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Regional Integration and the challenges of Intra-Regional Trade: An Assessment of the implementation of SADC's Free Trade Agreement

By

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Abstract

Regional Integration is one of the most prominent phenomena in the 21st century; it has manifested itself in various ways worldwide, including through the Intra-Regional Trade. The African continent has not been an exception as we have seen African leaders calling for the strengthening of the continent's Regional Economic Communities (RECs) through the signing of the Abuja Treaty in the year 1991 in the quest for the African Economic Community (AEC). As one of Africa's RECs, SADC signed the Trade Protocol in the year 1996 seeking to enhance the free flow of goods, services and capital among member states, presumably in response to the call from the continental level. Regional integration initiatives are not without challenges in the African continent. Thus, using the case of SADC's Free Trade Agreement (FTA), envisaged by the Trade Protocol, this study seeks to understand the contributing factors to the failure of the member states, who are signatories to the Trade Protocol, to live up to their commitments. It argues that varying degrees of economic growth and development, as well as different trading structures, have different impacts on member states' responses to their commitments. To conduct this study, a Qualitative case study approach is adopted. The study recommends that, efforts made by SADC to industrialise the region, through the Regional Development Fund, should be prioritised and well implemented as it has the potential to capacitate SADC member states that lack necessary infrastructure and developed industry sector to efficiently work towards goals enshrined in the region’s trade protocol.

Chapter 1: Introduction

1.1.Introduction

Regional integration has always been a wish for various countries worldwide as a result of its early manifestation in Europe, as countries of this region effectively responded to capitalism's call for political unification (Mataire 2016). In the African continent, it has been identified by the continental leaders as the vehicle to the economic emancipation and a complete eradication of poverty, in which the majority its citizenry languishes. As far as the African leaders are concerned, the integration of the continental economies seems to be the best way to deal with a variety of challenges that African countries have been encountering in the post-independence period (UNECA 2015). A number of strategies have been adopted at a continental level by the African heads of state and government under the burner of the African Union, with objectives of accelerating the political and economic integration of the continent, poverty alleviation etc. in a bid to lay the foundation for the integration of the continent. The institutionalisation of the regional integration measures on the African continent can be traced back in the year 1980 when the African leaders adopted the Lagos plan of action for Economic Development of Africa; this was one of the strategies that aimed at ensuring the continent's self-sufficiency (D'Sa 1983).

From its establishment in the year 1963, the Organisation of the African Unity (OAU) underscored the need for the integration of the continent as a prerequisite for the economic development. The Constitutive Act of the African Union, adopted by the African leaders, which formally replaced the OAU, also underscored the significance of the coordination and harmonisation of policies between the Regional Economic Communities (RECs) for the gradual attainment of the objectives of the Union (AU 2000). Member states were encouraged to combine their economies into sub-regional markets that would ultimately form one African wide economic union (Hartzenberg and Erasmus 2016).

Further to that, the year 1991 saw the adoption of the Abuja treaty for the establishment of the African Economic Community by the African leaders (DIRCO 2003). Just like the Lagos plan of action, this treaty underscored the importance of the cooperation and integration among African countries, ranging from the sub-regional levels to the continental. The Abuja Treaty strongly encouraged the Regional Economic Communities (RECs) to ensure greater cooperation among themselves in pursuit of the continental objectives and further called for the establishment of such regional groupings on the continent where they do not exist.

Article 88 of the Abuja Treaty, unambiguously, stipulates that the foundation of the African Economic Community is the progressive integration of the activities of the Regional Economic Communities (SADC 1991). The Southern African Development Community (SADC) is one of the continent's RECs. It encompasses the entire Southern half of the African continent (South Africa, Zimbabwe, Botswana, Mozambique, Zambia, Namibia, Tanzania, Lesotho, Angola, Democratic Republic of Congo, Malawi, Swaziland), as well as island states off the east African coast (Madagascar, Seychelles, and Mauritius). This regional bloc, like a number of others, has responded to the call from the continental level to increase the level of cooperation and integration. This was seen through its adoption of the Trade Protocol in the year 1996 and entered into force in 2000. Amongst other things, it sought to eliminate trade barriers to intra-SADC trade and strongly encouraged member states to refrain from imposing any new form of barriers to trade occurring within this region.

Regional integration efforts on the African continent are not without the challenges. It has been noted that integration efforts continent-wide are struggling to find the expression in the pursuit of the African Union’s objectives, which amongst others include Infrastructure development, poverty reduction, agricultural and trade investment etc. (AU 2000). In this context, this study's main aim is to understand challenges of Intra-regional regional trade as a component of regional integration. To understand this, it uses the case of SADC's FTA; the question it raises is "What are the factors that make it difficult for SADC member states, who are signatories of the Trade Protocol, to honour their commitments?"

1.2.Background of the study

In the African continent, the main premise of regional integration has always been to encourage trade and secure economies of scale. It has remained desirable with its potential to promote the economic growth and further reduce poverty through the means of large numbers of exports of domestic goods (Lewis et al 2003). Thus, Maximising and boasting intra-regional trade within the African continent has always been an integral part of the regional integration agenda. The success of the integration envisaged at the continental level has been realised to be based on the efficiency of the mechanics of the recognised RECs in each particular sub-region of the continent. According to Sophie Chauvin and Guillaume Gaulier, "Africa has been experimenting with economic integration for quite a long time. As a result, Africa records a wide range of economic blocs such as the Economic Community of Western African States (ECOWAS), the Common Market for Eastern and Southern African (COMESA) the Southern African Development Community (SADC) etc." (Chauvin and Gaulier 2002).

Thus, RECs were given a task to spur economic integration in line with objectives of the African Union (Kaphuka 2015). For instance, a wide range of strategic policies and legal arrangements have been implemented to advance intra-SADC trade, and African states are encouraged to remodel their domestic policies to feature continental objectives. As much as SADC had its own reasons to adopt the Trade Protocol, the decision to do so was also partly motivated by the call from the continental level. As a result, according to Samuel Kaphuka, intra-SADC trade in the dawn of democracy had shown some growth, even though it was largely dominated by the more industrialised countries of the region (Kaphuka 2015).

Since the attainment of political independence, the majority of African countries have identified regional integration as the best way to harness resources collectively, to penetrate the global market as well as to attract the Foreign Direct Investment (FDI). As a regional integration initiative, intra-regional trade benefits the integrating parties in various ways. Amongst others, they include the creation of jobs, the provision of necessary support to the expanded and new markets, greater economies of scale, as well as the enhanced competition for domestic firms (Chidede 2017). As a region that is characterised by the various forms of inequalities among its member states, SADC's Trade Protocol adopted by its member states, as part of the agreement gave the poorest countries the special trade preferences with the realisation that some of these inequalities have far-reaching implications (Hansohm et al 2004).

1.3.Formulation and demarcation of the research problem

Article 3 (b) of the SADC Trade Protocol state that, all trade barriers should be removed within the time frame of eight years from the entry into force of the Protocol, with the committee of ministers to determine the phased elimination of tariffs and non-tariffs barriers. It further encourages member states to refrain from imposing new tariffs to intra-SADC trade (Protocol on Trade: 1996). Despite this provision by the protocol, some of its signatories, like Angola, Zimbabwe, and Malawi have been struggling with the implementation of their tariff phase-down schedule. Mukucha Ephraim notes that "while member states have been able to reduce a significant proportion of tariffs to intra-SADC trade, there has been a very limited progress in addressing trade restrictive non-tariff barriers" (Ephraim 2012). The problem is that the failure of some of the member states to manage to phase down tariffs within the specified periods of time compromised the region's chances of effectively implementing the Free Trade Agreement, and further decreased the chances of achieving the subsequent target which is the Customs Union. Thus, this study seeks to understand the factors that make it difficult for these states to honour their commitments to the region's trade protocol; it argues that varying degrees of economic growth and development, as well as different trading structures and patterns, have different impacts on member states' responses to their commitments.

The primary research question for this study is: What are the factors that make it difficult for SADC member states, who are signatories of the Trade Protocol, to honour their commitments?

The following is a set of sub-questions which the study asks in in order to find the response to the main question.

1. Which of SADC member states find it difficult to honour their commitments to the FTA?
2. How does their level of economic growth and development affect their commitment to SADC's Trade Protocol?
3. How do these member states' trading structures and patterns affect their commitments to region's Trade Protocol?
4. What is the impact of the political dimensions of these member states to their commitments to the FTA?

Objectives of the study

1. To understand conditions and factors that make it difficult for SADC member states, who are signatories to the trade protocol, to honour their commitments to the FTA.
2. To understand the impact of the economic growth and development on the identified states' commitments to the Trade Protocol.
3. To understand the impact of these states' trading structures and patterns to their commitments to SADC's Trade Protocol.

4. To understand the impact of domestic political dimensions of these member states to their commitments to the FTA.

The chronological demarcation of this study will be from the year 2000, when the SADC's Trade Protocol came into effect, marking the commencement of the tariff phase-down period to member states, to 2016.

1.4. Significance of the Study

While there is a great scholarly writing on the regional integration initiative and its challenges in general the case of Africa in particular, very few scholars have embarked on trying to understand the underlying factors that make some states only make political commitments to programmes but fail to put them in motion. The majority of scholarly articles that speaks to regional integration in SADC only make the superficial analysis of the region's FTA. Indicating how the member states of SADC have failed to meet a series of deadlines indicated in the region's Trade Protocol as well as in the Regional Indicative Strategic Development Planning without paying attention to challenges encountered by these member states when trying to honour their commitments. Thus, this study hopes to fill such an important gap in the literature. It will further add value to the literature.

1.5. Research Methodology

This study adopted a qualitative approach. As this study poses an exploratory question, that seeks to identify and have an understanding of the underlying factors that make it difficult for SADC member states to live up to the trade protocol's expectation, to which they agreed. This approach will allow the study to interpret and analyse the existing or secondary textual and numeric data inquest to determine factors and find answers to this question. As this study identified varying degrees of economic growth and development as well as different trading structures as some of the contributing factors, it make use of the Gross Domestic Product (GDP) and the Gross National Product (GNP) to measure individual state's economic growth. GDP and GNP are quantitative measures, however due to the fact that this study rely heavily on secondary sources and the information related to these economic indicators on identified state is extracted from the already existing literature, it is qualitative. Identified Countries will be classified according to their economic sizes and analyse how these economic sizes affect their commitment. Also, there will be an analysis of the structures of trade to see how they affect their commitment.

The broader phenomenon of this study is regional integration, and it seeks to understand the challenges of this initiative using the case of SADC's FTA. Thus, in quest to achieve the earlier mentioned objectives, this study will adopt and exploratory case study design as it will help to have a better understanding of the problem. The unit of analysis is a phased reduction of tariff.

The study relies heavily on secondary sources. That means it is going to make use of the readily available data which address the research question. These sources are consisted of SADC documents, World Bank report (on GDP and GNP) and publications which include policies, agreements, brochures, communiques, statements, books, and journal and newspaper articles. To acquire this data, the researcher will make an effective use of the relevant libraries, visit the SADC and the World Bank's websites. Also, the particular attention will be paid to the publications made by several think thank organisations that speak about the SADC's regional integration initiative. These organisations include, the Organisation for Economic Development and Cooperation (OECD), Tralac trade law centre, Southern African Trade Hub (SATH) etc.

To analyse data, this study adopted a qualitative content analysis. This data analysis method is more relevant in this study because it is mainly used for studies that analyse the content of the texts or documents, such as letters, speeches, annual reports etc. (Mouton 2001: 169). Therefore, by virtue of posing an the exploratory question, that means the study needs an in-depth understanding of a particular phenomenon, which in the context of this study are the factors related to the failure of SADC member states being unable to honour their trade protocol commitments, this study perfectly lands itself on a qualitative content analysis. Therefore, the researcher will interpret the narratives in content of the text data, in quest meet the research objective and respond to the research question.

There are a number of SADC member states, who are signatories of the Trade Protocol, who have had difficulties with time frames of their tariff reduction schedules, finding it difficult to meet their deadlines. Thus, dealing with all of them in a single study would be next to impossible. Therefore, to keep the study focused and to get a deeper understanding of the problems as well as time constrains, this study will pay attention to only three of SADC member states who have had difficulties with the implementation of the region's trade having endorsed it (Malawi, Zimbabwe and Angola). This study will not be using interviews and observations, as two of the methods of data collection mostly in a qualitative study approach. This is on the basis that both interviews and observation are time consuming and costly, therefore due to time constraints and a lack of funding, they will not be used for the purpose of this research. Further to that, these data collection methods are of less relevance to this study as it is a critical literature review.

1.6.The structure of the research

The study is structured as follows: **Chapter One** introduces the study by giving a broad overview of the regional integration in the context of the African continent. It further gives an extensive background of the study, followed by the Problem statement, the main research questions, and sub-questions, significance of the study as well as methodological tools. **Chapter Two** of study presents the literature study, which are the conceptual framework and the literature review. **Chapter Three** looks at the historical context, Southern Africa's history of intra-regional trade and regional integration. **Chapter Four** deals with the analysis and discussions of the challenges faced by the identified SADC member states during the implementation of the region's FTA, it dwells much on the analysis of tariff reduction schedule, as provided by the SADC's Trade Protocol. The main aim of this chapter is to make analysis and respond to the research question. **Chapter Five** is the conclusion and recommendations.

Chapter 2: The Literature Study

2. Conceptual framework and Literature Review

This aim of this chapter is to review the literature pertinent to this study in order to get an idea of what other authors have argued in the past in relation to this subject matter. This will assist in many ways, most notably, not to repeat what other authors have already said. This chapter is divided into two parts; the first one is the Conceptual framework which deals with central concepts underpinning this study by clarifying and operationalising them. These concepts are Regional Integration, Intra-Regional Trade, and Free Trade Agreement. The second part is the literature review, which is the assessment of the literature related to the study's research topic.

2.1. Conceptual framework

Regional Integration is one of the concepts which are highly contested in the literature when it comes to their definitions. Different scholars have defined this concept differently, but a closer look at a number of these definitions reveals some common features of the concept. Mark Chingono and Steve Nakana have argued that regional integration is a concept subject to various interpretations and it is far from a clearly defined entity as it neither has a clear definition nor consensus on its substantive content as well as form (Chingono and Nakana 2008). In its broader context, Margarete Lee defines regional integration as the process by which a group of nation-states voluntarily resolve to open up their markets to each other in various degrees. Further to that, they establish mechanisms that would ensure minimal conflicts while maximising internal and external economic, political, social and cultural benefits of their interaction (Lee 2002).

Jephias and Loveness Mapuva defined Regional integration as when a group of countries get together and develop a formal agreement (by way of treaties) regarding how they will conduct trade with each other (Mapuva 2014). Ernst Haas has defined it as "The process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over pre-existing national states. The end result of a process of political integration is a new political community, superimposed over the pre-existing ones" (Haas 2009).

This particular phenomenon has manifested itself globally, in various forms; it has been generally accepted as essential in the facilitation of economic and political development. Regional integration benefits not only neighbouring nation-states with similar economic, socio-political as well as security problems, but also those with no similar challenges, as integrating the economies would create the situation of inter-dependence, development, create larger economic space and faster growth (Chingono and Nakana 2008). In Southern Africa, regional integration has manifested itself through the institutional form of the Southern African Development Community (SADC), which was formed in the year 1992, succeeding the Southern African Development Co-operation Conference (SADCC).

SADC is an intergovernmental organisation, its headquarters are in Gaborone, Botswana. This regional bloc consists of Fifteen (15) member states. It is one of eight (8) African Regional Economic communities which are in the quest for the African integration. Having been formed in 1992, the Southern African countries believed that the call for regional integration was inevitable as it appeared as the only strategy with the potential to ensure the higher level of cooperation among member states to address the issues of national development as well as to cope with challenges posed by the regional and global environment in an effective manner (SADC 1992).

From its inception, SADC noted the importance of increasing the intra-regional trade as well as the cross-border investment to yield significant benefits, which amongst others include the economic development, poverty alleviation, enhanced standard and quality of life of the people of the Southern Africa, and support the socially disadvantaged through regional integration. Three years after its reform, SADC member states signed the Trade Protocol in the year 1996, with a hope to increase the level of intra-regional trade with a free flow of goods, services and capital (SADC 1996).

The Southern African Development Community's Trade Protocol commits members to phase out existing tariffs and non-tariff barriers to intra-SADC trade so to harmonise trade procedures and documentation within SADC (SADC Secretariat 2012). As much as SADC member states value the trade of goods more, they recognise that the deeper integration also requires the need for the trade of services as opposed to goods only. Thus, in the SADC treaty member states undertook to develop policies aimed at the progressive elimination of obstacles to the free movement of capital and labour, goods, and services (SADC 2012). Dawn Nagar notes that the main idea behind the establishment of a Free Trade Area (FTA) within SADC in the year 2008 was to attempt to ensure the maximum regional industrial development and integration and to derive the economic benefits from these initiatives (Nagar, 2012: 138).

Intra-Regional Trade has been defined as the trade that focuses on economic exchange primarily between countries of the same region or economic zone (Madyo 2008). As a regional integration initiative, intra-regional trade benefits the integrating parties in various ways. Amongst others, these benefits include the creation of jobs, the provision of necessary support to the expanded and new markets, greater economies of scale, as well as the enhanced competition for domestic firms (Chidede 2017). Maximising and boasting intra-regional trade within SADC has been an integral part of the regional integration agenda. For instance, a wide range of strategic policies and legal arrangements have been implemented to advance intra-SADC trade.

Dai et al have noted that the institutionalisation of intra-regional trade forms an integral part of the region building in the Southern Africa as the region is characterised by inequality among states. This heightens the need for flexibility, a characteristic often built into the FTA and the Customs Union as the independent approach to development is not feasible (Dai et al: 2013). According to J.C Brada and J.A Mendez, the practice of intra-regional trade as a regional integration initiative can have the same beneficial effect on member states that it does to developed countries (Brada and Mendez 1983).

Free Trade Agreement refers to the cooperation between two or more nation-states to reduce and ultimately remove trade barriers to increase trade of goods, services as well as capital among themselves (Ephraim 2012). The idea behind the ratification of the Free Trade Agreement is the establishment of the Free Trade Area, as member states agree to eliminate trade barriers to intra-member trade (Nagar, 2012: 138). Regional Trade Agreements (RTA) have been noted by Jo-Ann Crawford and Roberto Fiorentino as a major and the most crucial feature of today’s trade as they have been steadily increasing over the past years (Crawford and Fiorentino 2005). The promotion of FTAs, according to Mian Dai, at a preferential level may help countries with developing economies to implement domestic reforms and open up to competitive markets pressure at a sustainable pace; as they divert member states’ import away from non-members, thus increasing intra-trade among partners. This further reduces the cost of trading (Dai et al: 2013).

FTAs are viewed as a step to deepen regional integration. According to Mmatlou Kalaba and Mbofholowo Tsedu, Southern African countries have garnered under the burner of SADC to pursue intra-regional trade benefits coming as result of the establishment the FTA (Kalaba and Tsedu 2008). However, Dawn Nagar has noted that the implementation of the FTA is not the means to an end, there are subsequent targets, which are, the Customs Union, Common Market and the Monetary Union (Nagar, 2012: 147).

Southern African countries have engaged in quite a number of initiatives that seek to liberalise trade. Further to that, for the FTA to prosper in SADC, Nagar underscored the importance of the high level of commitment by all participants (Nagar, 2012: 138). The creation of larger markets and trading with each other through FTAs within regions like southern Africa seems to be an excellent way to tackle the development challenges facing member states (Mumford 2017).

2.2.literature review

The continental unity and regional integration have been widely viewed as the best strategy to combat foreign dependence as well as under development in the African continent. In the post-colonial Africa, motives for regional cooperation include broad economic, social and political interests (Adetula 2004, Chingono 2008, and Nyirabu 2004). In his article published in the year 2013, Louise Redvers noted that trade as well as the economic liberalization are at the heart of SADC, and form an integral part of the region’s mandate of deepening its integration (Redvers 2013). The Southern African Development Community's Trade Protocol commits members to phase out existing tariffs and non-tariffs barriers to intra-SADC Trade, to harmonize trade procedures and documentation within SADC (SADC 1996). While SADC signatories of the Trade Protocol have been able to reduce a significant proportion of tariffs on intra-SADC trade, Ephraim notes that there has been a very limited progress in addressing trade restrictive non-tariffs barriers (Ephraim 2013).

The Organisation for Economic Co-operation and Development (OECD) has attributed the challenges of SADC’s Trade Protocol implementation to tariffs and non-tariffs barriers, underdevelopment-trade related infrastructure, weak manufacturing capacity as well as the poor implementation of trade commitments (OECD 2017). Non-Tariff Barriers, notes Master Mushonga, continues to work against the motive behind trade liberalization, which is the free movement of goods, persons as well as the capital (Mushonga 2014). According to Kamau, the continued existence of non-tariff barriers within the intra-regional trade is as a result of a weak regulatory framework aimed at addressing them. As this is in spite of the fact that the Trade Protocol signed by SADC member states clearly stipulate that non-tariff barriers need to be eliminated, and member states should refrain from imposing new ones. Such elimination and reduction were to be affected under the principle of asymmetry and should have been completed within a period of eight years after the protocol came into effect. Accordingly, this goal should have been achieved in 2008; regrettably, member states missed the deadline despite the increasing consensus among African policy circles that trade is a powerful engine for the economic growth and development through the removal of intra-regional restrictive measures such as non-trade barriers (Kamau 2014).

In his article published in 2004 Nyirabu noted that, when discussing regional integration in the Southern Africa, it is crucial to note that the region is characterised by acute imbalances and inequities. Not only are the size and level of development of the economies of the various countries vary differently, but also the historical patterns of interaction in the regional economies have been uneven and that contributes to the way individual countries respond to their regional commitments (Nyirabu 2004). According to Jephias and Loveness Mapuva (2014), "The difference in political backgrounds, as well as the nature of resources found in different countries, has culminated in differences in levels of economic development". The World Economic Forum Global Competitiveness Report 2014-2015 reported that access to finance, the prevalence of corruption, and lack of physical infrastructure as well insufficient human capital remain to be top inhibiting factors to doing business in SADC (WEF: 2014).

Jephias Mapuva argues that SADC's major economic challenge has been to create an environment suitable for the attainment of high and sustainable rates of equitable economic growth which, if achieved, would promote economic regional integration. With most SADC member states still experiencing low and decreasing levels of per capita Gross National Product, low growth rates of GDP, relatively high deficient and interest rates, and relatively low savings and investment rates, the economic development of the region has become increasingly uneven, a situation which tends to retard economic development as well as regional economic integration (Mapuva 2016).

From the inception of the implementation of SADC's Trade Protocol in the year 2000, some member states have been continuously adding administrative procedures, certain levies for environmental conservation as well as imposing new duties on a variety of goods (Kaphuka 2015). In his publication tilted Customs Revenue Implications of the SADC Trade Protocol released in the year 2001, a year after the commencement of the implementation of SADC's Trade Protocol, Richard Filmer noted that the major source of concern to many participants in the SADC Trade Protocol was the potential losses in government revenues which would come as a result of tariff reductions (Filmer 2001). The proliferation of taxes levied on trucks traveling from one SADC country to another, according to (USAID 2011), has persistently posed a serious challenge to regional transporters.

According to Anabel Gonzalez, "In southern Africa, a truck serving supermarkets across a border may need to carry up to 1600 documents as a result of permits and licenses and other requirements. Slow and costly customs procedures and delays caused by other agencies operating at the border, such as standards, raise the costs of trading" (Gonzalez 2015). Furthermore, there is a move towards private standards on food security and quality; some of these private standards exist due to the absence of national standards, while in other cases they do so parallel to the national drafts. The OECD argues that the non-existence of an effective institutional framework, to hold member states accountable for non-compliance, is one of the factors that lead to some of the member states not prioritise their commitments to the region's trade protocol (OECD 2017).

In the year 2004, Paul Kalenga noted that "SADC countries displayed a cautious approach to intra-regional trade liberalization in the construction of their tariff liberalization offers and schedules. This cautiousness is largely driven by a pre-occupation with sensitivity considerations arising from the desire to offer continued protection to existing domestic industries as well as fears of foregoing tariff revenues" (Kalenga 2004). Sophie Chauvin and Guillaume Gaulier in 2002 had argued that the lack of the central authority and bureaucratic sophistication to deal with the bigger powers was among other factors that contribute to the slowdown of the process. Dawn Nagar notes that, states that belong to more than one regional grouping poses various challenges to each of the groupings they belong in, as they are confronted with protocols by which they are expected to abide; this then leads to the delay of the implementation process and further delays trade-enhancing efforts (Nagar, 2012: 138).

Member states who have failed to reduce trade barriers threaten to reverse the gains made from tariff liberalization; the protectionism in the form of NTBs constitutes the biggest factor affecting intra-trade in the region (Mushonga 2012). Angola is one of the signatories of the SADC's Trade Protocol, having acceded to it in the year 2002, as of 2012 it was yet to implement the protocol’s provisions, most notably the elimination of tariff and non-tariff barriers and further refrain from the imposition of new ones; despite 2012 having been set as the year for full implementation of the Protocol (Redvers 2013). Angola’s decision to remain outside the SADC’s FTA, according to the South African Institute of International Relations, has both the economic and political drivers. The government of Angola has attributed its steady pace to the full accession of the SADC Trade Protocol to being not yet ready to open up the country's borders to the free flow of duty-free imports as it had recently emerged from the long-lasting civil war which destroyed its infrastructure and the economy (Redvers 2013).

According to Redvers, Angola fears that, if it opens up its borders to duty-free trade with the rest of SADC member states, it will be exposing its nascent industries to the unfair competition, which will kill them and that will push the country to be more oil-dependent than ever before (Redvers 2013). The South African Institute of International Affairs concluded in 2013 that, it is an undeniable fact that after the three decades of the civil war, Angola has nothing much to offer other than crude oil which accounts for up to 45% of the country's Gross Domestic Product (GDP), 75% of government revenues and 90% of the exports earnings (Redvers 2013).

Zimbabwe also has had problems with adhering to the SADC's Trade Protocol. According to Kudzai Chimhangwa, due to the fact that Zimbabwean industries lack the requisite to capacity utilization levels to effectively compete at the regional level, they continue to suffer in the face of an influx of cheap imports. Thus, the government has continued to protect these industries (Chimhangwa 2014). Zimbabwe had imposed duties (Surtax) on South African imports in defensive of the local industries, despite the provision by the trade Protocol that member states should refrain from the imposition of any form of Non-Tariff Barriers (Khumalo 2016). According to an article published by the Financial Gazette in 2015, "As a result of the Rand's loss of traction against the US dollar in the year, prices of the South African products tended to be lower than those produced in Zimbabwe, and consumers switched to the imports, which triggered an outcry from the local manufacturers (Financial Gazette 2015).

In the year 2016, Zimbabwe imposed a ban on imports from South Africa, on the basis that it had to lower its trade deficit, this was a frustration not only to SADC's rules of origin but also to the bilateral agreement between the two countries as well as to the regions Trade Protocol (The Financial Gazette 2016). In the year 2015, Zimbabwe reported a negative trade balance of USD 3.3 billion (USD 6 billion worth of imports vs only USD 2.7 billion worth of exports (Khumalo 2016). These imports restrictions on South African imports to Zimbabwe were imposed in terms of statutory instrument 164 of 2016 (SI 164) under auspices of Zimbabwe's Control of Goods (Mlambo 2016). The Zimbabwean minister of Industry and Commerce on the 22nd of June 2016 asserted that the aim of SI 164 is not to necessarily ban the importation of the goods in question, but rather to regulate them, and further promote the revival of the local industries (Mangudya 2016).

Zimbabwe has applied for derogations from the implementation of its phase-down obligation quite a number of times due to the economic challenges that have faced the country, and they remain unabated resulting in the country's failure to honour its obligations (Chimhangwa 2014). Another factor that Samuel Kaphuka has noted in his 2015 publication is that certain lobby groups in member states put their governments under enormous pressure to include certain goods in excluded categories from tariff reduction. He makes an example of sugar within SADC, with 8 countries which are core producers (South Africa, Mozambique, Zimbabwe, Mauritius, Tanzania, Malawi, Swaziland, and Zambia). Given the fact that sugar is a large driver of the economies of these countries with its contribution to the countries' GDP as well as the government revenue, distortions are inevitable in the form of tariff and non-tariff barriers when it comes to such products (Kaphuka 2015).

Further to that, Trudi Hartzenberg in 2011 underscored that trade revenue in general, mostly from tariffs, makes enormous contributions to the total revenue of most SADC member states; as of the year 2004, Trade revenue contributed more than half of Swaziland and Lesotho's total revenue and that makes it difficult for such member states to eliminate tariffs (Hartzenberg 2011).

Chapter 3: Historical Context

3. Southern Africa's History of Intra-Regional Trade and Regional Integration

As much as the aim of this study is to understand the challenges that confront SADC member states who are signatories of the Trade Protocol when implementing its provisions, having a history of intra-regional trade and regional integration of the region on sight is of paramount importance; in order to understand how far it has come with these initiatives. Therefore, this chapter seeks to give a brief background of regional integration within the Southern Africa. It seeks to illustrate how the regional integration has evolved over the years in Southern Africa and motives behind the adoption of regional integration initiatives. There have been a number of regional integration institutions in the Southern Africa; some states hold memberships of all these regional organisations simultaneously with shared objectives. However, this chapter will not pay attention to all these integration measures in its quest to trace the history of regional integration in the Southern African, but rather will be selective in its approach. It notes that the issue of inequality among states in the Southern African is not a new phenomenon, but is deeply rooted in the colonial era from the first initiative of regional integration. The foundation of integration is characterised by exploitation, asymmetries and the fight against the dominance as well as power asymmetry.

3.1.The Southern Africa Customs Union (SACU)

History of regional integration in the Southern African can be traced from 1910 when the now oldest Customs Union in the world, Southern African Customs Union (SACU), was formed which is made up of Botswana, Lesotho, Namibia, Swaziland and South Africa (Lee 2002). Thus, the phenomenon of regional integration in the Southern African was not born in the dawn independence, but rather has its roots in the colonial times as the first attempt towards the regional integration was by the British colonial administration (Peters-Berries, 2010: 42). Back then, when the Union came into being, it was an agreement between the governments of the Union of South Africa, the Territories of Basutoland, Swaziland, the Protectorate of Bechuanaland (SACU 1910). That is to say, these SACU member states integrated their economies over 100 years ago, with the Common External Tariffs on all goods and services imported to the union from the rest of the world; the free movement of goods within then union member states and most importantly, sharing the revenue collected by the union on a particular formula (SACU 2017).

Crucial to note is the fact that, in the year 1969, the Customs Union Agreement of 1910 was replaced by another agreement which entered into force in 1970, following the re-negotiations of terms underpinning the 1910 agreement (DIRCO 2004). As was the case with the 1910 agreement, the aim was to maintain the free flow interchange of goods between member states. As of today, the Customs Union has been re-negotiated twice, in 1969 as well as in 1994, owing to the new political and economic development within the region according to Ms. Moremi Tswelopele (SACU Secretariat 2007).

According to Richard Gibb, the major obstacle facing regional integration efforts in the Southern Africa, SACU, in particular, are inequalities between member states (Gibb, 2012: 152). Gibb goes on to illustrate the extent to which these inequalities manifest themselves, he asserts that from its inception SACU trade has been dominated by South Africa, "it is more developed in the financial services, transport infrastructure, manufacturing agriculture, therefore dominates completely the import markets of the BLNS states, enjoying more than 75% of the market in each country and over 90% of in Swaziland and Lesotho" (Gibb, 2012: 153). The structure of SACU, despite its renegotiations over the years, was built on asymmetries, in particular, the asymmetrical imbalance of trade which from the very beginning has given South Africa a multi-billion regional trading surplus (Lee 2002).

During the 1960s, the three smaller economies within SACU, according to Christian Peters-Berries, were nothing more than the mere extensions of the South African economy as opposed to being independent entities, ranging from transport, communication, industrial development, investment as well as employment opportunities (Peters-Berries, 2010: 43). The power to set tariffs was singlehandedly held by South Africa, through its board of tariffs and trade. Margaret Lee has argued that, provided the fact that SACU was a colonial construct, it is clear that the idea was not about benefiting all its member states, but rather to guarantee Apartheid South Africa a captive market for its agricultural as well as international non-competitive manufactured products. He further argued that the BLS's dependency on the South Africa's economy was part of the plan to ensure that it enjoyed the regional hegemonic status (Lee 2002).

When the BLS countries got their independence during the late 1960s, the nature and character of regional integration in the Southern Africa changed forever. It was at this point that, according to Christian Peters-Berries, it was lay bare that SACU was South Africa's instrument to protect itself. This is on the basis that, when SACU was renegotiated in 1969, Apartheid South Africa offered a distribution formula for the income from customs union, this formula gave preference to the BLS countries as South Africa wanted their political compliance (Peters-Berries, 2010: 45). When South Africa made this move, it knew that none of the BLS countries had a strong and reliable revenue base at that point; therefore the income from the customs union would be a major source of revenue for the state.

3.2.The Southern African Development Co-ordination Conference (SADCC)

Just over ten years after SACU was revamped, the Southern Africa saw yet again another institutionalisation of regional integration through the formation of the Southern African Development Co-ordination Conference (SADCC) by the then referred to as the Front Line States (FLS), in 1980. The BLS countries realised that they had to do something about their seemingly permanent economic dependence on South Africa; then they joined hands together with other Frontline States to form the first regional body in the Southern Africa to encompass the majority of the region's states. These 9 states included Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe. The idea behind the formation of SADCC was to foster regional development and Co-operation with an end goal of the market integration, as they argued that development and cooperation within the region is pre-requisite to market integration. Further to that, central to the idea of SADCC was to ensure the reduction of dependency on the then apartheid South Africa through the means of the effective coordination of utilisation of the specific resources and strengths of each country and its resources (SADC 2017)

SADCC was officially formed on the 1st of April 1980, following a series consultations among frontline states, beginning in 1977; the Lusaka declaration was signed. When SADCC was founded, SACU was the dominant regional institution in Southern Africa (SADC 2017). Gilbert Khadiagala notes that, when the Front Line States were still undergoing the process of broadening its economic outreach and the fight against the settlers, the increased pressure from the apartheid South Africa brought about the formation of the new organisation, the Constellation of Southern African State (CONSAS) towards the end of the 1970s (Khadiagala, 2012: 28). In her publication titled, "From SADCC to SADC and Beyond: The Politics of Economic Integration", Maxi Schoeman argued that, treating and understanding

SADCC only on the basis that it was an attempt at development coordination and cooperation in the Southern Africa would be to miss a lot about the real underpinning forces on the decision to establish the organisation. As far as she is concerned, SADC formation was politically motivated and was FLS's defensive mechanism against the Apartheid South Africa (Schoeman 2002).

The Front Line States held a meeting in Tanzania in 1979, just a year before the formation of SADCC. In this meeting, member states' finance ministers of the FLS adopted the broad parameters of SADCC's agenda, in which four main development objectives were identified. They were: reducing the economic dependency, particularly on South Africa, forging stronger links to create the genuine and equitable regional integration, mobilising the resources for the betterment of the member states and making a concerted effort to secure international cooperation within the framework of regionally determined strategy for economic liberation (Nyirabu 2010).

According to Samuel Kaphuki, the desire to be less dependent on South Africa's larger economy was not the only trigger towards the establishment of SADC, but also efforts to counter the proposal by the apartheid South Africa to form CONSAS, made up of South Africa and its independent former homelands. The expectation was that these countries would not merely expand existing economic ties but that they would develop a common approach in security political field (Kaphuka 2014). On the basis that the relationship South Africa had with other Southern African states was exploitative, only benefits one party, SADCC sought to bring about the genuine and equitable regional integration as well as the mobilisation of resources which would promote the implementation of national, interstate and regional policies (Khadiagala, 2012: 30).

The Lusaka declaration, which established SADCC, was not legally binding, as the aim was not to necessarily create supra-national institutions which have become a central feature in the modern regional integration arrangements (Schoeman 2002). The hierarchy of SADCC institutions had the summit of the heads of state as the highest decision-making body and vested the supreme authority on it. Furthermore, SADCC had a council of ministers which was made up of senior government ministers from all member states; their major role was to ensure that SADCC activities were well directed, supervised and coordinated. Behind the reason for the non-establishment of supranational institutions was partly as a result of member states having no desire to infringe their newly acquired sovereign independence from the colonial settlers. According to Mark Chingono and Steve Nakana:

> The course of regional integration in Southern Africa was given impetus by the region's tortuous history of anti-colonial struggle that caused considerable economic destruction, displacement, and refugees. The anti-colonial and anti-apartheid struggle, which pitted the majority blacks against minority white domination, led to the formation of the Frontline States (FLS) in the 1970s, the original members of which were Angola, Botswana, Mozambique, Tanzania and Zambia (Chingono and Nakana 2008).

SADCC's regional integration efforts were a clear decolonisation-driven regionalism, which departed from the gradualism of previous integration scheme, emphasising and harnessing the gains from political collaboration through economic liberation. Further to that, instead of adopting and erecting weak institutions that concealed the commitment to the sovereignty, SADCC's attempts were built on a realistic framework of several functional roles as states became decolonised and independent (Mapuva 2012). The programme of action developed by member states meticulously outlined the economic activities as well as development projects all member states had to rally behind (Schoeman 2002). Each and every of the member state was responsible for a particular sector as the focus of the organisation was on the coordination of the participant's development initiatives in favour of formulating a regional economic development strategy.

The cooperation in the field of transport infrastructure was among the core objectives of the SADCC as the landlocked countries relied much on the apartheid South Africa for the transport of goods (Kaphuki 2014). The mineral-rich landlocked Southern African countries like Botswana, Zambia, and Zimbabwe; had to route their external trade through railway lines connected the South African harbours. In a quest to reduce this particular economic vulnerability, SADCC had an idea to renovate the railway lines to Mozambique and Angola as well as their harbours (Mushonga 2015).

When Zimbabwe gained independence, the pattern of relations in the Southern Africa changed, drastically. This presented a lot of possibilities and options to address South Africa’s hegemonic role as it brought an independent transport network which provided options for an improved economic regionalism (Kaphuka 2014). The sectoral approach to regional integration adopted by SADCC founding member states created the sense of common identity and responsibility as well as equality with each member, regardless of the size, having a crucial role to play.

Samuel Kaphuka argued that, in the early years, SADCC's economic integration initiative could not make them less dependent on South Africa on the basis that, the transportation, as well as communication initiatives the organisation instituted, were all proving futile. Further to that, the regional economy did not perform very well from 1980 to 1986, as the Gross National Product (GNP) dropped by 12 percent within this period (Kaphuka 2014). Christian Peters-Berries attributes SADC's failure to realise its full potential to the destabilisation policy adopted by the government of South Africa to ensure that integration initiatives by these member states were a failure.

Further to that, another crucial observation made by Christian Peters-Berries is that, there was no other SADCC country which had a manufacturing industry worth mentioning, the majority of the SADCC member states had economies dominated by the production as well as the exportation of the raw material (Peters-Berries, 2010: 50). Thus, expanding the transport sector in the quest to lessen the high dependence on the apartheid South African was cementing the unequal incorporation of SADCC countries into the world market with the potential to deepen the already existing dependency patterns within the region.

3.3. The Southern African Development Community (SADC)

The year 1992 saw the singing of the SADC Treaty which saw the Southern African Development Community succeeding SADCC. This had specific main objectives, which amongst others included the achievement of development and economic growth, poverty alleviation, the enhancement of the standard of living and the quality lives of the peoples of Southern Africa as well as giving the necessary support to the socially disadvantaged through regional integration. SADC member state sought to achieve these objectives through increased regional integration which is built on democratic principles and equitable sustainable development (SADC 2017). This transformation, according to Maxi Schoeman, had more driving forces which were economically oriented as opposed to political-security forces which underpinned the formation of SADCC (Schoeman 2002). With the establishment of SADC, the approach to regional integration in the Southern Africa changed as SADC treaty was more solid and legally binding, without which, according to Samuel

Kaphuki it would have been difficult to respond to some of the demands of regional integration (Kaphuki 2014).

From the very outset of the SADC, enhancing the levels of trade among member states appeared to be among its priorities with the realisation of the regional imbalances among member states which had been prevailing from the very first attempt to regional integration. This was manifested through a meticulous expression in the treaty that SADC sought to achieve the development and economic growth through regional integration. It specifically noted that intra-regional trade will be used to achieve the growth envisaged by the treaty (SADC 2017). SADC followed the institutional structure of SADCC, which avoided the establishment of supranational institutions.

From the inception, the main bodies responsible for the implementation of SADC agenda towards regional economic integration were the Summit, which is basically made up of the heads of state and government, the council of ministers, the standing committee of officials, a Secretariat, and the tribunal. Following the amendment of the SADC treaty at an extraordinary summit in the year 2001, the organisation's institutions were restructured, owing to the institutional reform necessitated by the challenges and constraints the organisation encountered in its transition from the coordination conference into a community. The reform saw the establishment of eight institutions, which are, the Summit of Heads of State and Government, the Organ on Politics, Defence and Security and cooperation; Council of Ministers; A Secretariat; a Tribunal; the Troika; the Standing Committee; and the SADC national committees (SADC 2017).

The summit is regarded as the highest decision-making body as it makes binding decisions on policy matters, and has powers to appoint the secretary and the deputy as well as to admit new members into the community. On the other hand, the secretariat is the principal executive institution of SADC, tasked with the strategic planning, management, and coordination of the organisation's programs. Further to that, the secretariat is charged with the implementation of the summit and council's decisions and is the one which organises and coordinate SADC meetings at all levels (SADC 1992). The other crucial institution is the council of ministers, which is made up of different ministers of Foreign Affairs and Finance from member states. They play a vital role as the advisory body to the summit on matters related to the overall policy, and they meet more often than the summit (Kaphuka 2014).

The institutionalisation of intra-regional trade, through the signing of the Trade Protocol by SADC member states just three years after its establishment showed that the organisation had realised the significance of intra-regional trade if it was to achieve the sustainable development and economic growth and further reduce the levels of poverty in the region. The organisation appeared willing to put in all the necessary efforts to ensure the elimination of trade barriers to intra-SADC trade in the quest to achieve its objectives. As indicated by the Trade Protocol, member states had to eliminate trade barriers among themselves within a specified time period, to liberalise trade and ensure the high level of trade among the SADC member states (SADC Trade Protocol 1996). "SADC is giving much priority to the areas of trade and economic liberalisation as three protocols have been adopted within the trade, industry, finance and investment cluster. These protocols are the Protocol on Trade, the Protocol on Finance and Investment and the Protocol on Mining" (Kalenga, 2012:5-6).

When the Protocol came into effect in the year 2000, employing member states to phase out tariffs and non-tariff barriers on all non-sensitive products by the year 2008, and fully liberalise by 2012, the idea was to make it a catalyst for an increased regional integration and to facilitate trade investment flows within the region (Schoeman 2002). According to Master Mushonga, "Products were labelled as sensitive because of their customs revenue sensitivities and the perceived competitive pressures on import-competing domestic industries and infant industry protection considerations. Such products include dairy products, motor vehicles, footwear, textiles and garments, and sugar, among others" (Mushonga 2014).

However, the motive behind the signing of the Trade Protocol went beyond to liberalise trade, as indicated earlier on, it also sought to ensure the efficient production within the region, to make major contributions towards the improvement of the climate for domestic, cross-border and foreign investment, to enhance the economic development, diversification, and industrialisation of the region (Schoeman 2002). SADC has a great potential of becoming a lucrative regional market for its member states given its population size of above 280 million which consists of a growing middle class with over 60 percent being aged below 30 years and a good regional average economic growth rate of 4.3 percent (SADC, 2012). This presents an opportunity for SADC member states to increase trade among themselves, but doing so requires that NTBs and their root causes are identified and eliminated.

In conclusion, based on the above information, it can be deduced that the dimensions underpinning regional integration initiatives or the driving forces which led to the first attempt on regional integration in the Southern Africa were not in the interest of the region as the whole, but rather had one party interest at heart. SACU has been noted by quite a number of scholars to have been characterised by the dominance of South Africa which dictated all the terms by which the organisation was governed. Furthermore, SADCC has been argued to have been a fight against this dominance of the Apartheid South African within the region. Thus, based on this, one can conclude that the earlier attempts of unifying Southern Africa were linked to each other but were established for conflicting reasons.

Chapter Four

4. SADC's implementation of the Trade Protocol (Free Trade Agreement) and its challenges: Analysis.

This chapter is the gist of this study. Therefore, its aim is to categorically address the research problem by responding to the research question and sub-questions raised. Central in this chapter are the discussions and analysis of the challenges faced by the identified SADC member states while implementing the organisation's FTA. It dwells much on the analysis of the tariff reduction schedule, based on the reduction offers made by the member states, as provided for by the Committee of Ministers for trade matters under the auspices of the region's Trade Protocol. On the basis of the fact that the tariff reduction process has been carried out on the basis of the principle of asymmetry from the beginning; with the understanding that SADC is comprised of countries with economies at the different stages of development, this chapter will take off by meticulously articulating the provisions made by the trade protocol with regards to the elimination of trade barriers gurning towards the launch of the region's FTA. Subsequently, it will outline different goods' categories according to which the process of the elimination of trade barriers was to be carried out, as well as the classification of countries according to the clusters of development as of the principle of asymmetry in relation to the phasing out of tariffs.

4.1.SADC's Trade Protocol and its provisions

From the very beginning of SADDC, later SADC, the idea was to integrate regional economies through, among other things, trade liberalisation. According to Samuel Kaphuka, intra-regional trade in the Southern Africa has been on a steady increase, owing to a variety of challenges faced by countries of the region (Kaphuka 2015). The integration of the economies at the regional level appeared as the best strategy to overcome transboundary challenges the founding member states had faced then and to further increase the level of intra-regional trade.

SADC member states had a very clear understanding of the fact that, trade liberalisation is a central pillar of regional integration. Thus, three years after the Lusaka declaration was re-negotiated in 1992 to transform SADCC to SADC, the Trade Protocol was signed in the quest to strengthen the region’s pursuit of a deeper regional integration. The SADC trade protocol meticulously makes the provisions that, member states should periodically eliminate tariffs and non-tariffs barriers, and further refrain from the imposition of new ones. However, based on the principle of asymmetry, article 3 (c) of the trade protocol states that, “Member states which consider that they may be or have been adversely affected by the removal of tariffs and non-tariffs barriers (NTBs) to trade may, upon application to the committee of ministers responsible for trade be granted the grace period to afford them an additional time for the elimination of tariffs and NTBs, and the committee of ministers responsible for trade shall elaborate the appropriate criteria for consideration of such applications" (SADC 1996).

The protocol gave a task to determine a tariff phase-down process to the SADC's Committee of ministers responsible for trade. It stipulates that, "The process and modalities for the phased elimination of tariffs and non-tariffs barriers shall be determined by the committee of ministers responsible for trade matters with regards to the following; that the elimination of barriers to trade shall be achieved within a time frame of eight years from entry into force of the protocol, that different tariff lines may be applied within the agreed timeframe for different products in the process of eliminating barriers to intra-SADC trade, and the criteria for listing products for special consideration, shall be negotiated in the context of the Trade Negotiations Forum (TNF)" (SADC Trade Protocol 1996). As the protocol was signed in 1996 and entered into force in the year 2000, with the elimination of tariffs to begin in September 2001, member states had agreed to have eliminated the amount of up 85% duty-free intra-SADC, within the period of eight years, which would qualify SADC to form the Free Trade Area as of the requirements stipulated by the World Trade Organisation.

The process by the Committee of ministers responsible for trade had four different categories by which the phase down of tariffs and non-tariffs barriers was to be carried out. Category A required an immediate reduction of duty to zero at the beginning of the implementation period, by 2000. These were the commodities that already attracted low or zero tariffs. The second, category B dealt with goods that constitute significant sources of customs revenue and whose tariffs were to be removed over 8 years, by 2008. Categories A and B were expected to account for 85% of the intra-SADC trade so that by 2008 SADC could be regarded as a free trade area in compliance with Article 24 of the General Agreement on Tariffs and Trade (GATT). This required that substantially all trade should be duty-free. Category C dealt with sensitive products (imports sensitive to domestic industrial and agricultural activities) whose tariffs were to be eliminated between 2008 and 2012. Category

C was limited to a maximum of 15% of each Member's intra-SADC merchandise trade. Category E were goods that can be exempted from preferential treatment under Articles 9 and 10 of the Trade Protocol such as firearms and munitions, comprising of a small fraction of intra-SADC trade (Kalenga 2004).

While setting tariffs and non-tariffs barriers elimination categories, the committee of ministers was conscious of the existence of asymmetries in the region. For that reason, uppermost during the negotiations was the principle of asymmetry owing to the fact that, SADC economies were, and continues to be at very varying levels of development. Thus, for the purposes of fairly carrying out the implementation process of the Trade Protocol, member states were put in different categories. The first one was of the Developed countries, which consisted of South Africa and its SACU partners (Botswana, Lesotho, and Swaziland), the second category was of the Developing countries, encompassing Mauritius and Zimbabwe, and the Third one was of the least developed countries, made up of Madagascar, Tanzania, Zambia, Malawi, and Mozambique.

Based on the aforementioned clusters, SADC was to pursue a tariff reduction programme at varying levels of speed, where the developed cluster was expected to achieve the substantially all trade threshold by the fifth year of the protocol's implementation. The developing cluster was generally expected to mid-load their tariff reduction and achieve the all trade threshold by the seventh year or eighth of the Protocols implementation. Lastly, the category of the least developed countries was expected to back-load their tariff elimination process, allowed to go beyond the period of 8 years, but not more than 12 of the implementation of the protocol (SADC Trade Protocol 1996).

4.2.**Implementation of the Trade Protocol and its challenges**

The commencement of the implementation of the Trade Protocol in the early 2000s witnessed a high rate of skepticism among member states who, according to Richard Filmer (2001), were worried about that they would lose so much of the trade revenue they received from the enforcement of tariffs and non-tariff barriers. The predictions had indicated that Malawi's import duty collections would fall by 50% after the full implementation of the SADC's FTA as compared to how they would be in the absence of the Protocol (Filmer 2001). This was amongst other reasons for which the trade protocol provided articled 3 (c), owing to the fact that member states were on different levels of development, further to that have different trading structures and patterns. As such the principle of asymmetry was upheld. For instance, at the very beginning of the implementation of SADC's Trade Protocol, the economy of Zimbabwe was experiencing a negative growth rate, as it shrunk significantly following 2001; at the same period, Zimbabwe's neighboring states like South Africa were enjoying the stable economies. Inevitably, these imbalances would have major contributions to how these nations conduct themselves at a regional level.

It is for this reason that this study argues that, varying levels of economic growth and development, as well as the different trading structures and patterns of different countries, contributes significantly to each country's response to its regional commitments. Hereunder, this chapter will elaborate more on the factors that make it difficult for SADC member states, who are signatories to the Trade Protocol, to honor the provisions of the protocol at its entirety. There are a number of such challenges, but for the purpose of this study, few were selected, given their far-reaching implications. They are Fiscal Challenges, Political Instability, Poor Infrastructure development, Trading Patterns and structures, Overlapping regional organization's membership and Overambitious targets.

4.2.1. **Fiscal challenges**

According to Chinyamata Chipeta, for a macroeconomic convergence to be achieved, states ought to converge on stability-oriented economic policies, with the aim of restricting inflation to low and stable levels (Chipeta 2006). That was not the case with some of the SADC member states in the dawn of the elimination of trade barriers. Malawi was said to be one of the most highly indebted countries, with the poor economy further disadvantaged by being landlocked in the central Africa, qualifying it as one of the poorest countries in the world (Imani Development 2007). As of 2004, the contribution of tariffs and non-tariff barriers to the GDP and the total government revenue of Malawi was more than 5% and 10%, respectively (Imani Development 2007). This makes it abundantly clear that the country was nowhere near to being ready to open up its borders to duty-free imports from all over SADC.

The criteria set by ministers for reduction of tariffs, Malawi is in the cluster of the Least Developed Countries (LDCs), and this category was given until the 12th year of the implementation of the trade protocol to complete its implementation process. However, Malawi failed to hold up its commitment to the regions' trade protocol. As of 2011, Malawi was still at 2004/2005 tariff reduction levels, the very first phase of the protocol after over 10 years of its implementation (USAID 2011). This means, while member states were all supposed to be in the last category (E) of the implementation process as provided for by the Trade Protocol, Malawi was still in the very first category (A).

Furthermore, Malawi is not the only country among SADC Trade Protocol's signatories which has been drawn back by the fiscal challenges during the implementation process; Zimbabwe has faced a lot of these challenges. In 2015, the government of Zimbabwe released a document titled, "Strategies for clearing external debt arrears and the supportive economic reform agenda", in this document, it was noted that the country was in arrears on the most of its external debts, and the lack of balance of payment as well as the budget support had hampered the prospects of the economic growth (Zimbabwe 2015).

Zimbabwe has gone far beyond the specified time period within which the process of implementation was supposed to be completed. One would note that, during the early 2000s, Zimbabwe's economy was on the decline, the period of the beginning of the 21st century represent sorrow to the nation of Zimbabwe, as the once one of the biggest economies in the region started experiencing the downward slope. The African Economic Outlook report released in 2003 reported that Zimbabwe's GDP declined by over 5 percent in 2000 and 7.4 percent in 2001 (AEO 2003). At this time, trade tax had a share of more than 10 % to the total government revenue (Imani Development 2007). The cluster under which Zimbabwe was put by the committee of ministers responsible for trade was that of the developing countries, this cluster was given the period of 7-8 years, from the commencement of the tariff reduction period, to complete the reduction process. Regrettably, Zimbabwe, among others, could not complete within this period, due economic issues.

Towards the set deadline for completion of the implementation process, Zimbabwe applied for derogation to the Committee of ministers responsible for trade, as provided for by Article of the Trade Protocol, that if member states may be severely affected by the reduction, can apply for a derogation to not implement that particular phase down (SADC Trade Protocol 1996). In its application to the committee of ministers, Zimbabwe meticulously brought to the attention of the committee its fiscal challenges, including that of the government's dwindling revenue largely as a result of a serious shortage of foreign reserves and the relaxation in monetary policy which sent inflation into an upward spiral. The request was for the country to be exempted from the implementation of any tariff phase down up until 2014 (WTO 2016).

The derogation applied for by Zimbabwe, and correctly granted by the committee of ministers went a very long way. In 2015, the government of Zimbabwe reported that it had encountered the trade deficit of up to USD 3.3 billion (USD 6 billion worth of imports vs only USD 2.7 billion worth of exports) (WTO 2016). The government took measures to address this issue, including putting a ban on a wide range of South African imports. Further to that, the justification of the banning of hundreds of South African goods by the Zimbabwean government was that it sought to control its markets (Ndlovu 2016). The fact that this gesture by Zimbabwe was a direct violation of SADC's Trade Protocol goes without saying; as it compromised the very values of the protocol which is to liberalise trade rather than introducing the protectionist measures. However, the country's fiscal challenges justified its failure to honour its regional commitment.

4.2.2. Political instability

"The political and economic developments in Zimbabwe remain of significance to South Africa as an immediate neighbour, as well as to an economically interdependent SADC region" (World Trade Organisation 2016)

The Committee of Central Bank Governors in SADC in 2002 noted that, it is a political agenda that serve as the driving force behind the establishment of Regional Integration arrangements; that it is a very strong political commitment to the integration which is needed for it to work (CCBG 2002). In the same vein, Margaret Lee, in his 2002 publication titled "Regionalism in Africa: A Part of Problem or Part of Solution" argued that political instability has far-reaching implications for both economic stability as well as commitments a country can make to the regional agenda and how it responds to the commitments already in place (Lee 2002).

As Zimbabwe is noted in this study as one SADC's protocol signatories who are finding it difficult uphold their commitments, it is a nation that has been characterised by a very long period of political instability, most notably around the beginning of the 21st century where the country was in deep crisis over the land issue and the standoff between the ruling Zimbabwe African National Union-Patriotic Front (ZANU-PF) and the main opposition, Movement for

Democratic Change (MDC). The African Economic Outlook in the year 2003 attributed the challenges that the country was going through to the political crisis that had embroiled the country since the late 1990s (AEO 2003). As correctly noted by Margaret, if a country is not stable, the implications are not felt only within but rather go as far as outside the nation, regarding how it conducts itself with its partners, with which it has agreements (Lee 2002).

At this very period, Zimbabwe was expected by SADC to implement it tariff phase-down schedule in pursuit of the objectives meticulously outlined by the Trade Protocol, to which Zimbabwe agreed. This was next to impossible as, "The country had not been able to pay its debt to its regional neighbours, its exports to and imports from its regional neighbours had declined, and foreign investors fled the country" (Lee 2002). Political instability within Zimbabwe had very far-reaching implications, which went as far as crippling the country's economy as its third largest sector of revenue, tourism collapsed. This pushed the country to rely more on the tariffs revenue as the government source of income. Hence Zimbabwe could not phase down the necessary proportion of tariffs at that point of the crisis it was going through, fathered by political instability.

Furthermore, the application for derogation Zimbabwe sent through to the committee of ministers responsible for trade in the year 2011 to not reduce a required proportion of tariffs for this period, as indicated earlier on, had fiscal challenges as the country's justification for its inability to live up to the agreement. These challenges were as a result of a relentless political instability within the country, specifically during the period of 2007-2008. According to Coomer, and Gstraunthaler, "June 2009 marked the start of a period in which Zimbabwe eventually broke free of the grip of hyperinflation. Yet political uncertainties, including ongoing hostilities between the ruling party, ZANU-PF, and the main opposition party, the MDC, the sluggish economic thinking and activity have in the meantime constrained inward investment and commercial output. A policy of indigenisation of companies (making it mandatory for the majority of shares in companies to be held by Zimbabwean nationals) and extensive price controls have helped to suppress economic activity in the country in recent years" (Coomer and Gstraunthaler 2011).

Further to that, Another SADC's Trade Protocol signatory, Angola which joined over a decade ago, but as of 2012, the year by which all member states should have completed their phase-down schedule as of the provisions of the Trade Protocol, Angola was yet to submit its reduction offer to the committee of ministers regarding how are they willing implement the phase down process. The government of Angola attributed its failure to honour its commitment to not being ready owing to a long-lasting civil war a country went through. Among other things that were highlighted was the fact that, the Angolan prolonged civil war had completely destroyed its infrastructure and they were left with little productive industry, thus duty-free goods from all over SADC would hamper the country's efforts to relaunch its manufacturing sector (Redvers 2013). It has been proven beyond reasonable doubt that, political instability is one of the most compromising factors when it comes to regional integration arrangements, in relation to how countries respond to their commitments at a regional level, and in this case, has compromised a smooth and productive implementation of SADC's Free Trade Agreement.

4.2.3. Poor infrastructure development

In the year 2016, in its 36th summit, SADC approved the Regional Development Fund, with regional finance ministers at its helm, it specifically aims to raise funds in order to finance the region's industrialisation and infrastructure development programme (SADC 2016). This showed that the poor infrastructure development within the region has been realised to be a serious hindrance to its development and integration. Hence the region seemed to have re-prioritised the issue of the lack of regional industrialisation and the poor infrastructure as the major predicaments to a broader integration of the region. Therefore, the Regional Development Fund was adopted as the programme which sought finances the industrialisation and the infrastructure development of the region.

This summit was held under the theme "Partnering with the private sector in developing industry and regional value chains". The theme endorsed by member states during the 2017 summit resembled the theme during the previous summit (36th) held in Swaziland in 2016. The theme then was "Resource mobilisation for investment in sustainable energy infrastructure for an inclusive SADC industrialisation and for the prosperity of the region" (SADC 2017). Both themes are concerned with the project of industrialisation and infrastructure development as means to achieve growth and development within the region which proves beyond reasonable doubt that the poor infrastructure development is a serious issue.

According to Master Mushonga, “In order for regional trade agreements (RTAs) to be effective, it is critical that intra-regional trade is able to move without hindrance. Many Southern African countries are landlocked, making road and rail networks very important in linking these countries to the regional markets as well as to the rest of the world via the main ports in South Africa, Mozambique, Angola and Namibia” (Mushonga 2014). Road transport costs in SADC have been noted as the highest compared to other regions, in particular for the landlocked SADC member states in which transport costs account for between 15 and 20% of the total imports costs. In his publication, released in 2008, titled "The extent of SADC trade protection and its effects on the least developed members of the region" Mmatlou Kalaba argued that the low response shown by SADC member states in relation to tariff reduction was as a result of the weakness of the region's economies, which include the lack of productive capacities as well as infrastructure constraints (Kalaba 2008).

Malawi is one of the landlocked SADC countries, signatory to the Trade Protocol, as indicated earlier on, its government is experiencing fiscal space constraints to fund the public roads networks and in some instances private capital investment into the infrastructure development, such as roads is not forthcoming due to the lack of proper public-private partnership institutional framework (Ngalawa 2015). Accordingly, high transaction costs are being incurred as a result of an inadequate transport infrastructure.

According to Andrew Gillson, the World Bank trade economist for Africa, road transport accounts for up 85-90 percent of regional trade in the Southern Africa (Gillson 2010). This then leads to higher transaction costs, as the roads are busy, with more potholes as a result of not being maintained or expanded for some time and they are not able to cope with increased traffic. According to Samuel Kaphuka, roads networks in Zimbabwe and Malawi increase transport costs and delays for cargo transported as they are not maintained (Kaphuka 2015). Thus, honouring the Trade Protocol’s command that none of its signatories should introduce new barriers to trade would be something very difficult for members like Zimbabwe and Malawi to honour.

4.2.4. **Trade patterns and structures (The pursuit of national interests)**

As the region which is constituted of countries with a very low manufacturing capacity, it goes without saying that most of the SADC member states produce primary products. In

Southern Africa, according to the Regional Economic Outlook report released in 2016, commodities contribute for up to 50% of region's total exports (REO 2016). Mmatlou Kalaba, in his 2008 publication noted that trade profiles of various SADC member states are characterised by a higher rate of reliance on very few products for trade remuneration, and these same products make enormous contributions to the value of the total trade. Thus, the need for competitiveness largely depends on the ability of these member states to protect these sectors which need to be liberalised (Kalaba 2008).

Relying on a single commodity has affected one of SADC's member states, which is a signatory to the Trade Protocol, Angola. It is one of the major oil-producing countries in the world. Oil accounts for up to 45% of Angola's GDP and 90% of its exports revenues (Redvers 2013). That is to say, crude oil dominates Angola's exports and inevitably determines its trading partners. Due to the fact that the entire region has a very limited refining capacity for crude oil, including Angola itself, it is compelled to take its business elsewhere, that is to say, the larger percentage of the Angolan exports is destined for the outside market. As of 2012, only 4% of Angola's total exports went to SADC. The country's specialty in terms of exports determines its behaviour towards its region, in this case, Angola has nothing or little to gain by opening its borders to its SADC partners as it has nothing much to offer other than its crude oil for which its neighbouring countries have no refining capacity. This justifies the country's reluctance to open its borders to duty-free imports from other SADC countries. In 2010, the Angolan minister of Planning, Ana Dias Lourenço stated that:

> We are working and when the Executive considers that it have the conditions to share in the regional market and to offer products and open up its borders, certainly it will do that. It's good for us that the others understand that there is no intention whatsoever of us remaining on the side-lines of this process, but, Angola needs to be better prepared to consolidate its internal position in order to be able to share in a free trade area (Lourenço 2010).

The SADC Trade Protocol, under Article 3 makes a provision that member states may exclude certain goods (sensitive products) and sectors from their tariff reduction offers, in practice however, member states end up removing goods from the general trade liberalization provisions of the Protocol for reasons other than those provided for by the protocol (Kaphuka 2014). For example, eight of SADC member states who are signatories of the Trade Protocol, including Malawi, are sugar producing countries. In Malawi, sugar is the large driver of the economy as it generates large amounts of the foreign exchange and has an enormous contribution to the country's GDP as well as government revenue. Thus, a complete eradication on measures that would ensure a limited sugar related imports into Malawi would compromise not only local industries but also the government revenue.

The International Monetary Fund (IMF), in a document titled "Malawi: Economic Development Document, noted that Malawi's economy is largely dominated by the agricultural sector, which accounts for up to a third of the country's GDP and further drives the livelihoods of two third of the country's entire population (IMF 2017). That is to say, after all, given Malawi's state of the economy and trade structure, its failure to live up to the Protocol's deadline is not unjustifiable. Just like it is the case with Angola, which still needs to go through the process of the relaunch of the local production and manufacturing sector to better equip and capacitate the local industries to be able to withstand the regional competition.

4.2.5. Overlapping memberships in regional economic organisations

The issue of membership overlap is one which can hardly be left out when discussing issues and factors that are obstacles to regional integration arrangements on the African continent in general, SADC in particular. According to Jephias and Loveness Mpuva, "Overlapping and multiple memberships is not a recent phenomenon in African regional blocs. The practice dates back to the colonial times and was influenced by the first wave of regional integration based on the model of the European Economic" (Mapuva 2012).

Angola, Malawi and Zimbabwe, the identified SADC states for the purpose of this study due to their lagging far behind in the implementation of SADC's Protocol hold memberships of at least two regional economic groupings. Apart from SADC, Angola is also a member of the Economic Community of Central African States (ECCAS), Common Market for Southern and Eastern Africa (COMESA). Zimbabwe and Malawi are also members of COMESA apart from SADC. "Multiple and concurrent memberships of numerous RECs have presented the most daunting challenge to economic regional integration within the SADC" stated Mapuva (Mapuva 2012).

This has not only created confusion but has also led to the double standards as the member states have signed different protocols, which the other may require the member state to put in motion what is in conflict with the principles underpinning the other organisation it is the signatory of. According to Dawn Nagar, "Member states belonging to different economic blocs are confronted with protocols when they try to negotiate agreements, and the implementation of these protocols is complicated and can delay trade enhancing efforts" (Nagar, 2012: 138). Thus, the situation where one will find Angola implementing the terms of COMESA's Free Trade Agreements while being reluctant to do the same with SADC's arise under such conditions.

4.2.6. Overambitious targets

The issue of the setting of overambitious targets is not only faced by SADC but rather a continental issue. It has been noted that African continent governments have concluded a wide range of regional integration arrangements and have a very poor implementation record as a result of the unrealistic set targets (Mapuva 2012). This is confirmed by Lovemore Ranga when he notes that, SADC needs a thorough self-introspection, where it will review all the over-ambitious targets it has set itself and dismally failed to meet. He makes example of the regions' Trade Protocol, stating that member states sought to liberalise 100% of intra-SADC trade by 2012, however as of 2016, they were nowhere near that target (Ranga 2016).

That is to say, in as much as some of the SADC’s Trade Protocol signatories have failed to honour their commitments, most notably the ones identified in this study, the blame cannot be entirely attributed to them but also to the unrealistic nature of targets they were expected to reach while they were in unfavourable conditions. Expecting Zimbabwe to effectively carry out the tariff reduction schedule, given the country’s state of affairs in the early 2000s was unrealistic. As noted by Magreth Nunuhe, since SADC was transformed from SADCC in 1992, it has been struggling to effectively translate its protocols into achievable springboards for economic development (Nunuhe 2016).

States tend to agree to issue areas based on the general sentiments within the meeting without making significant consideration on the implementation of these agreements. The level of implementation and operationalization of the objectives set during the summits, for example, is an indicator of the tendency to focus on rhetoric rather than the actual realization of the goals set. Member states sign protocols, calling for the economic integration, but the very same member states fail to align their domestic policies to regional protocols.

In conclusion, the challenges that persistently hamper the regional integration initiatives within SADC are serious issues. There are a lot of these issues, as indicated earlier on, but the ones which are related to the countries' economy poses serious threats, and have far-reaching implications. Also, another major issue which has proved to be a serious challenge is the political instability, as indicated above sometimes some of the economic challenges a country face are as a result of the country's ongoing political crisis or as a period of political unrest a country went through in the past. In the case of SADC, Zimbabwe and Angola serve as a perfect example of the far-reaching implications of political instability on both the economy and infrastructure of the country. Zimbabwe, Angola and Malawi's responses to the trade protocol, as frustrating as they are to the rules of origin and commitments they made, their actions are not unjustifiable when all the factors are considered.

Chapter 5: Conclusion and recommendations

5.1.<u>Conclusion</u>

Africa has a very long history of regional integration. Over the years, various strategies have been adopted in the quest to integrate the continent, including the idea of the establishment of the African Economic Community through the gradual development of Regional Economic Communities. As it has been noted, efforts to integrate the African continent are not without challenges. This study had sought to identify these challenges to the integration of the African continent by using one of the regional blocs of the African Economic Community, SADC, which adopted the trade protocol as a blueprint for the FTA in 1996 and put it in to effect in 2000. Most of the time when countries fail to live up to the expectations of the regional arrangements, it is seen as the lack of the political will and the weakness of the institutional framework as of various arguments in the literature. What this study sought to do was to dig into underlying factors that could account for states' failure to honour their commitments.

The drive towards ensuring a complete elimination of tariffs and non-tariff barriers in order to fully liberalise trade is a goal enshrined almost in all SADC documents, including the Regional Indicative Strategic Development Plan (RISDP). When SADC member states ratified the Trade Protocol and when it came in to force, it was seen as a major instrument through which intra-SADC trade would be liberalised as it was generally understood as a blueprint for the free trade area. The protocol's main objective, as indicated earlier, was to increase the proportion of intra-regional trade among SADC member states, particularly those who subscribed to the protocol, through the elimination of tariffs and non-tariff barriers. From the research findings, however, the goal of increasing the intra-regional trade had not been realised, 17 years after the protocol entered in to force as a result of several and diverse challenges SADC member states have come across during the implementation of the region's initiative to enhance trade.

The majority of SADC member states' exports are continuously destined for the outside market, which makes the region have a very low percentage of intra-trade when compared to other regional groupings like the Association of Southeast Asian Nations (ASEAN) and the European Union (EU). This is mainly as a result of SADC member states' reliance on commodities for exportation due to the lack of manufacturing industries. The study found that the majority of SADC member states, who are participants in its Trade Protocol are landlocked, specifically Malawi which was one of the subject matter of this study. It has been noted that Malawi is one of the poorest countries in the world, and is highly indebted as of the report released by the International Monetary Fund (IMF) in 2016, alongside Zimbabwe which was reported to be in arrears on the most of its external debts. Such state of the economies are the ones which have been highlighted above to be the driving forces behind the failure of these member states to uphold their commitments to the region as the governments end up being pushed by the conditions to rely heavily on the income that comes as result of the imposition of the tariffs and non-tariffs barriers. For example, Malawi has not yet managed to liberalise the proportion it was required to have liberalised by the year 2008 as a result of these challenges.

Crucial to note also is the fact that in countries like Zimbabwe, as argued earlier on, fiscal challenges the country had been immersed in, which led to its failure to phase down the required proportion from the inception of the implementation of the Protocol and further apply for derogation so it would be exempt from continuing with the phase down of its tariffs for a number of years to come in 2011, were as a direct result of the political instability. The post-2008 election crisis that erupted in Zimbabwe is the one which saw the country losing so much of the foreign direct investment, the local industries almost collapsing which led to the government seeing the need for the protection of the local industries from an influx of duty-free imports from the rest of the region. Furthermore, the government was losing the revenue as investors fled the country and the country's third-largest revenue sector, tourism, nearing the collapse, the elimination of tariff and non-tariff barriers would be difficult as they were to rely on their imposition for the revenue.

Angola as well, as a direct consequence of the political instability, the study found that it had not been able to honour its commitment to the region. The government of Angola, has, on numerous occasions highlighted that the civil war which the country had recently emerged from brought the country to its knees. It has been noted that it destroyed the country’s infrastructure and collapsed the local industries. Thus, the country is not yet ready to be open up to the free duty imports from the entire SADC region and they are still busy trying to revamp the country’s manufacturing sector and the built of the infrastructure. Despite having signed the Trade Protocol, Angola is yet to submit the proposed tariff reduction schedule to the region’s committee of ministers responsible for trade, as it is the formal way of acceding to the trade protocol.

5.2.The way forward (Recommendations)

Non-tariff barriers are prevalent in the SADC region, and member states who ratified the trade protocol are continuously introducing new NTBs, despite the provision by the protocol that member states must refrain from such acts. As much as the failure of Angola, Zimbabwe, and Malawi to uphold their commitments to the SADC's Trade Protocol is not unjustifiable, they must, however, be willing to make concessions for the region’s integration initiatives to be a success. Crucial to take note of is the fact that for regional integration initiatives to be successful, and bear the fruits member states objects, compromises must be made. One must be willing to make some serious concessions. Thus, if SADC member states are serious about integrating the region, they must slow down on the politics of patriotism, and start thinking beyond their national boundaries; because as a component of globalisation, regional integration dictates that, in order for it to be effective, national sovereignty must be eroded to a certain extent. That is to say, member states need to abandon the protectionist approach if they are serious about liberalising trade among SADC member states.

The Southern African Development Community’s secretariat continues to face difficulties when it has to ensure the implementation of the resolution of some of the region’s summits. This is as a result of ambitions usually shown by regional leaders during their Annual meetings, by adopting a lot of promising objectives, which tend to be difficult when they have to be put in motion. SADC member states should refrain from the adoption of unrealistic targets, as this set up the region’s integration efforts for failure.

Noteworthy, is the fact that SADC leaders have realised that the region's socio-economic conditions, the lack of technology, industrialisation and infrastructure, is a serious impediment to its integration, particularly in the trade sector. Hence in the 36th SADC summit in 2016 they approved the Regional Development Fund, with regional finance ministers at its helm, which specifically aim to raise funds in order to finance the region’s industrialisation and infrastructure development programme. What SADC ought to do is to ensure that this program is well implemented as it has the potential to capacitate member states that lacks the necessary infrastructure and developed industry sector to efficiently work towards goals enshrined in the region's trade protocol. This on the basis that, in order to increase the level of intra-SADC Trade, member states must have goods to trade, which can hardly be realised as most of member states are not well industrialised, thus the industrialisation of the region programme needs to be prioritised. This will further ensure that countries of the region move from being prime exporters of the primary products to higher value products.

In order to enjoy the benefits of regional integration, integrating parties must trade intergovernmentalism for supranationalism, on the basis that the former entails the cooperation of member states at will, while the latter has the central decision-making body, where decisions are made based on the majority vote and legally binding. Further to that, there must be effective institutions (supranational institutions) in place to hold those reluctant to abide by regional resolutions to account for their non-compliance to the region's provisions.

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