Myth and Reality of African Regional Integration

Abstract

Regional integration in Africa is supported by developmental optimism, mainly based on the economic success of the European Union. This article recalls that Regional Economic Communities (REC) in general and between developing countries in particular have never been unanimously welcomed by trade economists. In actual practice, intra-regional commerce in Africa appears to be low, although a critical review of trade statistics indicates considerable under-reporting and more elaborate indicators allow painting a brighter picture, especially for the East African community – assertive of achieving a common market in the near future. On average, African RECs still show a confusing pattern of numerous overlaps, lack of implementation and mutually exclusive regulations. While long treated with benign neglect, these faults now become critical with the advent of bi-regional undertakings aiming at deep economic integration, such as the EU’s Economic Partnership Agreements (EPA) with the ACP countries. EPAs put several of the fledgling African RECs at risk. One of the structures most in jeopardy is the Southern African Development Community, to which it is anyway difficult to safely attribute some of the meagre achievements of socio-economic integration in the region. Determined political action will be required to save some of Africa’s important RECs from demise.

1 The Rise of Regionalism in Africa

The enthusiasm for economic regionalism is unbroken in Africa. Rooted for some cases in treaties or implicit co-administration by colonial powers, it not only survived independence, but indeed thrived in the newly independent states. Notwithstanding essential differences in importance and focus of the diverse schemes that will be discussed here, it is important to recall that currently all African countries are member in at least one regional organisation, with the average African country being in four or so regional schemes and several countries claiming membership to more than half a dozen. When adding up all supra- and international special schemes one arrives at a number that is commonly estimated as exceeding two hundred. Back in the 1950s and 1960s, the main reason for maintaining old and forging new regional ties has been to initiate building blocks for an all-encompassing pan-African entity that turned out to be unfeasible to establish. Regional economic integration in Africa was mainly promoted for political reasons – and such motives still appear to be prominent among African policy makers today.

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** This article draws on earlier work by the authors (Asche 2009; Brücher 2009).
Success stories from elsewhere and particularly from the European Union (EU) have at the same time prompted expectations for massive welfare gains from regional economic integration. It is thus unsurprising that the European Commission and several bilateral donors have translated their own positive experience with economic regionalism into aid programmes supporting even the slightest effort at regional integration in Africa. Following the same line of thinking, the still ongoing negotiations on Economic Partnership Agreements (EPAs) between the EU and the African, Caribbean and Pacific (ACP) countries have been conducted along the lines of regional blocs and thus markedly deviated from the earlier Lomé framework. This common understanding between African and European policy makers – at least at the surface – has been accompanied by increasing interest for regional dimensions in the academia. The so-called New Regionalism has swept social sciences and led to an impression that regional integration may be a panacea for almost any perceivable ill, most prominently for solving conflicts and combating ecologic degradation, but explicitly also for fighting poverty. The enthusiasm for regionalism in many social sciences is informed by a twofold intuition. On the one hand, in times of rising globalisation important issues tend to be increasingly located outside the scope of nation states – outside the famous ‘containers’. On the other hand, the global multinational system has often proven to be ill-equipped or reluctant to take over the responsibility for such issues.

2 Regionalism and Mainstream Economics: Anything but a Love Match

How different the main part of the economic profession: clinging to unrealistic model assumptions (perfect competition, perfect information, no transaction costs, no externalities), the neoclassical mainstream until recently by and large denigrated the importance of geography and agglomerations. Thus, the all-time-high of economic regionalism must from such a perspective invariably be seen as an annoyance or even a threat to established models and stylised facts. The profession has answered mainly by introducing political economy aspects in their models. In other words: in order to uphold the claim that the quickest possible accomplishment of global, not regional free trade is for the advantage of every country, it must be selfish concerted special interests that lead to such inferior solutions. And indeed, it is rather straightforward to establish that regional economic integration is preferable to protected national economies (due to broadened competition and better specialisation along lines of comparative advantage), but arguments proving that regional economic integration should be preferred over global free trade are much more difficult to develop. With the superiority of regional solutions over national ones established, one tends to assume that this should apply even more for global liberalisation and multilateralism. As a result of this conundrum, a battle of wits has evolved, in the frame of the neoclassical paradigm, which has become known as the stepping stone vs. stumbling block debate. On the one side of the divide the Jagdish Bhagwati School (JBS) (Bhagwati 1993) predicts that regionalism will undermine multilateralism and global free trade. In contrast, the Larry Summers School (LSS) forecasts progressive incentive shifts towards further regional and multilateral liberalisation in the aftermath of regional integration. As such, the LSS, although supportive of regionalism (and other ‘isms’), develops a by and large negative view of regionalism – as it is only instrumental in making itself redundant. A similarly nuanced disagreement prevails between the two positions with regard to welfare economic effects of regionalism. Some authors claim that gains from ‘trade creation’ (within a newly
created REC) are unlikely to be outperformed by ‘trade diversion’ (in favour of globally uncompetitive suppliers within the REC) when assuming rational policy making (and that the risk can be entirely ruled out when setting external tariffs in a way as proposed by Kemp and Wan 1976). Following the Vinerian tradition, others consider trade diversion a serious risk in particular for small, developing countries, leading to welfare losses (see e.g. Schiff 1997; Schiff and Winters 2003) and further economic divergence among the participating countries if all of them produce below world average productivity (see Venables 1999; 2003).

3 Regional Integration and Trade Patterns: Does Regionalism Actually Work?

A simple measure to quantify the trade effects of Regional Economic Communities (RECs) is to track the evolution of intra-REC trade in relation to total trade of the participating countries. Such an approach gives results that are far from promising in Africa – at least at first sight: only three out of twelve ‘regional communities’ featured by the African Development Indicators Report 2007 have intra-bloc trade (or export) shares above ten percent. Again only three of them exhibit a significant positive trend from 1990 to 2005 while four only gain by less than one percent and five even face a cutback in their intra-regional trade shares compared to their overall trade volumes.

Table 1: Share of intra-bloc exports as percentage of total exports (in %)

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<td>1994</td>
<td>2.3</td>
<td>2.1</td>
<td>1.1</td>
<td>0.9</td>
<td>-1.4</td>
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<td>0.5</td>
<td>0.8</td>
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<td>COMESA</td>
<td>1994</td>
<td>6.6</td>
<td>7.7</td>
<td>6.1</td>
<td>5.9</td>
<td>-0.7</td>
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<tr>
<td>CBI</td>
<td>1992</td>
<td>10.3</td>
<td>11.9</td>
<td>11.8</td>
<td>14.0</td>
<td>3.7</td>
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<tr>
<td>EAC</td>
<td>1996</td>
<td>13.4</td>
<td>17.4</td>
<td>20.5</td>
<td>15.0</td>
<td>1.6</td>
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<td>1983</td>
<td>1.4</td>
<td>1.5</td>
<td>1.1</td>
<td>0.6</td>
<td>-0.8</td>
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<td>ECOWAS</td>
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<td>7.9</td>
<td>9.0</td>
<td>7.9</td>
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<td>1984</td>
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<td>6.0</td>
<td>4.4</td>
<td>4.6</td>
<td>0.5</td>
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<td>0.1</td>
<td>0.4</td>
<td>0.3</td>
<td>0.3</td>
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<td>31.6</td>
<td>9.3</td>
<td>7.7</td>
<td>-9.3</td>
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<td>1964</td>
<td>2.3</td>
<td>2.1</td>
<td>1.0</td>
<td>0.9</td>
<td>-1.4</td>
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<td>UEMOA</td>
<td>1994</td>
<td>13.0</td>
<td>10.3</td>
<td>13.1</td>
<td>13.4</td>
<td>0.4</td>
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Source: Numbers and selection of RECs by ADI (2007), table 6.3, using DOTS data.
Note: Merchandise trade only. Selection of years and last row added by authors. Note, the data in the 2008 version of ADI differ significantly for SADC, downscaling the number for the years 1990 and 1995 to 6.8 and 9.2 % respectively.

The respective figure for the showcase of regional integration, the European Union, is around 60 percent. However, the African figures are both unreliable and biased. They are unreliable because they make use of African trade data that are – despite exceptions and quality differences among national accounts – in a deplorable state. Serious mismatches between import and export data and particularly missing data for certain key countries over several years often make comparisons close to mean-

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1 For a detailed account of the stepping stone vs. stumbling block debate see Brücher (2009).
The best data source, UN COMTRADE, is of little avail because cells with missing data are left blank and thus seriously understate regional trade shares. These gaps are filled in the IMF Direction of Trade statistics (DOTS) data sets by estimates – but consequentially remain guesses rather than facts. The three most important sources for an underestimation bias of regional trade in Africa are informal trade, the small size of the economies in relation to the world market and simultaneous world market liberalisation.

First, the general trade intensity of African economies is usually underestimated because informal trade (both legal and illegal) is not included in the trade data while estimates for informal economic activities are included in the gross domestic product (GDP). As informal trade is more likely to take place intra-regionally than extra-regionally, the true figures may be more favourable for intra-regional trade shares. Second, if blocs are made up by large economies, trade shares are automatically biased upwards. Given the small size of most African economies and trade blocs the small trade shares may thus seriously underestimate the true importance of regional trade. Using alternative measures such as the intra-regional trade intensity index or the symmetric index of intra-regional trade intensity addresses this problem by setting the trade share in relation to the share of the bloc in world trade (see Iaparde 2006). If such indices are resorted to, for example the EAC regional trade concentration looks even stronger than the EU-25 one (compared to trade shares of below 10 percent for EAC and above 60 percent for EU-25). In other words, African countries may be seen as trading more regionally than would be expected from their trade potential (whether as a result of geography, regional integration or other reasons is still another question).

Third, several blocs indeed exhibit absolute regional trade growth, but this is overshadowed by the more pronounced growth in its extra-regional trade growth. Again for the EAC, intra-regional trade grew significantly following the beginning of the implementation of the liberalisation schedule in 2004/2005 and trade shares are only declining because trade with ROW increased more strongly. It may well be assumed that in the absence of regional integration the decline in regional trade shares would have been much steeper in the first years of the millennium. Conversely, a significant part of the increase in external trade may be attributed to the introduction of regionalism itself: so-called open bloc effects are likely to occur as a result of lowering and harmonising tariffs when establishing a common external tariff (CET), by implementing general trade facilitation issues as part of the integration package that are also open to external exporters and by luring trade due to easier distribution of the goods in the region.

See a working note from the Leipzig institute of African Studies (Nixdorf 2009) for a more elaborate comparison of the two trade data sources.
Notwithstanding such qualifications, the general analysis of the trade data of African RECs leaves the observer decidedly disappointed. Whatever twists are employed in choosing a measure that might demonstrate that African economies are indeed substantially regionalised, no significant upward trends of such trade integration processes are detectable. Possibly, this is a result of the lacking trade potential between African economies. As often brought forward, even lumped together African markets may be too small: the combined GDP of all economies in Sub-Saharan Africa is just slightly bigger than Belgium’s GDP. Therefore, it seems questionable whether the still smaller African RECs allow for any serious gains from economies of scale. Probably more significant, the current production baskets and comparative advantages of African countries tend to be seen as relatively homogeneous and hence are unlikely to yield much gain from specialisation (see e.g. Collier 2007).

Following such a view and taking into account serious risks of trade diversion (thus shrinking consumer surpluses) and of further intra-bloc divergence, South-South regionalism is sometimes denied any good reason: regional economic integration in Africa has not delivered and should thus not be pursued anymore (see e.g. Greenaway and Milner 1990). In absence of faith that liberalisation along the multilateral trail (Doha round) will timely resume, North-South schemes are often promoted as an alternative or complement (Schiff and Winters 2003:262; Venables 1999; World Bank 2000:128). However, such conclusions miss in our view at least two important points: they underestimate the actual potential of South-South regionalism (although they may be right in the assessment of what has been achieved so far) and they seriously overestimate the gains from North-South regionalism and fail to consider important drawbacks of such schemes. Both issues are addressed in the subsequent parts.
4 Paper Tigers, Legal Illusions and the Spaghetti Bowl

Again, we start with disillusionment. Several of the regional schemes under consideration are far from being properly implemented. A political economy of signing, but not implementing regional treaties is a common feature in Africa. Considerations of neo-patrimonialism (staffing regional bodies with presidents’ friends and followers), aid attraction (using RECs as additional funding source for national programmes) and other national policy concerns (garnering publicity and distracting from woes at the national level) are identified as paramount for the mushrooming of RECs.\(^3\) As a result, many treaties have remained paper tigers as the required annexes and implementation schedules have never been worked out. In other cases, such schedules have indeed been developed, but the agreed trade liberalisation and harmonisation remained a mirage because the schedules were officially postponed, not translated into national law or simply not implemented at the border posts. Therefore, dates given as year of establishment or year of entry into force for free trade areas or customs unions are often a legal illusion and outright wrong when judging them from an economic perspective.

In this respect, the most prominent graphical representation of African South-South regionalism is worth mentioning. First drafted by one of the most influential while controversial critics of regionalism, Jagdish Bhagwati, the so-called Spaghetti Bowl (see next page) inevitably gives the impression of a chaotic entanglement that is certainly evocative of this repast.

It is important to note that the Spaghetti Bowl is not at all uniquely an African phenomenon; we find similar patterns elsewhere in the world, particularly in Latin America and Asia. However, in the African case the criticism is particularly scathing – and to some extent for good reason. Indeed, the multiple memberships entail serious problems. This is obvious in the case of deeper economic harmonisation (of external tariffs, of trade laws, of standards) as it is impossible to run such exercises on a parallel basis (unless you harmonise laws and regulations within different blocs in exactly the same way). That implies that any attempts to move beyond so-called ‘shallow integration’ (i.e. simple trade liberalisation and facilitation) is almost precluded by multiple memberships (see e.g. UNECA/AU 2006). If just simple trade liberalisation is involved – as it happens during the first steps of regional integration schemes that usually establish preferential trading areas (PTAs) or free trade areas (FTAs) – multiple memberships are not necessarily incompatible. Particularly from a perspective informed by rational choice, it may be perfectly in order to ‘sell’ its trade preferences to as many other countries and groups as possible in exchange for preferential entry to their markets (or other favours). Even more, some of the stepping stone proponents explicitly argue that multilateralism will ultimately prevail due to such multiple memberships (Baldwin 2006 under the heading ‘multilateralising regionalism’; Bergsten 1996 under the heading ‘competitive liberalization’; Bergstrand 2006 under the heading ‘market for regionalism’ and even ‘invisible hand of regionalism’; Freund 2000 under the heading ‘spaghetti regionalism’).

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\(^3\) See for example the account by Collier why RECs have been so popular: ‘Well, presidents could get in their jets, meet up with some of the neighbors and sign a trade protocol, set up a regional secretariat to which they appointed their friends, and fly out again, having garnered lots of publicity. Such schemes have not accomplished much, however.’ (Collier 2007:164).
Graph 2: The Spaghetti Bowl (I): displaying disorder
However, even in such cases overlapping memberships entail important drawbacks, including costly negotiations and administrative structures, dilution of capacities and human resources and unnecessary duplication of efforts. The most important drawback must be seen in the necessity to maintain tight Rules of Origin (RoO) in order to prevent trade deflection (goods entering the country with the lowest tariff and then being re-exported to another REC member). Such regulations hold the potential to seriously hamper regional trade. In fact, the drawbacks of the Spaghetti Bowl are increasingly acknowledged by African policy makers: several initiatives are currently underway to ‘rationalise’ the African REC landscape, most prominently the initiatives by the United Nations Economic Commission for Africa (UNECA) and the negotiations among SADC, COMESA and EAC to ‘fast-track’ tripartite integration. Tellingly, the African Union (AU) as organisation with certainly the strongest interest in and highest authority for solving this problem has to date shown little initiative to do encourage REC rationalisation.4

Such attempts at rationalising African RECs certainly require a clearer picture of what is currently occurring on the ground. Simply drawing up the African Spaghetti Bowl is however anything but self-evident. Due to the difficulties to adequately measure the seriousness and significance of a REC, the map remains inevitably arbitrary. Little is known about the true liberalisation steps both at official level and even more so at border posts, and at best aggregated and not trade-weighted averages are available. A selection of RECs as presented above, following the World Bank’s African Development Indicators (ADI), includes some RECs that have undertaken serious economic integration – but also institutions with a very poor track record. The oldest and by any account most successful REC is the Southern Africa Customs Union (SACU). The SACU features along with others that are dysfunctional since decades (Communauté économique des Pays des Grand Lacs (CEPGL), Mano River Union (MRU), Economic Community of Central African States (ECCAS), RECs that have been replaced by other schemes in the meantime (Union Douanière et Économique de l’Afrique Centrale (UDEAC)) and some that are no RECs even when applying a very broad definition: the so-called Cross-border Initiative (CBI) featuring in the table and displaying some of the strongest growth rates in ‘regional’ trade is nothing but a grouping of countries, which follow an initiative of the International Monetary Fund (IMF) and practice what might be called ‘concerted unilateralism’. Several institutions are no RECs and are only added because their statutes claim that they also cover economic and developmental issues. A salient example in this regard is the Intergovernmental Authority on Development

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4 For better or for worse, it is worthwhile noting that the Spaghetti Bowl is anything but independent of donor behaviour. To the contrary, regional bodies in Africa are notoriously short of financial resources – a result of inadequate agreed-on contributions and failures to abide by even these humble pledges. Therefore, donor contributions make up a substantial fraction of the secretariats’ budgets and more often than not technical advice from out-of-sight is a significant factor for keeping negotiations and implementation running. In some cases, the decisions for a support appear to follow national donor interest rather than considerations of whether such schemes have any prospects of success. Besides support by the British and French aid agencies for their respective pré carré, the Belgian initiative to revive CEPGL is certainly the most salient example in this regard – particularly when also considering the additional generous EU support granted under the aegis of the former and current (Belgian) Commissioners of the responsible Directorate-General, Louis Michel and Karel de Gucht.
(IGAD) – and organisation that is mainly entrusted with conflict resolution in the Horn of Africa, but bears the term ‘development’ in its name. It may be argued that the International Conference on the Great Lakes Region (ICGLR), an institution with a similar mandate, has somewhat more substantive claims to be included in the list as it has launched some initiatives that aim a regional economic integration. Other institutions such as the Conseil de l’Entente (CE) or the Community of Sahel-Saharan States (CEN-SAD or COMESSA) who have likewise ambitions to preferential trade and other aspects of regional economic integration are sometimes included, sometimes omitted from spaghetti graphs although they are not much different from other ‘virtual’ institutions such as ECCAS. The Organisation pour l’Harmonisation en Afrique du Droit des Affaires (OHADA), aiming at harmonisation of business laws and international private legal practice in the francophone countries, appears from an operational point of view comparatively strong and merits inclusion rather than some of the virtual RECs that aim at trade liberalisation. The same applies for several organisations with focus on certain sectors or activities (mainly with regard to rivers, lakes and deserts). In general, institutions in many regional organisations in Africa tend to take over (or claim to take over) more and more duties outside their principal areas of responsibility. This applies for primarily peace-related institutions that include development components as much as for primarily economic institutions that add programmes on peace building, good governance and democracy to their portfolio.

When extending the list to all organisations with relation to economics (already excluding a great number of cultural and other organisations) drawing of the spaghetti bowl is rendered impossible for simple geometric reasons. If the only significance of Spaghetti Bowl depictions were to suggest that African regionalism is messy, even more RECs with similar levels of importance (or unimportance) would have to be added. However, when it comes to operational perspectives of those organisations that are expected to achieve a FTA, a customs union or common market, a condensed representation (graph 3, see next page) might suffice; it features a much smaller number of RECs and their overlaps.

Even this conservative selection is not uncontroversial as several member countries have not implemented any trade-related decisions taken at the regional level and it is therefore doubtful whether they should really be regarded as belonging to the scheme (DRC being the most notorious example). Indeed, only the status of the three monetary unions is beyond doubt. In the Common Monetary Area (CMA) in southern Africa still different currencies exist, but at a pegged exchange rate. The FCFA zone in Western and Central Africa contains two distinct monetary unions, but their link to the Euro and the French Trésor under exactly the same conditions makes it appear as a single entity. Among the customs unions only SACU can boast of having a fully functional common external tariff. The other RECs that have officially declared being a customs union – the Union économique et Monétaire Ouest Africaine (UEMOA), the Communauté économique et monétaire de l’Afrique Centrale (CEMAC), the EAC and since June 2009 also the Common Market for Eastern and Southern Africa (COMESA) – have not yet moved beyond the transition period or hold up considerable exceptions to the agreed CETs and internal liberalisation.

5 Although even in SACU the unilateral conclusion of South Africa’s TDCA with the EU violated or, in fact, replaced the SACU common external tariff.
schedules since several years. The same applies to varying degrees for the officially established FTAs. Although heading towards the status of a common market (CM) is a common feature of RECs, only EAC is currently in the process of actually establishing a CM, scheduled to become effective in 2010.

Graph 3: The Spaghetti Bowl (II):
RECs with genuine liberalisation / harmonisation

Now, judgments on regional economic integration in Africa should not be based on trade alone. In order to give a balanced view on how far the African RECs have gone, we have to mention that even some RECs that are still unwilling to fully liberalise their markets towards their neighbours have since decades effective dimensions of deep integration, otherwise associated with common markets (particularly the liberalisation of labour force mobility). In other words, the REC landscape in Africa is not only extremely diverse, but completely diverts from the Balassian linear sequence of integration stages.

Following such a view, the problems shrink down to some overlapping memberships in Southern and Eastern Africa, namely between the Southern African Development Community (SADC) and EAC (Tanzania), SADC and COMESA (Angola, DRC,
Malawi, Zambia, Zimbabwe, Mauritius, Madagascar and Swaziland) – for the latter (Swaziland) the problem extends to the membership in SACU and CMA. Most other overlays are instances of the ‘box in a box’ phenomenon where usually somewhat more advanced, smaller blocs form jointly part of a larger scheme (EAC without Tanzania in COMESA, CMA in SACU in SADC, UEMOA and perhaps a future WAMZ in ECOWAS, CEMAC in ECCAS). The only other serious overlap is constituted by ECCAS in Central Africa, consisting mainly of CEMAC members, but also cutting across COMESA, SADC and EAC. Yet, given the barely audible running of this institution one may be more worried about a missing link between western Africa and the southern and eastern parts of the continent than about conflicts arising from overlaps with ECCAS membership.

5 The SADC – Which SADC?

Attempts at REC rationalisation, however, require an even more candid assessment of the utility of the existing schemes. In the following it will be argued that even for regional organisations that are commonly regarded as quintessential and fairly advanced the results may turn out disappointing. The SADC, for example, has a core member country – South Africa – that produces industrial goods at world productivity levels (thus reducing losses from trade diversion), also has a sizeable domestic market (thus allowing for economies of scale) and may thus act as an attraction pole for investment in the neighbouring countries, allowing to kick-start their economic take-off. SADC also assumes political and other developmental tasks and must therefore be recognized as more than a conventional PTA or FTA. Before turning to the trade policy aspects, we shortly review the evidence on aspects that are otherwise not part of this paper.

How successful has the SADC been in the fields of political and sectoral cooperation? One of the areas of political responsibility is conflict resolution among its member countries. Now, the few interventions that were officially designated as SADC endeavours (Lesotho 1994 and DRC 1998) were in fact national initiatives, and the DRC case even opposed some SADC member states against others, before some formal SADC coverage was reached. Other activities under the so-called Organ on Politics, Defence and Security Cooperation (OPDS), established in 1996, are hardly noteworthy. Another supposedly outstanding example of SADC action in the security sector is the control of small arms that have proliferated in southern Africa during decades of liberation and civil wars: the SADC firearms protocol has been established as legal platform for such processes in 2001, but the main cross-national initiative to collect small arms was manifestly Operation Rachel, conducted bilaterally several times since 1995 by South Africa and Mozambique. It is therefore

6 Such processes have been discussed as ‘flying geese’ phenomenon in the Asian context. Originally brought up by Akamatsu (1962) it has recently been applied to the general debate on regional integration by Kasahara (2004). The logic is simple: regional integration is more likely to be successful if an economically strong country leads the crowd and thus attracts imports from the neighbouring countries that in turn start taking off and attracting trade with their less developed partners. The pattern thus resembles a flying geese swarm. Similar arguments are brought forward by Collier (2007) who discusses how dependent most small, poor and land-locked countries are on the success of their coastal and more developed neighbours.

a moot point whether such bilateral endeavours are attributable to SADC. Otherwise, the many years of incapacity to deal with the Zimbabwe problem are a good indication for gauging SADC against its own aspirations. It may even be argued that the unwillingness to take on Mugabe – often justified as ‘silent diplomacy’ by South Africa – is a relict from the predecessor organisation SADCC that was made up by the front line states and thus cherished unrestricted solidarity with the comrades. Similarly, the SADC tribunal is snubbed by Mugabe with no reprehensions. Activities such as trans-border management of water resources have, so far, not produced very promising results, either. The already cautious assessments by Adelmann (2007), Qualmann (2008) and Vogt (2007) on the SADC activity levels in international and domestic affairs may in our view be sharpened: it is difficult to pin down substantial results from any activity that can be operationally attributed to SADC institutions. Certainly, it must be conceded that several of the more successful cross-border initiatives make a clear reference to SADC and may thus be seen as being conducted in the spirit of SADC. The protocols and agreements at least appear to be useful in granting credibility and legitimacy to otherwise unilateral or bilateral endeavours.

Turning to trade policy and other economic aspects begs the same question: has SADC been operationally successful in this area? The trade figures depicted in the ADI table above are anything but promising. Even with the data corrected for 1990 and 1995, the figures are surprisingly low and deteriorating. The massive factor movements between the countries, migration in particular, must be seen as largely unintentional and are a declared obstacle for further deep integration rather than a result of deliberate liberalisation steps. With regard to trade, SADC has failed to properly implement a comprehensive PTA although members had even agreed on a FTA in 1996. When the FTA was finally inaugurated in 2008 (notified to the WTO already four years before) still important members failed to take part, and new levies – usually dubbed ‘exceptional’ – continue to pop up along with arbitrary NTBs. Nonetheless, tariffs in SADC countries have on average decreased.

However, and this is our key observation, it does not necessarily imply that these reductions are a genuine result of the SADC integration process. We are faced with a double attribution problem here: not only whether tariff liberalisation has yielded growth in trade is unclear, but also whether the liberalisation steps are in actual fact a result of SADC policy. Note in this respect (graph 4) that according to World Bank calculations, almost two thirds of the (trade-weighted) tariff reductions of the 33 most important developing countries have been conducted unilaterally, a quarter following multilateral agreements and only ten percent as a result of regional agreements (World Bank 2005).§

§ The unilateral steps are referred to as ‘autonomous liberalization’ in the World Bank report but this appears to be a bold euphemism because forced liberalisation measures within the framework of structural adjustment programs make up a considerable part of this category.
In case of SADC, the severe overlaps and the dominance of the far advanced SACU lead clearly to the assumption that SADC-attributable tariff preferences are likely to be marginal. The institutional peculiarity of SADC – the merger of a working customs union with fairly unorganised neighbouring countries – appears to be reproduced down to the present day: while SACU has by and large met its obligations vis-à-vis the SADC, the non-SACU countries have failed to do so among themselves and vis-à-vis the SACU. This is to the greatest extent due to a discrepancy between formal international agreements and the translation into the national laws: contrary to the situation in the EU, decisions by SADC bodies have no binding force. In contrast to such reluctance to liberalise regionally, there has been an amazing proliferation of additional bilateral trade agreements within the SADC region – not only with ROW countries, but particularly with other SADC members (see Lee 2003). Vogt (2007:263) lists more than 30 of such bilateral agreements that were in force in 2007. Surprisingly enough, this is explicitly permitted under the SADC protocol. In most cases preferences are exchanged between two SADC members because the parties do not want to extend them to South Africa. However, even bilateral agreements between SACU and non-SACU members exist (e.g. between Namibia and Zimbabwe), thus explicitly violating the CET of SACU. Such tariff reductions are self-evidently anything but attributable to SADC. To the contrary, one should expect that the recourse to such bilateral remedies fades away in successful regional integration. It does not. The bilateral agreements inside SADC, along with the unending resurgence of unilateral NTBs, must thus be seen as symptomatic for an overall lack of commitment. At best, again a spirit of SADC trade policy has given wings to such decentralised preference granting and has thus been effective in indirect ways. This again appears to be speculative, all the more as some member states currently pursue in COMESA the creation of a CET that violates SADC rules and discriminates against South Africa (Mulaudzi 2008). In view of SADC’s debatable relevance for actual trade policy, its faint performance on the regional policy scene and its fragile or at least incomplete status from an administrative and judicial perspective calls into question the organisation’s current material existence. Pointing to SADC’s exceptional focus on sectoral endeavours in the areas of energy and infrastructure, such a conclusion may need some qualification (see e.g. Yang and Gupta 2005).
Nonetheless, as the successful projects like Lesotho highlands water programme or the Maputo corridor are either bilateral undertakings or rely for third party contributions on northern donors, SADC appears to be more of a legal title that qualifies SADC member countries and the SADC administration for generous development aid rather than a functioning REC.

6 The EPA Interplay

The proposed Economic Partnership Agreements between the EU and the ACP countries are a multifaceted and complicated North-South process that is impossible to reproduce in this overview that is mainly occupied with South-South regionalism in Africa. Nonetheless, its direct impact on regional communities in Africa makes a short reflection on the EPA interplay inevitable. Indeed, the controversies surrounding the EPAs cut across almost all issues discussed above.

The EPAs clearly stand for the ‘rise of regionalism’, in the sense of deep inter-regional integration and proclaimed support for economic integration within the respective ACP regions. When compared to the preceding Lomé framework, the regional component has been considerably strengthened, as not single countries or the whole ACP bloc negotiate with the EU, but regionally defined groups. The EU commission constantly puts to the fore that EPAs are explicitly meant to strengthen regional integration among ACP countries. However, a number of controversial features in the EPA drafts of the EC have evoked a lively debate on the question whether North-South regionalism may actually reduce the prospect of South-South regionalism (see e.g. the contributions in Asche and Engel 2008).

One of the most controversial issues with regard to the EPA negotiations directly concerns the REC entanglement graphically described by the Spaghetti Bowl. The EPA framework explicitly requires CETs on both sides. However, the initial EPA groupings in Africa did not correspond to existing RECs, let alone to any working customs union: The ECOWAS grouping was entitled with the responsibility for its entire membership plus Mauritania, the EPA-CEMAC group has been extended to Sao Tomé & Principe and DRC (though a SADC member) and ‘ESA’ was an invention for the COMESA countries that are not part of the SADC framework. In Southern Africa, not SACU or SADC but a trunked SADC-7 was chosen as negotiating platform – initially without South Africa, not being a full-fledged ACP country (and having already a bilateral agreement with the EU). Later on South Africa was allowed to join, but ultimately failed to sign an interim EPA, together with Angola and Namibia, while the remaining SACU-members (Botswana, Lesotho, Swaziland) agreed on a common trade liberalisation schedule and Mozambique on a separate one. SADC is not the only REC that has been shattered by the EPA negotiations: in ECOWAS, the two non-LDCs Ghana and Côte d’Ivoire signed individual EPAs with two different liberalisation schedules, the latter disrupting the UEMOA setting. In central Africa only Cameroon has initialled an EPA and has thus diverted from its CEMAC partners. ESA has six signatories to the EPAs (with only five of them having a liberalisation schedule) – all others have resisted to signing an EPA.

If the EPAs have been intended by the commission in Brussels as some kind of African-wide stress test, which only lets the strongest RECs survive and the others come out completely reshuffled, this strategy has so far been fairly successful, with one exception: the EAC, incidentally on a determined course of implementing its
CET and under strong pressure from Kenyan agricultural exporter interests, came out strengthened as Tanzania left the SADC negotiation group (*nota bene*: not SADC) to form an EAC-EPA with the four other EAC members that have opted out of the ESA-framework.

That this did not work in the other cases is anything but a surprise, as diverging interests between LDCs and Non-LDCs are a problem in all African EPA groupings. Confronted with the EPA trade liberalisation requests, the poor LDCs are mainly concerned with reduced tariff revenues and unhampered agricultural *imports* from the EU threatening their peasantry. When refusing to sign an EPA, they have little to loose as they only risk falling back to the quite favourable *Everything but Arms* (EBA) schedule, which is irrevocable for LDCs. By contrast, the Non-LDCs like Botswana (for beef, not diamonds), Cameroon, Côte d’Ivoire, Ghana and Kenya are rightly worried about their agricultural *exports* to the EU if they were deprived of preferential treatment and suddenly had to pay again sizeable duties. They are thus quite eager to sign an EPA. One would be amazed if such a constellation had not disrupted most of the African RECs.

Let us finally turn to the SADC again: here, divergence of interests is of course most pronounced between South Africa and the rest of the pack. Of late, Draper and Khumalo (2009) convincingly summarized the dilemma: South Africa’s industrial policy tries to *shield* key sectors against increased EU influence and to diversify trade away from the North, favouring new partners like China and Brazil; at the same time Pretoria is – much like African LDCs – not in a hurry to sign an EPA, as South Africa already has its (bilateral) accord with the EU, the TDCA. In stark contrast, some of the neighbours tend to set themselves free from South African dominance by further *opening* the door to European investors. This extends to banking, insurance, or tourism – thus their openness to the EC’s longer deep integration list. By their signature to an Interim-EPA, for some in formal contravention to the SACU statute, they put even the customs union at risk, on which they rely for much of their fiscal revenue. It will require cold blood and able politicians to reconcile the centrifugal interests. The SACU-SADC story carries the wider-ranging lesson that industrial policies, to which African countries now increasingly return, only make sense as regional undertakings, not unilateral ones.

7 Conclusion

While observers from the European continent follow regional integration in Africa with great sympathy and typically suppose that sluggish development may in part be overcome by accelerated integration along the line of the successful European Union, economists remain deeply divided over the theoretical justification for South-South free trade areas. This is important to notice for development aid that starts out from the premise that regional bodies are worthwhile undertakings wherever they are. In fact, regional economic communities in Africa have mostly taken off as political undertakings and have mushroomed to such an extent that an economic rationale is hard to perceive, with the numerous overlaps stylized as Spaghetti Bowl. In terms of trade integration, African RECs have economically achieved fair-

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9 In fact, in a forward looking perspective they have quite something to loose, as EBA rules of origin seriously get in the way of regional industrialisation – but for most LDC governments, this is the lesser of their sorrows.
ly little out of their own free will. With the three monetary unions being remnants of a colonial past and their optimality still being in dispute, trade integration is shallow – at least for the formally recorded exchange of goods. For a substantial part, this is due to missing complementarity among African economies. Another reason is lack of political commitment to carry through the formally agreed trade liberalisation schedules within Africa. While African countries are forced to open up more and more towards the rest of the world, not the least by the EPAs, internally held up tariffs and newly erected non-tariff barriers or countervailing measures hamper trade integration.

In sum, we have a mixed picture of unevenly integrated sub-regions in Africa. Formal trade integration is mostly low while informal trade and factor mobility make up for some deeper integration. Some RECs now seem to seriously speed up enforcement of free trade areas, customs unions and even common markets. The East African Community is a case in point where the emergence of a truly integrated market might be expected in the near future (2010) despite occasional hiccups and serious governance deficits in some member states. By contrast, the Southern African Development Community, another much heralded and donor-supported REC, remains difficult to grasp as to its economic reality. Launched as a FTA, nominally four fifths of trade should be tariff-free, but inability of the weaker SADC economies to cope with South African competitors works against full trade integration. Moreover, our estimate has shown that even achieved trade liberalisation is difficult to be attributed to SADC in operational terms, and the SADC organs appear unable to enforce rules upon contravening members.

Now, the pattern is further complicated by inter-regional deep integration like the Economic Partnership Agreements of the EU. While EPA negotiations rather help with regional cohesion in eastern Africa, they have cracked up regional configurations in southern, central and western Africa, and African countries are now deeply divided over decisive issues like their common external tariff, MFN rules, export taxes, infant industry protection, rules of origin, and food security. Even SACU, Africa’s oldest REC, is in actual danger. Just in the best case the SACU will emerge reinforced from the current trouble with external tariffs and internal policies harmonised – overdue since the unilateral signing of South Africa’s TDCA with the EU.

While legal harmonisation throughout African regions makes considerable progress, as documented in this volume, despite the diversity of African legal systems, regional economic integration is at historic crossroads in Africa, and wise politicians are in dire need in both Brussels and some African capitals, willing to make far-reaching concessions and implement inter-regional compromise instead of imposing unilateral political will. Broader civil society and private sector associations need to more strongly support some regional communities that still remain the elite projects as which they once started.
Bibliography


