Insights and lessons from integrating Asian economies: (what) can Africa learn from Asian market-led regional integration?

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Abstract

This article explores what Africa can learn from different regional integration experiences in Asia. While countries in East and Southeast Asia have achieved long-term economic development and sustained growth alongside with and due to intensified regional integration, countries in South Asia have stagnated and continue to be the least integrated economies in the world. East and Southeast Asian countries have neither adhered to orthodox prescriptions of policy and institutional reform nor to a conventional path of regional economic integration. Instead of applying a governance-led path of policy and institutional integration, they chose a market-based approach, which appeared to be pragmatic, economically effective, and politically feasible. This chapter argues that current political, institutional, and economic conditions on the African continent are not conducive to sophisticated policy and institutional integration, European-style, but would allow for market-driven regional cooperation, Asian-style. Based on the theory of regional integration, the article discusses the relationship between initial conditions and possible integration paths in Africa, Asia, and Europe in a comparative way. The analysis finds a particular importance of bottom-up economic forces for the building of regional and international value chains in Asia as well as a necessity for political forces to ensure stability and a basic institutional framework.

List of Abbreviations

AEC	ASEAN Economic Community
AfCFTA	African Continental Free Trade Area
AFTA	ASEAN free trade agreement
DOTS	Direction of Trade Statistics
ECSC	European Coal and Steel Community
EU	European Union
FTA	Free trade agreement
MFN	Most favored nation
IMF	International Monetary Fund
US	United States
WTO	World Trade Organization

1 Introduction

Regional integration experiences in Asia are very heterogeneous. Different regions made different integration efforts with different success: In Western Asia and Central Asia, various policy integration initiatives were established but proved to be rather dysfunctional. In East and Southeast Asia, policy integration initiatives are largely absent, however, firms seeking offshoring opportunities in nearby countries caused a substantial degree of integration of national markets. South Asia shows a persistent lack of policy and market integration initiatives, being the least integrated region in the world.

Despite the success of business-led regional integration in East and Southeast Asia, it has often been labeled as insufficient, stuck at early stages, suffering from the *noodle bowl syndrome* (Baldwin, 2007: 4), being plagued by the absence of formal institutions and therefore as largely unsuitable to serve as a role model. The benchmark is the European Union (EU) which is celebrated for its encompassing regional market and policy integration. Only recently, however, the EU's governance-led integration model has been challenged. Some member states severely suffered from financial, economic, and sovereign-debt crises after the global financial turmoil 2007-2009 (Gibson et al., 2014). Living standards across the EU are drifting apart rather than converging (Gräbner et al., 2019). One EU member, the United Kingdom, decided to withdraw. Therefore, the EU does not only exhibit role-model qualities. Policy integration comes with economic and political costs that may outweigh the benefits for one or more members. In contrast, the market integration measures taken in East and Southeast Asia leave countries' sovereignty untouched, economic and monetary policies under national control and therefore adaptive to national needs.

Given its rather similar initial conditions to Asia, this chapter investigates what African countries may learn from Asian regional integration experiences. We address two experiences in more detail: The successful business-led integration of the Southeast Asian region and the political impediments to regional integration in South Asia. Reflecting on the prospects and drawbacks for regional integration, we refer to the importance of bottom-up economic forces for the building of regional value chains as well as the importance of top-down political forces for creating stability and providing an institutional framework in which regional integration can take place.

The chapter is structured as follows: Section 2 refers to the theory of regional integration, i.e. to the prospects and feasibility of market versus policy integration, discusses the relationship between initial conditions and the appropriate paths of regional integration and elaborates on the conditions in Africa, Asia, and Europe in a comparative way. Section 3 introduces the different regional integration initiatives in Asia and reveals differences in regional integration depths. Sections 4 and 5 discuss the different regional integration experiences of two Asian economic blocs in more detail. Section 4 underlines the importance of market factors, i.e. multinational enterprises seeking offshoring opportunities and Western demand for Asian products, as drivers for regional integration in East and Southeast Asia. Section 5 underlines the importance of political factors, i.e. geopolitics and hegemonic powers, to path the way or to stand in the way of regional integration in South Asia. Section 6 draws lessons for Africa.

2 Stages of Regional Integration

Regional integration beyond a cross-border project-style economic collaboration ranges from agreements about free-trade areas to abolish internal tariffs to gradually deeper forms including a customs union that adds a common external tariff, an internal market that abolishes hidden trade restrictions stemming from product and production standards, a common market that allows not only to freely exchange goods and services but also capital and labour, a monetary union with a common currency, and an economic union that harmonises economic policies and eventually tax and fiscal policies. Regional integration is expected to move from less to more sophisticated economic collaboration and possibly to political collaboration with common policies marking the 'finalisation' of regional integration (Balassa, 1961 and Table 1).

Table 1: Regional integration measures

Forms	Free trade in goods and services	Common external tariff	No hidden trade restrictions	Mobility of factors of production	Common currency	Common economic policy
Free-trade area	X					
Customs union	X	X				
Internal market	X	X				
Common market	X	X	X	X		
Monetary union	X	X	X	X	X	
Economic union	X	X	X	X	X	X

Source: Hansen et al. (1991: 4) and Beckmann et al. (2000)

2.1 Marked based Integration vs. Policy and Institutional based Integration

Regions integrate because this process promises efficiency gains and eventually welfare effects (Schiff & Winters, 2003). Expected efficiency increases are the higher the:

- bigger the integration area (the more countries included);
- higher the former tariffs which are eliminated by integration;
- lower common external tariffs;
- higher the degree of substitutability between products in integration countries;
- more complementary production structures or consumption patterns of integration and third countries;

- higher the number of relative efficient producers in the integration are (relative to third countries); and
- lower transport costs within the integration area.

Market integration entails opening national economies through liberalisation and deregulation via eliminating restraints on trade and distortions of competition. Tinbergen (1964) refers to market integration as *negative* integration. It can take place unilaterally. A country may, e.g. eliminate import taxes without coordination with other countries. The main objective of market integration is to benefit from the international division of labour that allows a more efficient allocation of resources, a more diverse and comprehensive availability of goods and services, economies of scale, attraction of foreign investment, network effects, and technological spillovers.

Free-trade areas are largely characterised by *negative* integration, i.e. the removal of discrimination in national economic rules. Customs unions are considered an advancement which already necessitates *positive* integration, i.e. a transfer of policy prerogatives to common institutions or the joint exercise of some powers, e.g. regarding the agreement and enforcement of tariffs vis-à-vis third countries (Tinbergen 1964). Both integration forms are viewed as early and essential stages of regional integration. The establishment of internal and common markets presuppose more positive integration steps, i.e. institution building and a common stance of governments on further essential steps of policy coordination and common rules and standards. Common markets, monetary unions, and economic unions mark the (more) advanced stages of regional integration. They are characterised by an increasing extent of *positive* integration, i.e. institutional and policy integration within the region and possibly the creation of supranational organisations with executive power.

Policy and institutional integration entail effective coordination, possibly harmonisation, and eventually even unification of rules and regulations and establishing national and common governance mechanisms and organisations to set and enforce these rules and regulations. Completely unified product, e.g. financial and monetary markets, . require common standards, rules, regulation, supervision, and eventually a common currency and central bank. *Positive* integration cannot take place unilaterally. It requires the agreement of several political actors and a joint institutional framework. Policy integration may reduce transaction and information costs as well as costs of risk management in cross-border trade and business. This implies a more efficient pooling and allocation of resources and risks as well as a better exploitation of network effects and technological spillovers. Eventually, positive integration measures also increase welfare via the provision of official finance and common goods within the region.

Theoretical accounts of regional integration suggest that the prospects of market integration increase with the size of the integrated area because the positive effects of trade creation rise while the negative effects of trade diversion decrease the more countries participate, the economically stronger these countries are, and the more complementary economic structures are. With regards to policy integration, in contrast, the prospects are expected to decrease with the integrated area, because the bigger the countries and the further away they are from each other geographically, the more apart they are in their economic, political, and sociocultural characteristics, needs and preferences. The larger the integration area, the more politically and economically costly common policies could become.

2.2 Challenges of Policy and Institutional Integration

Positive integration measures promise efficiency increases and welfare gains in addition to what can be achieved from market integration. Yet, positive integration is more challenging to establish, and the expected effects will only materialise if certain conditions are met. Policy integration presupposes explicit legitimisation and agreement among participating authorities (Scharpf, 1998). This requires setting an institutional apparatus that manages national and supranational ruling within the region, i.e. allocates ruling competencies, aligns rules horizontally (between countries) and vertically (between local, national, and supranational authorities), and secures rule enforcement. Achieving such a rearrangement of ruling competencies entails costs and a change in political power relations.

In the case of well-advanced European integration, the institutional solution entailed a dualism relating to supranational laws on the one hand and intergovernmental policy making and negotiations on the other hand (Scharpf, 1998). As a downturn of this dualism, Scharpf (1998: 157) diagnosed “a competency gap” in which European policy is constrained by the lack of intergovernmental agreement while national policy is severely restrained in its problem-solving capacity. In Asia, governments refrained from more advanced policy integration. Lacking the institutional capacity to manage common ruling is just one though one important reason. Other important reasons relate to the heterogeneity in economic, political, socioeconomic characteristics, policy needs and preferences.

Although supranational ruling offers the possibility to design policies on a broader scope and overcome inefficiencies stemming from national restrictions and protection, supranational ruling restricts national sovereignty in policy making and offers less flexibility in adapting policies to country-specific needs. In an economic and monetary union, e.g. member states have a reduced number of monetary policy instruments while the central bank has limited possibilities to react to asymmetric shocks. This constraint becomes especially problematic if the integration area includes countries at different stages of economic development, different political systems and institutional set-ups. Political and economic costs of positive integration therefore increase with the heterogeneity of countries. Heterogeneity, in this context, is not limited to differences in real and nominal economic outcomes, economic structures and policy needs, but also includes heterogeneity in financial constraints, political objectives, and societal preferences (Boltho & Carlin, 2013).

Compared to other continents, Europe comprises countries of small geographical size with more similar economic and political structures and institutions. Yet, even the EU struggles with intergovernmental disagreements about the allocation of ruling competencies and voting rights and about the scope and depth of integration measures, especially positive ones (Friedman, 1997). Preferences and needs although similar are not identical across EU governments and EU citizens. Economic and financial shocks are asymmetrical even among the 19 members of the EU's economic and monetary union. Common policies are costly also for EU members. They are compromises after all, fitting better to some and worse to other members (Monacelli, 2016).

2.3 A Common Destiny: No Market Integration without Policy and Institutional Integration?

Theory suggests that regional integration is achieved by a combination of negative and positive measures, i.e. market and institutional integration measures. Already for effective free-trade areas, basic common institutions that organise political and economic exchange are necessary. With more advanced integration, the demands for policy integration and common institution building increase. Yet, there is no blueprint for the most appropriate integration measures, and more specifically, the sequencing, combinations, and weightings of negative and positive integration measures. History suggests that there is no universal path for successful integration. Welfare gains may increase with more advanced market and institutional integration, but so may integration costs and risks. Political and bureaucratic costs and risks are expected to increase more than proportionately in the prevalence of poorly developed economic and political institutions, i.e. insufficient property rights and contracting rules, a lack of political commitment, missing rule-of-law settings, political controversies, and a low governance effectiveness.

European integration is based on idiosyncratic initial conditions marked by the outcomes of World War II. The European monetary and economic union is the status quo of an integration process that has started post-World War II with the creation of the European Coal and Steel Community (ECSC) in 1951. The ECSC was economically and politically motivated. Forming an anti-cartel-agency in the coal and steel industries of member countries to ensure free market price setting and free movement of goods was one motivation, preventing further war between France and Germany was another motivation to set up the ECSC. The idea was to make war *"not only unthinkable but materially impossible"* (European Union, 2020). European integration has been always conceived as government-led integration with supranational institutions and decision-making structures. Already the ECSC was based on the principle of supranationalism.

In Asia, integration experiences have been much more heterogeneous. There exist six economic blocs with different integration paths. The East and Southeast economic bloc, which shows the highest degree of regional integration in Asia, took an integration path that was more business-led than government-led and more negative measures based than positive measures based. Regional integration of East and Southeast Asia has not considered the establishment of supranational bodies with ruling competencies. Competencies in setting rules and regulations stay at the national level. Adaptations of rules across countries requires intergovernmental negotiations and national legal and executive implementation. (Economic) policy making is heterogeneous. This allows to maintain national sovereignties and adapt rules to country-specific conditions. This has its merits particularly for countries at lower levels of economic and institutional development with substantial differences in values, norms as well as economic and political structures. The Asian experience shows that effective and sustained economic progress can be achieved already at early stages of market integration without substantial policy or institutional integration. Given current conditions in African countries, experiences from Asia may be more applicable than those from Europe.

2.4 Regional Integration in Africa in Comparative Perspective

Formally, regional integration on the African continent shows some notable achievements. These include two monetary unions, one established among six Central African countries (CEMAC), another one among eight French speaking western African countries (UEMOA). Another monetary union of six English speaking western African countries (WAMZ) is in the process of planning. Despite that regional integration is eagerly discussed as a tool to overcome colonial legacies which influence the political economies of formerly colonized countries to this day (Imparato, 2022), existing economic blocks in Africa have partly grown out of and are still reflecting colonial legacies. An attempt of a continent-wide economic integration, instead, could be truly alleviating the colonial legacy bias in economic and political relations. On 1st of January 2021, 54 member states of the African Union established the African Continental Free Trade Area (AfCFTA), i.e. in terms of member countries, the largest free-trade area in the world since the formation of the World Trade Organization (WTO). It has the objective to set the pace for creating a continental customs union and a common market with free mobility of goods, services, and factors of production (African Union, 2018). Besides and preceding AfCFTA, eight officially recognised regional economic blocs exist in Africa. They are seen as the main pillars of the African Union that have structured economic cooperation and intraregional trade so far. Table A1 in the appendix gives an overview of these regional economic blocs in Africa and their different stages of economic integration.

At first glance and de jure, these advances appear to be impressive. At a second glance and de facto, the economic impact of these institutional and organisational jackets has been shallow. So far, regional integration measures on the African continent have mainly focused on unilateral, bilateral, and multilateral agreements to break down barriers to trade, i.e. negative integration. Despite the taken measures, intraregional trade volumes remain very low in absolute and in relative terms. According to UNCTAD (2019), only 15.4% of total trade in Africa in 2016 was intraregional, compared to 61.7% in the EU and 23.3% in ASEAN. The most integrated regional economic bloc in Africa is SADC, having traded 21% of its total trade within the regional economic bloc, 2.7% with the rest of Africa, and 76.2% with the rest of the world. For the other regional economic blocs in Africa (AMU, CEN-SAD, COMESA, EAC, ECCAS, ECOWAS, IGAD), intra-bloc trade is smaller than 11.5% and trade with the rest of the world exceeds 78.4%. This reveals the substantial extraregional trade dependency and the very low economic integration among African economies despite the undertaken efforts for regional integration.

Table 2 compares key politico-economic characteristics of different economic blocs: The new AfCFTA and the most integrated African regional economic bloc SADC (including 15 countries of a free-trade area), the most integrated Asian regional economic bloc (ASEAN) (with 10 Southeast Asian countries in a free-trade area) and the EU comprising 27 member states. The comparison considers variables reflecting socioeconomic, political, and economic dimensions of governance. In contrast to a focus on *nominal* convergence, we consider a broad range of economic, social, and political variables, which help to understand better the prospects of, and impediments to, *real* convergence of economies in the course of time. As theory suggests, and the European experiences confirm, nominal convergence may be a necessary condition for successful regional integration, but it is not sufficient. In order to sustainably converge economically in the long-run, *real* convergence in economic structures, social conditions, and political norms, institutions, and preferences is crucial.

Real economic convergence usually implies an approximation of per-capita incomes at growing levels – in so far real convergence is an objective of regional integration and overall economic development. In contrast, *nominal* convergence relates to similar interest and inflation rates, budgets deficits, and sovereign-debt levels. While nominal convergence is easy to measure and monitor, it does not ensure sustained economic cohesion and stability if real convergence is absent.

Real convergence usually encompasses, among others, income figures as well as living standards, employment quotas, productivity, openness and (in)equality measures. In addition to economic convergence, academics consider policy convergence (harmonisation of, e.g. fiscal, monetary, labour market, social policies and institutions) as well as the convergence in attitudes and belief systems (acceptance of regional integration initiatives, general political, social cultural preferences). Both are considered to drive the prospects for real economic convergence (Dauderstädt, 2014). Table 2 provides data on Africa (with ASEAN and the EU as comparator regions) on real convergence relating to economic, social, and governance dimensions. The governance indicators capture perceptions on the quality of different aspects of governance. Data is collected and scores are constructed by the Worldwide governance Indicators (WGI) project. For all indicators, the WGI project collects and combines data from surveys of households and firms, commercial business information providers, non-governmental organizations, and public sector organizations. Table A2 in the appendix summarizes how the WGI project defines each quality of governance indicator.

	AfCFTA				SADC				ASEAN				EU			
SOCIOECONOMIC VARIABLES	Mean	StdDev	Min	Max	Mean	StdDev.	Min	Max	Mean	StdDev	Min	Max	Mean	StdDev	Min	Max
GDP (current US$) in billion US$	48.3	91.7	0.4	448.1	45.4	91.3	1.6	351.4	318.0	338.1	13.5	1119.1	591.7	930.8	15.2	3861.1
GDP per capita (current US$)	5971	5853	784	28685	9079	8898	1336	28685	26417	32319	4574	102573	47992	20101	24579	120962
Agriculture. forestry. fishing. % GDP	19.0	12.8	1.3	54.3	10.6	10.1	1.9	26.5	11.0	7.4	0.0	22.2	2.0	1.0	0.2	3.8
Manufacturing. % GDP	11.1	7.7	1.7	40.1	11.1	6.8	4.3	29.7	17.6	5.1	7.5	25.6	14.0	5.8	4.6	31.5
Services. % GDP	49.0	10.0	31.1	76.4	53.6	10.5	36.8	70.5	49.1	11.1	38.2	70.7	64.4	6.1	56.4	79.2
Natural resource rents. % GDP	8.2	10.7	0.1	47.9	4.9	6.8	0.0	26.2	4.5	6.5	0.0	22.2	0.3	0.3	0.0	1.1
Real GDP growth. average 2015-19	2.9	3.6	-10.8	8.9	2.4	1.9	-0.9	6.2	4.9	2.1	0.5	7.1	3.2	1.9	0.8	10.1
Population in million	23.7	35.0	0.1	201.0	19.0	20.2	0.1	58.6	66.1	81.5	0.4	270.6	16.5	22.7	0.5	83.1
Population growth. average 2015-19	2.4	0.8	0.8	3.8	2.0	1.0	0.1	3.3	1.1	0.4	0.3	1.5	0.3	0.9	-1.0	3.0
Rural population. % population	53.4	19.6	10.3	86.6	56.6	16.7	29.8	82.8	46.5	24.4	0.0	76.2	25.7	12.8	2.0	46.3
Employment in agriculture. % total	43.6	21.6	5.3	86.2	42.4	26.1	5.3	76.4	27.7	19.7	0.0	61.4	4.0	2.6	0.7	11.6
Unemployment. % labour force	8.7	6.7	0.5	28.5	11.9	9.3	1.7	28.5	2.3	2.1	0.1	6.9	6.1	3.4	2.0	17.3
Inflation, average 2015-19	7.6	13.0	-1.3	85.0	13.0	21.6	1.3	85.0	2.0	2.3	-3.2	6.0	1.7	0.9	-0.1	3.6
Poverty headcount ratio at $1.90/day	34.8	23.1	0.4	78.5	36.4	25.9	0.4	78.5	4.5	4.4	0.0	12.3	0.5	0.5	0.0	2.0
GINI index average	42.4	7.8	27.6	63.2	49.0	8.0	37.7	63.2	38.6	3.5	34.4	44.5	31.4	3.5	25.1	37.9
Current account balance. % GDP	-6.8	8.0	-22.2	13.5	-5.4	8.1	-19.8	5.7	1.3	8.0	-15.0	14.3	1.6	4.5	-11.3	9.9
Exports of goods and services. % GDP	33.7	24.8	7.9	152.6	39.2	16.3	16.0	83.6	66.8	48.7	18.4	175.9	71.5	38.8	31.7	208.8
Gross capital formation. % GDP	25.3	9.3	7.7	46.1	27.3	10.9	13.5	46.1	27.6	5.5	21.0	38.7	22.9	5.9	12.7	46.0
Dom. credit to private sector. % GDP	25.6	23.4	6.1	129.0	36.7	35.6	6.8	129.0	87.1	48.7	26.3	143.3	76.1	32.1	33.5	159.7
Net FDI inflows. % of GDP	3.7	5.4	-11.6	26.5	3.4	5.5	-4.6	16.1	6.9	9.6	0.9	32.2	8.1	23.5	-16.1	103.9
POLITICAL VARIABLES	Mean	StdDev	Min	Max	Mean	StdDev	Min	Max	Mean	StdDev	Min	Max	Mean	StdDev	Min	Max
Voice and Accountability	-0.6	0.8	-2.2	1.0	-0.2	0.7	-1.4	0.8	-0.7	0.7	-1.8	0.2	1.1	0.4	0.2	1.6
Political Stability, Absence o Violence	-0.7	0.8	-2.6	1.0	-0.2	0.7	-1.8	1.0	0.0	0.9	-1.3	1.5	0.7	0.3	0.3	1.4
ECONOMIC GOVERNANCE	Mean	StdDev	Min	Max	Mean	StdDev	Min	Max	Mean	StdDev	Min	Max	Mean	StdDev	Min	Max
Government Effectiveness	-0.8	0.7	-2.5	0.5	-0.5	0.8	-1.6	0.9	0.3	1.0	-1.1	2.2	1.1	0.6	-0.3	1.9
Regulatory Quality	-0.8	0.6	-2.3	0.4	-0.5	0.7	-1.5	1.0	0.1	0.9	-0.8	2.2	1.2	0.4	0.5	1.9
Rule of Law	-0.7	0.6	-2.4	0.5	-0.4	0.7	-1.8	0.8	-0.1	0.9	-1.1	1.9	1.1	0.6	0.0	2.0
Control of Corruption	-0.7	0.7	-1.8	1.0	-0.4	0.7	-1.5	1.0	-0.2	1.0	-1.3	2.2	0.9	0.8	-0.2	2.2

Table 2: Comparison of economic blocs. Source: World Bank Development and Governance Indicators. Authors' compilation.

Africa covers a much larger geographical area and encompasses economies with much higher heterogeneity in economic, political, and sociocultural characteristics, policy needs and preferences and lower institutional capacity as compared to Europe. In its preconditions for regional integration, Africa is much closer to Asia as compared to Europe. Indicators of the African and Asian economic blocs show much higher standard deviations than those of the EU. Poor, under-developed economic and institutional conditions challenge regional integration efforts in Africa. As compared to ASEAN and the EU, AfCFTA and SADC show lower levels of economic development, a higher dependence of the economies on agriculture and natural resources, lower economic growth rates and higher population growth rates, a smaller degree of urbanisation, higher general unemployment, a higher employment rate in agriculture, higher poverty and wealth inequality. AfCFTA and SADC further show passive current account balances, lower trade openness and lower investment levels for domestic and foreign investment. Relating to political governance, African economic blocs show below average scores on voice and accountability (a proxy for democratic development) and on political stability. The quality of economic governance in the four considered dimensions government effectiveness, regulatory quality, rule of law and corruption control is also below average scores. For the AfCFTA and the SADC region, policy integration within the region appears to be far from feasible.

3 Regional Integration in Asia

Asian regional integration has been mainly market based. Policy and institutional integration have been largely absent or poorly developed. Nevertheless, actual market integration measures have helped Asian economies to prosper (substantially). Possibly, Asian experiences may provide useful lessons for Africa, given the substantial (initial) heterogeneity in Asia's economic and social realms, weak institutional and governance structures, and political dissent and reservations among governments. The section discusses and assesses regional integration initiatives in Asia over time and across the continent.

3.1 Regional Integration Initiatives

As in Africa, in Asia there exist eight economic blocs. These blocs vary in breadth and depth of economic integration. Table A3 in the appendix gives an overview of the regional economic blocs in Asia and their different stages of economic integration. The Gulf Cooperation Council (GCC) in Western Asia formally launched a common market in 2008 Representatives of the economic bloc proclaim to work towards full integration into an economic and monetary union ever since. Hitherto, the development has shown some progress concerning the establishment of a customs union and to foster the mobility of labour and capital.

But tensions between member countries as well as with neighboring states make the GCC rather dysfunctional.[1] The Eurasian Economic Union (EAEU) in Central Asia has established an economic union and provides common policies in the macroeconomic sphere, transport, industry and agriculture, energy, foreign trade and investment, customs, technical regulation, competition, and antitrust regulation. The union formally operates through the Supreme Eurasian Economic Council consisting of the heads of the member states and the Eurasian Intergovernmental Council consisting of the heads of member states' governments. Provisions for a single currency and greater integration are envisioned for the future. Libman (2020), however, argues that the EAEU generally, and even as a vehicle for Russia's ambitions to enhance its regional and global role in geopolitics, shows weak institutions. The South Asian Association for Regional Cooperation (SAARC) joins eight South Asian economies into a free trade area. In terms of number of participating countries, economic size and relevance for Asia as a whole, GCC, EAEU and SAARC are small compared to the dialogues ACD, ECO and as compared to the free trade areas RCEP and ASEAN(+3), which organise economic exchange and cooperation of East and Southeast Asia (Korwatanasakul, 2020).

3.2 The Evolution of Intraregional Trade Flows

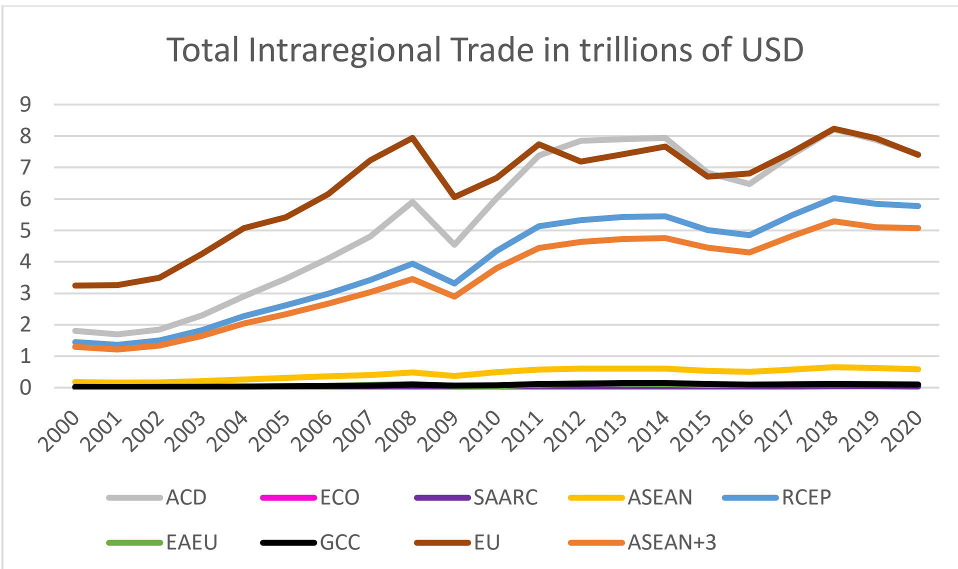
We draw on the International Monetary Fund (IMF)'s Direction of Trade Statistics (DOTS) database and World Bank Open Data to analyse the depth of the different regional integration initiatives in Asia empirically: We depict the evolution of intraregional trade from 2000-2020 for different economic blocs and construct and compare three indicators of regional integration: (i) intraregional trade openness, (ii) intraregional trade share, and intraregional trade intensity.

Figure 1 shows the evolution of total intraregional trade for the different economic blocs and compares it to the evolution of total intraregional trade among EU countries, taking the latter as a benchmark for well-advanced regional integration as it is usually done in literature.[2] Total intraregional trade is given in trillions of USD and comprises all exports within a given economic bloc i (X_{iit}) plus all imports within this economic bloc (M_{iit}) at time period t.

1 See the contributions in Beaujouan (2019) for a differentiated and comprehensive assessment of the GCC.
2 Though the United Kingdom has exited the EU in 2020, we treat it as a member in our analysis, because it had been a member in the majority of the period under consideration. Our benchmark therefore includes 28 European countries.

The evolution of intraregional trade of the ACD bloc including 35 countries throughout Asia suggests that intraregional trade in Asia has about tripled within the last 20 years. Since 2011, Asian intraregional trade is about the same size as intraregional trade in Europe. The increase in Asia has been driven by rapidly intensifying trade between the 10 ASEAN countries with China, Japan and South Korea (ASEAN+3), pointing to a fast economic integration of the countries of the East and Southeast Asian region. The economic blocs in West, Central and South Asia experienced stagnating trade volume at very low levels.

Figure 1: Total intraregional trade in trillions of USD



Source: IMF DOTS. Authors' calculation and compilation.

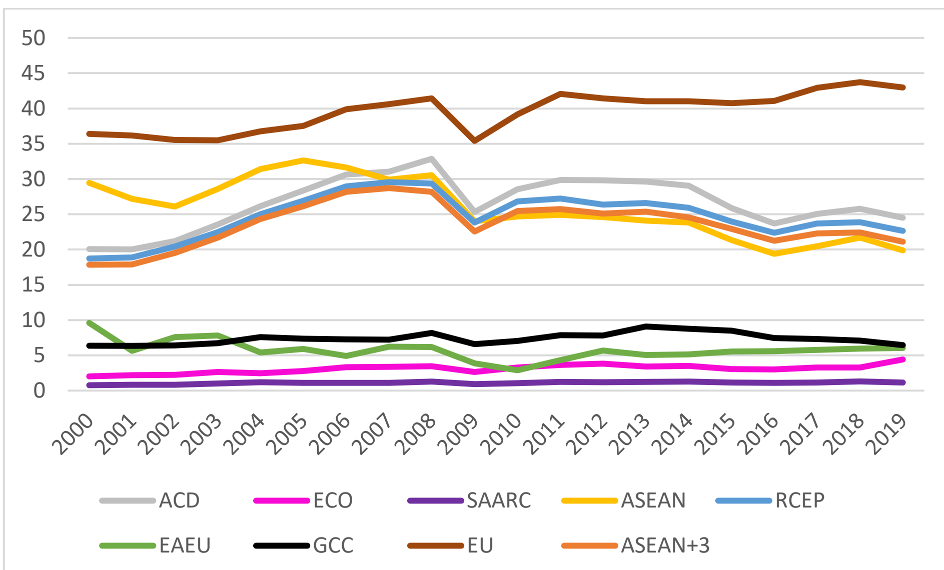
Next, we look at the evolution of intraregional (IT) openness for each economic bloc in Asia and again draw a comparisons with the EU. IT openness is equivalent to a country's foreign trade quota but for a given region i. It is defined as:

$$IT\ Openness_{\,i} = (X_{iit} + M_{iit})/(GDP_{it}) \tag{1}$$

whereas X_{iit} refers to all exports within a given economic bloc i, M_{iit} to all imports within a given economic bloc. Together they give the total value of intraregional trade. GDP_{it} refers to the total gross domestic product of the economic bloc i in period t.

Figure 2 shows that IT openness in ASEAN is at a comparatively high level for its size, suggesting a high degree of market integration among the ten Southeast Asian countries. With 33% in 2005, it was almost as high as trade openness in the EU (38%). Yet, the global financial crisis in 2007-2008 marks a break in the regional integration trends for the higher integrated regions. After the shock, Asia's intraregional trade-to-GDP dropped and after a short period of recovery, started to gradually fall ever since 2014. The EU, in contrast, after experiencing a similar sharp drop, managed to recover and reinstall the high degree of trade intensity among its members. In West, Central and South Asia was at very low levels before and after the global financial crisis.

Figure 2: Intraregional trade openness in percent



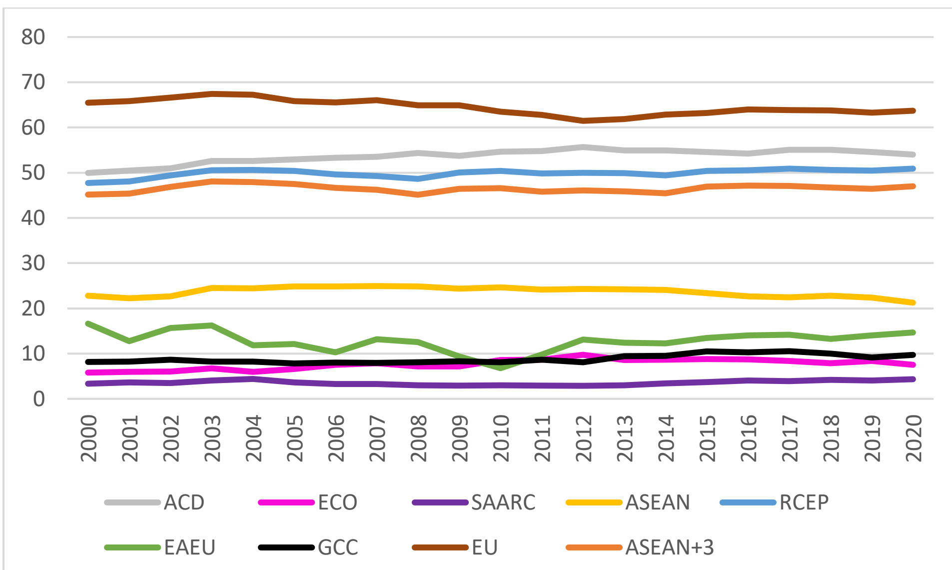
Source: IMF DOTS and World Bank Open Data. Authors' calculation and compilation.

We now turn to the IT share of the different economic blocs in Asia. The IT share is a commonly used measure for the importance of intraregional trade for a region. It gives the share of intraregional trade from total trade of the region. An increase in the intraregional trade share implies a decrease in the extraregional trade share and points to a shift in the importance away from trade partners outside of the region to trade partners inside the region. The IT share of region i is defined as:

$$IT\ Share_{\,i} = (X_{iit} + M_{iit})/(X_{i*t} + M_{i*t}) \qquad (2)$$

whereas the $(X_{iit} + M_{iit})$ term refers to the total value of intraregional trade of region i and the $(X_{i*t} + M_{i*t})$ term refers to the total value of total trade of region i in period t, hence, intra- and extraregional trade in period t. Figure 3 shows that, in general, the IT share of all economic blocs remained rather constant over time with a slight trend in increasing intraregional trade share in the bigger Asian economic blocs and with the exception of a comparably fluctuating EAEU bloc. About 65% of total trade of EU members is with other EU members. About half of total trade of the 35 ACD members, the RCEP (=ASEAN+5) members and the ASEAN+3 members takes place within the economic blocs. For the West, Central and South Asian regional integration initiatives, less than 20% of total trade of member states is directed towards other member states: The smaller the economic blocs in Asia, the greater the dependence on extraregional trade.

Figure 3: Intraregional trade share in percent



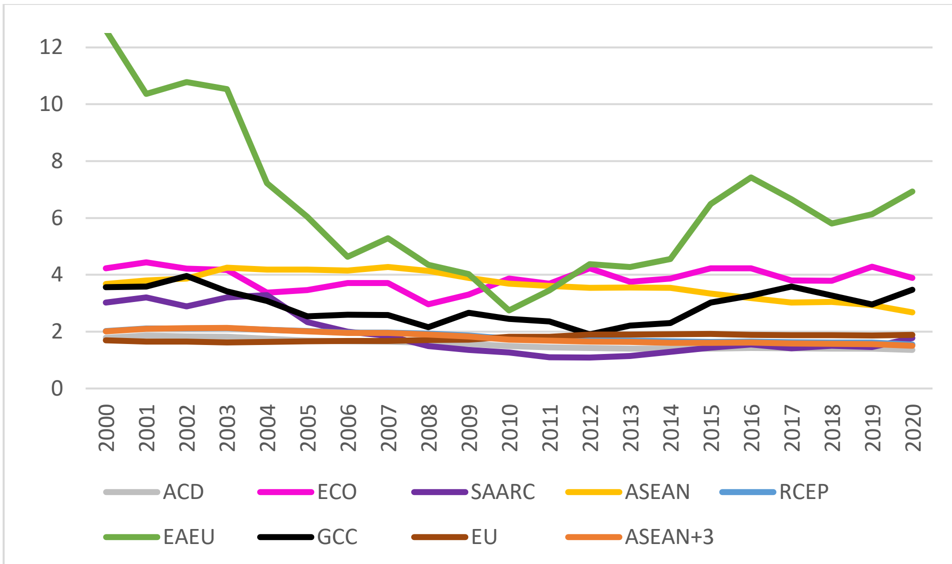
Source: IMF DOTS. Authors' calculation and compilation.

Lastly, we look at the IT intensity of the economic blocs. The IT intensity index weights the intraregional intraregional trade share of a region with the region's importance in world trade. As compared to the IT share, this index is less size-dependent and more internationally comparable. IT intensity is defined as:

$$IT\ Intensity_{\,i} = \frac{(X_{iit}+M_{iit})/(X_{i*t}+M_{i*t})}{(X_{i*t}+M_{i*t})/(X_{**t}+M_{**t})} \qquad (3)$$

whereas the numerator of equation (3) refers to the IT share of region i in period t and the denominator refers to the weight that is the share of total trade of region i in period t in total trade of the world in period t. World trade in period t is captured in $(X ** t + M ** t)$.

Figure 4: Intraregional Trade Intensity in percent



Source: IMF DOTS. Authors' calculation and compilation.

Figure 4 shows that the development of the IT Intensity index from 2000-2020 differs more across the economic blocks in Asia in size and trend as compared to the IT share. For all economic blocks in Asia, and in contrast to the EU, the share in world trade has increased over the time period considered. For ASEAN+3, for example, the share of world trade was 22% in 2000 and 31% in 2020. For ACD, it was 28% in 2000 and 40% in 2020. Since IT intensity was stable for most economic blocs, an increasing denominator in equation (3) produced a fall in the it intensity index which points to an increasing importance of and dependence on world trade as compared to intraregional trade in Asia. We see such a slight fall in the IT Intensity index for the bigger economic blocs in Asia (ACD, RCEP, ASEAN+3). SAARC, GCC, ECO and EAEU, the smaller economic blocs in West, Central and South Asia, followed a different trend: They experienced a fall in IT intensity in the first and an increase in IT intensity in the second decade which suggests that after a period of increasing relative importance of trade with the world, a turn towards more intraregional trade was experienced. For the 10 ASEAN countries the turn was the other way around: Intraregional trade increased in relative importance until 2007 and lost in relative importance afterwards.

Summing up: Since 2000, trade among the 35 Asian countries forming the ACD dialog has tripled to reach 7.4 trillion USD in 2020, an intraregional trade volume comparable to the EU. Within 20 years, Asia has increased its share in the world economy by 9%. Since 2010, Asia has a higher share in the global economy than Europe. About half of the total trade in Asia takes place within the region. The main drivers of intraregional trade in Asia are countries in East and Southeast Asia. South, Central and West Asia show partly more ambitious regional integration efforts including not only negative but also positive integration measures. Yet, they contribute only little to Asia's production and trade volume, and show only low levels of IT openness and IT shares of the regions.

4 Regional Integration of East and Southeast Asia and the Importance of Market Forces

The East and Southeast Asian way of regional integration has differed substantially from the European approach. Economic cooperation and intraregional trade have been driven by multinational enterprises that are institutionally backed by unilateral trade liberalisation measures and numerous free trade agreements (FTAs). Within the region, there is a broad absence of deeper international political cooperation, especially supranational institutional mechanisms to set and enforce formal production and trade rules. For the absence of such a supranational institutional apparatus, the region has frequently been perceived as 'being caught' in the early stages of integration. Yet, deep economic cooperation across the region could be institutionally facilitated, though very different to the experiences from other regions in Asia and in the world. Instead of political institutions and political players planning regional integration based on political and societal interests, market institutions and market players organise regional integration based on firm-related economic interests. In East and Southeast Asia, political forces follow economic forces and set predominately negative integration measures following the demand of economic forces. Many positive integration measures, i.e. adapting rules internationally, do not take place in the public space and on the national level, but in the private space and on the firm level.

4.1 The beginnings of regional integration in East and Southeast Asia

The market-based regional integration approach in East and Southeast Asia has its roots in the 1980s, when the endeavors of Japanese firms to regionalise production gave birth to the 'Factory Asia'. According to Ando & Kimura (2005), intraregional trade in East and Southeast Asia before 1985 had been suppressed for three reasons: First, there was an unequal distribution of economic size within the region with Japan being the only large economy. Second, great disparities in development levels led to a replication of the North/South trade pattern of inter-industry trade within the region which entailed relatively low trade volumes. Third, governments adopted dual track development strategies that blocked the import of manufactured goods for final consumption and fostered the export of manufactured goods to countries outside the region, mainly the United States (US) and Europe. Consequently, intraregional trade was at very low levels.

This changed with the growth of the Japanese economy in the 1980s and the growth of the newly industrialised economies, the Four Asian Tigers (Hong Kong, South Korea, Singapore, and Taiwan), in the 1990s. Unit labour costs increased and comparative advantages in manufacturing eroded in the growing Asian economies. A continuous fall in transportation costs and advances in information and production technologies allowed to slice up the manufacturing process and move single steps to places according to comparative advantages. Initially, Japanese firms and subsequently firms from the Four Asian Tigers took advantage of development disparities among Asian economies and off-shored labour-intensive manufacturing steps to Southeast Asian countries and to nearby China, which was gradually opening up. These countries provided a great number of low-wage/low-productivity workers. Regional production networks evolved. Japan and the Four Asian Tigers became the headquarter countries. China and Southeast Asian countries, especially Malaysia and Thailand, became the factory countries in these networks. Off-shoring considered a combination of setting up own subsidiaries in factory countries as well as outsourcing to independent firms in factory countries. Headquarter and factory countries together produced computer/machinery, electrical equipment and specialty petroleum derivatives that were mainly sold on Western markets. This created a "triangle trade" (Baldwin, 2007: 9), which involved a Japanese firm sending high-end parts to an affiliated plant located in, e.g. Thailand. In some cases, goods were shipped back to Japan for final sale or further processing, but often they were shipped for final consumption to US or European markets. Triangle trade therefore included intra-industry trade in parts and components between Asian countries and inter-industry final goods trade between Asian and Western countries. In that way, the regional value chains that emerged with the Factory Asia complemented and intensified global value chains and the division of production that had already emerged between Asia, the US and Europe (Baldwin, 2007).

The strategy of Japanese firms to off-shore portions of their production fitted to the export-track of the dual-track development strategies pursued by factory economies. To compete for Japanese investment and partnerships against China, from 1990 to 2000, ASEAN reduced tariffs on intraregional trade in the form of duty drawbacks, which involved the suspension of tariffs on parts and components that were imported, and duty-free treatment for plants located in Export Processing Zones (EPZs)[3] (Ando & Kimura, 2005, Kuchiki, 2003). ASEAN tariff cutting was unilateral. Baldwin (2007: 11) states that there was no genuine regionalism yet: "It is useful to think of this sort of tariff cutting as quasi-regional because its effect was to reduce tariffs only on intraregional trade, but was not formally discriminatory. It was, in other words, de facto preferential tariff liberalisation that involved no de jure preferences. It has also been called Asian-style regionalism (run by businessmen rather than lawyers and diplomats)." This quote underlines the pragmatic, market-based approach of regional integration in East and Southeast Asia that was led by businessmen seeking market opportunities and not by public authorities seeking and building a legal framework for international cooperation. The ASEAN FTA (AFTA), established in 1993, did not implement a preferential trade liberalisation and foster regionalism either. AFTA preferences were not being used. Less than 3% of intra-ASEAN trade in 1998 and 1999 benefited from AFTA preferences. Due to red tape, the vast majority of traders preferred to either pay the WTO's most favored nation (MFN) rate or take advantage of the duty drawback programs or duty-free treatment in exporting processing zones. Intra-ASEAN trade remained dominated by intra-sectoral trade in computer/machinery, electrical equipment, and specialty petroleum derivatives, for which the MFN rates were very low.

4.2 The advancements of regional integration in East and Southeast Asia

Factory Asia has become increasingly more complex. It widened and deepened at an even faster pace after the Asian financial crisis 1997. The crisis deeply shook East and Southeast Asians' faith in the dual-track development strategies and the heavy emphasis on US and European markets and created a sense of commonality among East Asian nations and networking among political elites. The Asian firms that survived the crisis were systematically more capable of withstanding international competition. This reduced anti-liberalisation pressure and allowed a reduction in trade tariffs that had been politically optimal to retain before the crisis. By 2000, the competitiveness of Asian manufacturing firms depended heavily on the smooth functioning of Factory Asia. The rise of China's position in the world economy was reflected in its changing position in Factory Asia. China became increasingly involved as producer and as buyer of parts and components. It became a headquarter and a factory country. The China-ASEAN FTAs signed in 2003 aimed to gradually eliminate tariffs on almost all bilateral trade between China and the 10 ASEAN members to further intensify regional production networks. ASEAN agreed to adopt the same zero-

3 EPZs are geographically specific areas in which specified goods are imported and exported duty-free because they do not leave the EPZs and thus do not influence the local market (Baldwin, 2007: 10).

tariff goals for all intra-AFTA trade. To avoid discrimination against goods shipped to and from Japan and Korea, governments reacted by seeking similar bilaterals: Japan-ASEAN FTAs and Korea-ASEAN FTAs. ASEAN+3 was established.

Trade and investment liberalisation in East and Southeast Asia today is still based on the FTAs' set up in the early 2000s (Mashodo, 2015). According to the Asia Regional Integration Center (ARIC), a total of 193 bilateral and 75 multilateral FTAs had been signed and in effect in 2020.[4] No other world region is even close to having as many FTAs in place. The FTAs cut on tariffs, but leave product lists, tariff rates and rules of origin conditions heterogeneous and the enforcement of the agreements to the respective trading partners. A regional top-level public management is absent. Baldwin (2007: 4) labeled "the unorganised tangle of bilateral trade deals in East Asia" as the "noodle bowl". Each bilateral link, i.e. each noodle in the bowl, has a unique preferential tariff structure. This is because each country chooses its own sensitive list for items where no preferences are granted. Bilateral market access depends upon the interaction of the two lists of the exporting and the importing country. AFTA, e.g. acts as if there were 45 (10 times 9 divided by 2) bilateral trade relationships with different scopes. Still, the 45 bilateral FTAs are not completely dissimilar. ASEAN has imposed some discipline on rules of origin, product exclusion practices and phase-in modalities (Banda & Whalley, 2005). In 2015, ASEAN leaders signed the declaration of the ASEAN Economic Community (AEC) aiming to establish free movement of skilled labour, goods, services, and investment among the 10 ASEAN member states. AEC requires also financial integration for which the ASEAN Banking Integration Framework (ABIF) was set up in 2020. A common market has not yet been established. ASEAN deferred about 20% of the harmonisation provisions needed to create a common market. The new deadline is set for 2025 (Menon & Melendez, 2017).

5 Regional integration of South Asia and the Importance of Political Forces

Political powers and interests play an important role for whether and which integration measures are taken and how successful they are. Geopolitical measures taken by the US set the mode and direction for the regional integration model in East and Southeast Asia. Post-1945, the US spread a security blanket over non-communist East Asia and forged bilateral hub and spokes alliances among US allies (Japan, South Korea, Taiwan, and the ASEAN countries). US allies were integrated into post-war international institutions (United Nations, General Agreement on Tariffs and Trade, IMF, and World Bank) and given asymmetric access to the US market. These alliances remained intact post-Cold War. The regional integration of East

4 The ARIC database with all FTAs in Asia is available at: https://aric.adb.org/database/fta

and Southeast Asia is still backed by numerous bilateral free-trade agreements that manage the joint production of goods for Western markets.

Yet, there is still rivalry and tension between Asian countries close to the US and Asian countries close to the former Soviet Union as well as between countries competing on international markets for a good position in the Factory Asia. There are ongoing rivalries in East and Southeast Asia between China, South Korea, and Japan and between India and Pakistan (Sally, 2010). For the looming dangers of conflicts among the rivaling parties, Baldwin (2007) considers the Factory Asia as fragile. According to Baldwin (2007), the fragility is partly due to the absence of a regional top-level management which could provide a mechanism to manage conflicts within the region. Baldwin (2007) warns that if conflicts arise tariffs may go up overnight and produce a domino effect across the heavily vertically integrated and therefore interdependent Southeast Asian economies.

Japan was directing and stabilising economic integration in East and Southeast Asia since the 1980s. The Four Tigers and China joined in in the 1990s. These countries now constitute the headquarter countries in the Factory Asia. Although there is no true integration hub, no true hegemon with a large national market in East and Southeast Asia, there are some strong spokes that take the lead in the coordination and cooperation of joint production. The importance of the presence, the acceptance, and the cooperative behavior of one or more strong spokes within the region can be seen from the ongoing failure of regional integration in South Asia. In 2019, the eight South Asian countries that constitute the SAARC free-trade area had an IT trade openness of only 1.3% and an IT share of only 4.1%. No other world region shows a lower degree of regional integration, despite the presence of two potential strong spokes in South Asia, India and Pakistan, and one strong spoke, China, in East Asia. How can this happen?

India and Pakistan and India and China have historically had and still have political disputes. Ongoing disagreements about territorial claims, for example over Kashmir, Aksai Chin and Arunachal Pradesh, create political resentments such that in the end none of the three countries currently seems to be able to exercise outright leadership in regional integration efforts without facing a strong opposition of one of the powerful players. There are further political disputes of India and Pakistan with other South Asian countries. This includes India’s dispute with Sri Lanka for the denial of citizenship to a large number of Tamils and India’s dispute with Bangladesh for the unresolved issues regarding illegal migration from Chittagong Hill Tracts, for sharing of waters, and for the demarcation of boundaries. Such disputes smother any integration efforts in the cradle. Besides tense international relations, South Asian countries face serious security threats from civil violence and intra-state separatist and religious conflicts. For example, India faces such movements in Punjab, Kashmir and in the eastern states of Mizoram, Assam, and Nagaland.

The rationale behind SAARC was to create political and economic stability as much as to foster exchange and reap trade effects. This rationale worked out in post-war Europe. France and Germany, the two biggest economies in Europe which had been enemies before and during WWII, are now the main players in political and economic collaboration in Europe, serving other European economies as focal points for stability. In South Asia, this rational did not work out. Instead of being seen as an opportunity for growth and stability, increased trade with India is perceived as a threat of increasing dominance and dependence on India. For example Sri Lanka chooses to import railway coaches from Romania instead of purchasing better-quality coaches at a lower price from India. SAARC so far has remained ineffective, vulnerable to regional politics and has had inadequate capacities. For Southeast Asia, the threat of the growing power of the former Soviet Union had been a motivation to overcome intraregional disputes and join forces to form ASEAN. In South Asia such a common external threat seems to be absent (Kher, 2013).

In addition to the political rivalry among and resentment against the bigger economies in South Asia, there is an economic rivalry among smaller economies in South Asia for integration into the world economy as well. This especially holds for South Asian countries at low levels of economic development. The composition of small South Asian countries' trade with North America and Europe is almost similar: Textile, readymade garments, leather, and agricultural products are exported while petroleum and capital-intensive goods are imported. All South Asian countries are rich in labour and no country has a significant comparative advantage in the production of specific items over the others. Trade between South Asian countries is therefore more competitive rather than complementary. South Asian countries rather protect national markets from each other than seeking ways to open up and integrate. The import substitution policies that have been applied in all South Asian countries until recently were such protection measures. As an undesirable side effect, the import substitution policies did not allow the development of a particular area of expertise in production. This has hindered the establishment of regional value chains in South Asia (Kher, 2013).

6 Conclusion: Lessons for the African Continent?

Referring to 'stages' of regional integration suggests that there is *one* path of regional integration. This path starts from a situation of less towards more sophisticated market integration that is accompanied by a gradual increase in policy and institutional integration. Just as Rostow's stages of economic growth model has been criticised for its claim of universality, and we argue that considering such a path of regional integration that is based on European and American history and norms does not give credit to non-Western countries' experiences and needs. 'Later stages' may neither be politically feasible nor economically efficient for Asian and African regional integration. We see the different regional integration measures as *categories* rather than *stages*. The categories mark and guide different paths of regional integration. A market-driven integration path and a policy-driven integration path represent the extremes. East and Southeast Asia are prototypes of the former and the EU is a prototype of the latter. Yet, different mixtures and sequences of positive and negative measures may be possible and appropriate for different initial conditions.

For contemporary Africa, it makes sense to look at regional integration experiences in Asia as alternatives to the European integration path that has become the benchmark. African regions, even more integrated ones, do not fulfill the necessary conditions for advanced policy and institutional integration measures which characterise the European integration mode. The heterogeneity in economic policy needs, political structures, unsettled internal and intraregional political disputes, and the general weaknesses in public sector governance and state capacity make a policy and institutional integration neither economically efficient nor politically feasible. Efforts to work towards establishing a full economic union on a broad basis may be ineffective or even harmful. We see a graduated and differentiated approach of regional integration advisable for Africa. A pragmatic approach of market integration institutionally backed by national reforms in economic and political institutions as well as governmental agreements on economic collaboration seems to be more appropriate than pushing for international policy and institutional integration.

Market integration is successful if domestic markets and welfare increase. Economic liberalisation efforts will not materialise as expected or hoped for if insufficiencies in infrastructure, governance structures, and economic institutions inhibit economic exchange or if domestic production is replaced or the evolution of domestic industries is blocked by foreign goods, services and capital. A successful market integration strengthens existing industries and supports the evolution of new thriving businesses. Effective market integration requires a certain degree of differences and complementarity in economic structures and demand patterns, comparative advantages and production specialisation across the integrating region. In a situation with very similar national industry and trade structures, it may need an economic hegemon to accelerate *inter*industry trade and start the process of production specialisation. This marks the ASEAN path of regional integration. Japan's economy differed from other East and Southeast Asian economies with respect to industry and trade structures. As labour costs increased with a thriving economy, Japanese firms started to seek offshoring opportunities for labour-intensive production steps in labour-abundant China and Southeast Asia. Japanese firms were the driving force for the building of regional production chains.

African countries show very similar industry and trade structures. African economies are dependent on extraregional agricultural products and natural resource exports. They compete on the world markets rather than seeking regional cooperation and specialisation. A development towards more differentiated and complementary industry and trade structures that eventually allows specialisation and joint production may need, as it did in East and Southeast Asia, a driving force. The driving force can be one or more big economies with sufficient industry and trade differences and comparative advantages to initiate intrasectoral trade among African countries. From the absence of regional integration in South Asia despite the presence of India and Pakistan, we learn that becoming the driving force for regional integration not only requires a certain degree of industrialisation and motivation for internationalising production, hence favourable economic conditions, it also requires political stability, acceptance by the other countries of the region, and the confidence to be able to take the lead and act cooperatively, hence favourable political conditions. Nigeria, Egypt, South Africa, and Algeria are the biggest economies in Africa. At present, none of them seems to be able to fulfill the economic and political conditions for becoming a driving force for regional integration East and Southeast Asian-style.

Given this situation, the question arises whether a non-African country can step in and become the driving force for regional integration. Apparently, two alternatives are on offer. China has become a major development and cooperation partner for many African countries, offering itself as a driving force for structural change and as an alternative to Western countries which have a longer tradition in development cooperation with African countries. In the last twenty years, China undertook massive investments in infrastructure projects to make Africa more accessible and productive. China provides a pragmatic, self-interested Sino-African cooperation offer challenging Western development strategies that are bound to economic, political, and legal conditions.

The presence of China in Africa may be an opportunity as much as a threat to regional integration of Africa. Better infrastructure may eliminate the technical constraints for economic exchange. Trade with China may give the necessary impetus for production specialisation that may also enable regional cooperation and intrasectoral trade within Africa. The motives of economic and political collaboration of China with African countries are driven by self-interest. China seeks access to natural resources, efficient production possibilities and markets. African countries strive for capital, know how, and finance. Whether win-win situations can be achieved and the resource curse will be overcome rather than deepened with Sino-African cooperation still has to show. From a geopolitical perspective, the presence of China in Africa puts pressure on US-African and European-African relations. This can lead to a better bargaining position of African countries and more profitable development cooperation deals with Western countries. This can, however, also lead to a fight over African resources and markets that is harmful for the development of African economies and that may block rather than drive structural change and regional integration.

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Appendix. Table A1: Economic blocs in Africa

Economic Bloc	**Main Regions**	**Number of Member States**	**Stage of Integration**
Arab Maghreb Union (AMU)	Northern Africa	(5): Algeria, Libya, Mauritania, Morocco, Tunesia	Dialogue
Community of Sahel-Saharan States (CEN-SAD)	Mainly Northern and Western Africa	(28) Benin, Burkina Faso, Central African Republic, Chad, Comoros, Cote d'Ivoire, Djibouti, Egypt, Eritrea, Guinea-Bissau, Kenya, Liberia, Libya, Mali, Morocco, Mauritania, Niger, Senegal, Togo, Gambia, Ghana, Guinea, Nigeria, Sao Tome & Principe, Sierra Leone, Somalia, Sudan, Tunesia	Dialogue
Common Market for Eastern and Southern Africa (COMESA)	Eastern and Southern Africa	(19): Burundi, Comoros, Djibouti, Democratic Republic of the Congo, Egypt, Eritrea, Eswatini, Ethiopia, Libya, Kenya, Mauritius, Madagascar, Malawi, Rwanda, Seychelles, Sudan, Uganda, Zambia, Zimbabwe	FTA
East African Community (EAC)	Eastern Africa	(6): Burundi, Kenya, Rwanda, Uganda, South Sudan, Tanzania	Customs Union
Economic Community of Central African States (ECCAS) with subbloc Economic and Monetary Community of Central Africa (CEMAC)	Central Africa	(11): Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Rwanda, Sao Tome & Principe Subbloc CEMAC (6): Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea, Gabon	ECCAS: FTA CEMAC: Customs and Monetary Union

Economic Community of West African States (ECOWAS) with subbloc West African Economic Monetary Union (UEMOA) and subbloc West African Monetary Zone (WAMZ)	Western Africa	(15): Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Kap Verde, Mali, Niger, Senegal, Togo, Gambia, Ghana, Guinea, Nigeria, Sierra Leone, Liberia Subbloc UEMOA (8): Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo Subbloc WAMZ (6): Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone	ECOWAS: Customs Union UEMOA: Monetary Union WAMZ: planned Monetary Union
Intergovernmental Authority on Development (IGAD)	Eastern Africa	(8): Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, Uganda	Dialogue
Southern African Development Community (SADC) with subbloc Southern African Customs Union (SACU)	Southern Africa	(15): Angola, Botswana, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Malawi, Tanzania, Zambia, Zimbabwe Subbloc SACU (5): Botswana, Eswatini, Lesotho, Namibia, South Africa	SADC: FTA SACU: Customs union

Source: Various sources. Authors' compilation.

Table A2: Quality of governance indicators

Indicator	**Definition according to the WGI project**
Voice and Accountability	The indicator captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.
Political Stability and	The indicator captures perceptions of the likelihood that the government will be destabilized or

Absence of Violence / Terrorism	overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism.
Government Effectiveness	The indicator captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.
Regulatory Quality	The indicator captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
Rule of Law	The indicator captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
Control of Corruption	The indicator captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests

Source: Kaufmann et al. (2011)

Table A3: Economic blocs in Asia

Economic Bloc	**Main Regions**	**Number of Member States**	**Stage of Integration**
Asian Cooperation Dialogue (ACD)	All Asian regions	(35): Afghanistan, Bahrain, Bangladesh, Brunei D., Bhutan, Cambodia, China, India, Indonesia, Iran, Japan, Kazakhstan, Kuwait, Kyrgyz Republic, Lao PDR, Malaysia, Mongolia, Myanmar, Nepal, Oman,	Dialogue

		Pakistan, Palestine, Philippines, Qatar, Republic of Korea, Russia, Saudi Arabia, Singapore, Sri Lanka, Tajikistan Thailand, Turkey, United Arab Emirates, Uzbekistan, Vietnam	
Economic Cooperation Organization (ECO)	Central Asia & Western Asia	(10) Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan, Uzbekistan	Dialogue
Regional Comprehensive Economic Partnership (RCEP)	Southeast Asia & East Asia +	(15): All ASEAN members, all ASEAN+3 members (PRC, Japan, South Korea), two more ASEAN+6 members (Australia, New Zealand)	FTA
South Asian Association for Regional Cooperation (SAARC)	South Asia	(8) Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, Sri Lanka	FTA
Association of Southeast Asian Nations (ASEAN)	Southeast Asia	(10): Brunei, Indonesia, Cambodia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam	FTA, common market by 2025
ASEAN+3	Southeast Asia	(13): ASEAN countries, People’s Republic of China, South Korea, Japan	FTA
Eurasian Economic Union (EAEU)	Central Asia & Western Asia	(5) Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia	Economic union
Gulf Cooperation Council (GCC)	Western Asia	(6) Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates	Common market

Source: Various sources. Authors’ compilation.