	14
<b>III. Economic Barriers</b> .....	15
<b>IV. Politico-Economic Barriers</b> .....	16

<b>D. Regional Integration Schemes in Operation.....</b>	<b>18</b>
<b>I. Synopsis of Institutional and Economic Developments.....</b>	<b>18</b>
<b>II. Regional Integration in Latin America.....</b>	<b>22</b>
1. The Latin American Free Trade Association.....	22
2. The Latin American Integration Association.....	25
3. The Andean Pact.....	27
4. The Central American Common Market.....	29
5. The Caribbean Community.....	32
<b>III. Regional Integration in Sub-Saharan Africa.....</b>	<b>34</b>
1. Current Conditions for Integration in Sub-Saharan Africa.....	34
2. The West African Economic Community.....	36
3. The Economic Community of West African States.....	40
4. The Central African Customs and Economic Union.....	42
5. The East African Community.....	44
6. The Southern African Development Coordination Conference.....	46
7. The Preferential Trade Area of Eastern and Southern African States.....	48
<b>IV. Regional Integration in the Middle East and Asia.....</b>	<b>51</b>
1. The Basics of Regional Integration in the Middle East and Asia.....	51
2. The Regional Co-operation for Development.....	52
3. The Association of Southeast Asian Nations.....	54
<b>V. Recent Changes in RIDC.....</b>	<b>57</b>
<b>E. Lessons from the Experiences with RIDC.....</b>	<b>59</b>
<b>I. The Balance of Failure and Success.....</b>	<b>59</b>
<b>II. Political Reasons for Failure.....</b>	<b>60</b>
<b>III. Economic Reasons for Failure.....</b>	<b>61</b>

1. A Deteriorating External Economic Environment.....	61
a. Barriers to Trade and Factor Mobility.....	64
b. Macroeconomic Policies.....	65
c. Low Gains from Integration.....	67
<b>IV. Politico-Economic Reasons.....</b>	<b>68</b>
1. The Political Economy of International Coordination.....	68
2. Vested Interests.....	70
<b>F. Agenda for Policy Action.....</b>	<b>73</b>
<b>I. Promoting Cooperation and not Integration.....</b>	<b>73</b>
<b>II. The Potential Contributions of Bilateral and         Multilateral Donors.....</b>	<b>76</b>
1. Review of OECD Countries' Policies.....	76
2. Support for Domestic Policy Reform.....	77
3. Support for Economic Cooperation.....	78
<b>Appendix Tables.....</b>	<b>82</b>
<b>Bibliography.....</b>	<b>93</b>

## List of Tables

Table 1 - Basic Economic Indicators and Measures of Dispersion of Major Integration Schemes.....	21
Table 2 - Intra-LAIA Trade, 1985-1988.....	24
Table 3 - Intraregional Exports in the CACM, 1960-1987.....	32
Table 4 - Share of Intra-WAEC Imports and Exports of the Ivory Coast in Total Trade with Selected Products, 1981 and 1985.....	37
Table A1 - Empirical Evidence for the "Training Ground" Argument - Rank Spearman Correlation Coefficients Between Absolute Growth of Intra- and Extraregional Exports of Manufactures.....	82
Table A2 - Multilateral Clearing and Payments Arrangements of Developing Countries, Main Operating Statistics, 1986-1988.....	83
Table A3 - Intra-Group Trade as a Percentage of Total Exports of Selected Integration Schemes, 1970-1986.....	84
Synoptical Table 1 - Targets, Means, and Achievements of Major Integration Schemes.....	19
Synoptical Table A1 - Estimates on Trade Creation and Trade Diversion in RIDC, 1952-1979.....	85
Synoptical Table A2 - Summary Records of Summit Meetings of Major Sub-Saharan African Integration Schemes, 1985-1988.....	86