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▷ The Regional Integration Facilitation Forum

A Simple Answer to a Complicated Issue?

by

Henry Mutai*

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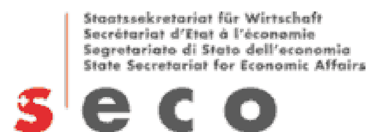

* *Researcher,* ***tralac***

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1. Introduction

Regional integration in Africa generally, and Southern Africa in particular, has a long, complex and troubled history. Regionalism[1] has been extensively promoted as an efficient means of fostering closer economic co-operation and enhancing the participating states' prospects for faster economic development and better living conditions. By creating a larger, unified market through the elimination of regional trade barriers, economic integration allows for the exploitation of comparative advantage within a region and permits nations to specialise in the production of the goods best suited to their resource and labour endowments. The resulting increase in intra-bloc trade in turn leads to more rapid economic growth and better standards of living (LeClair 1997:1). RTAs are accordingly seen as an essential route to economic development (Gibb 1998:289).

In the Southern African region[2], this belief has resulted in the establishment or revival of no less than five regional trading arrangements (RTAs)[3] over the past 25 years. The hope has been that by engaging in regional integration, countries in the region will be able to tap into its potential to act as a "source of enhanced trade and investment, economic efficiency, and growth generally" (Sharer 2001:16).

The reality of regionalisation has, however, proved to be a sobering experience for all concerned. The process has been dogged by a wide variety of problems. The absence of well-formulated, cohesive policies, and appropriate institutional and legal frameworks have emerged as some of the more glaring shortcomings. Overlapping memberships, conflicting obligations,

differing strategies and objectives, as well as conflicting rules and administrative procedures are other weaknesses that characterise the current integration process (Sharer 2001:16). Political concerns about the potential loss of sovereignty to supranational bodies have also held back the implementation of many agreements. As a result the potential benefits to be obtained from integration and economic liberalisation have been slow in materialising.

If the best use is to be made of the scarce resources available within the region, there will need to be greater co-operation between countries and between the multiple existing RTAs in order to harmonise and coordinate trade policies. By creating a long-term framework within which all RTAs across the African continent, not just those in Southern Africa, will eventually be rationalised, the Treaty establishing the African Economic Community (AEC) can be regarded as providing one solution.[4]

However, one weakness of the AEC model is that it adopts a "top-down" approach to integration that does not take adequate account of the prevailing situation at the country-level, which is where trade policy decisions are implemented and where protectionist feelings are often at their strongest. Without progress at the national level, there is little hope that the six stages anticipated by the AEC Treaty will be implemented and the target date for the creation of a common market met.

One initiative that provides an alternative solution, and which has taken the opposite tack in promoting a "bottom-up" approach to integration, is the "Initiative to Facilitate Cross-Border Private Investment, Trade, and Payments in Eastern and Southern Africa and the Indian Ocean" (for short, the Cross-

Border Initiative or CBI), now known as the Regional Integration Facilitation Forum (RIFF) [hereinafter referred to as the CBI/RIFF]. The CBI/RIFF is notable for taking a pragmatic approach to integration and seeking to assist participating countries that wish to engage in accelerated economic reform and trade liberalisation and to involve RTAs. It emphasises national action and, by including the private sector, ensures the involvement of a key stakeholder.

This paper examines this alternative "bottom-up" approach to trade liberalisation. It concludes that this approach, in spite of some weaknesses, does offer the best prospect for short-term co-ordination and harmonisation of trade policies. Besides discussing the central features of the Initiative, the paper also examines how a sample of participating countries has fared in formulating and implementing their trade policies. This examination reveals that though tangible progress has been experienced under the stimulus of the CBI/RIFF, a lot remains to be done in terms of assisting countries to identify priority areas.

The paper is organised as follows: Part II of the paper comprises a discussion of the CBI/RIFF. Its main features are analysed and its suitability as a model to be followed in harmonising trade policies assessed. In part III, regionalism in Africa is discussed in more detail. The trade framework in Southern Africa is set out with the principal trade-related provisions of COMESA and SADC, as the largest RTAs in the region, being highlighted.

Part IV examines the economic positions and trade policies of the three participating countries (chosen at random) Malawi, Mauritius and Zambia, which make up the sample.

Interactions between countries at the individual level, and as components of RTAs, provide the fabric of the multilateral trading system. Part V briefly looks at how regionalism relates to multilateralism.

Part VI contains some final thoughts and conclusions as to the future direction of trade policy and regional integration in Southern Africa. It is contended that any prospects for effective co-operation and integration are heavily reliant on the measures that occur at the national level being coordinated in order to conserve resources and create synergy between policies applied at the national level and those applied regionally. Such a synergy can be achieved through the innovative partnership promoted by the CBI/RIFF. The participation of donors in the Initiative responds to one of the obstacles often cited by governments for their failure to implement reforms, that is, a lack of funds. A "top-down" approach, on the other hand, is unlikely to achieve much success in the short-term as it epitomizes a utopian view of integration where political and economic targets are set without adequate consideration being given to the means available for the achievement of those aims.

2. The CBI/RIFF: An Informal Approach to Integration

The proliferation of RTAs with overlapping memberships is frequently mentioned as one of the chief obstacles to constructive regional integration, the term "constructive regional integration" being used to mean the creation of *unified* markets consisting of several states. Though various solutions have been devised (such as the AEC), this part assesses the potential of the CBI/RIFF to provide an alternative solution capable of expediting the integration process.

2.1 Background[5]

The origins of the CBI/RIFF can be traced to the July 1990 Maastricht Conference on African Development. At that Conference, various African Heads of State formulated a request for more assistance in achieving effective cross-border integration in Africa and more feasible outward oriented economic reforms. This request was taken up by the World Bank, the International Monetary Fund (IMF),[6] the European Union (or, to be precise, the Commission of the European Communities) and the African Development Bank (ADB) in the context of Eastern and Southern Africa. A consensus then arose between the countries of Eastern and Southern Africa and their co-operating partners (World Bank, IMF, EU and ADB, later referred to as the co-sponsors) on the need for closer regional co-operation and integration to assist African countries develop their economies and thus improve the living conditions of the people of the region.

Following on the Maastricht Conference, the EU (in collaboration with the World Bank, IMF and ADB) commissioned a study on the constraints to cross-border trade, investments and payments in Eastern and Southern Africa. The study revealed that most of the constraints were related to the limited development of infrastructure in the region and to the rules and regulations governing trade, investments and payments. It also found that the existing regional groupings had already identified and proposed solutions to these barriers but that national governments were often very slow in implementing agreed reforms.

The study culminated in a workshop being held in Mauritius in June 1992 to which all the interested countries in the region and the various regional

organisations were invited.[7] At this workshop, which came to be known as the First Meeting of the Technical Working Groups (TWGs), discussions centred on the 1991 study. Agreement was reached on the terms of reference for studies that would be carried out by all the participating countries on the specific constraints to cross-border trade and payments in each country. These studies were to be conducted by national TWGs.

A second workshop was held in Zimbabwe in December 1992 where each TWG presented a report in respect of the terms of reference agreed in Mauritius. A Common Programme of Action (CPA) was then prepared comprising measures that would be undertaken on a reciprocal basis by those countries committing themselves to the programme. A Concept Paper (CP) suggesting the core policy and institutional requirements of the CBI was then developed from the CPA, presented to, and endorsed by a meeting of senior officials in Brussels in June 1993.

The section of the CP concerning trade provided for actions to be taken in the areas of import and export liberalisation, the liberalisation of trade in services and the facilitation of intra-regional trade. The specific measures proposed included the dismantling of import licensing and similar non-tariff barriers, the elimination of tariffs on intra-regional trade on a reciprocal basis by 1996, the elimination of quantitative restrictions on exports to all countries and the taking of parallel actions with regard to the import and export of services. The CP thus anticipated a fairly rapid pace of liberalisation.

A First CBI Ministerial Meeting was then held in Uganda in August 1993 at which the Concept Paper was adopted. At that meeting issues relating to the impact of the proposed measures on government budgets and balance of

payments as well as the danger of deindustrialisation were raised. The question of compensation was also raised by participating governments and the co-sponsors indicated their willingness to make funds available during the transitional phase. The co-sponsors also requested the participating countries to establish Project Implementation Committees (PICs) to handle the negotiations. It was also at this meeting that a Steering Committee was established to coordinate the work of the co-sponsors. Together with the four co-sponsors, the Steering Committee is comprised of six selected participating countries as well as the Secretariats of COMESA, EAC, IOC and SADC.

During the next phase of the project, which lasted from January 1994 to December 1995, 14 participating countries requested to enter into negotiations with the co-sponsors in the context of the CBI. The countries were asked to prepare Letters of CBI Policy (LCBIP) spelling out the country's status on implementation of the CP measures and giving plans for the implementation of the outstanding measures. Exchanges on the letters would thereafter take place between each individual country and the co-sponsors until agreement was reached and an acceptable letter was signed. Financial assistance would then be released for the country.

2.2 The Trade Reform Agenda

At the second Ministerial Meeting held in Mauritius in March 1995, a review of the participating countries' experiences in implementing the CBI Agenda was undertaken. It was agreed that the principle of reciprocity, especially with regard to regional tariff preferences, would be maintained but that in other areas action would be taken unilaterally.

This meeting is significant as it marks the endorsement of an overall “Road Map for Trade Reforms” by the CBI countries. The core features of the Road Map were:

- the immediate elimination of all non-tariff barriers on intra-regional trade;
- the removal of tariffs on intra-regional trade by October 1998; and
- the harmonisation of external tariffs by having no more than three non-zero rates, a trade weighted average tariff of not more than 15 per cent, and a maximum rate of between 20 and 25 per cent by 1998.

Other features were the incorporation of all other duties and import charges, including surcharges, into the tariff structure, and the harmonisation of the limited list of items subject to non-tariff barriers for non-protective purposes.

The national TWGs held their third meeting in April 1996, also in Mauritius, at which progress on various CBI issues was discussed. Agreement was also reached on the design of a Harmonised External Tariff (HET) as well as its structure and timing. The co-sponsors also indicated their willingness to guide and assist the participating countries with respect to HET work.

A third Ministerial Meeting was held in Harare in February 1998 at which it was agreed to continue and broaden the CBI and to focus its future activities on creating a conducive environment for investment. Accordingly, the co-sponsors were asked to prepare a “Road Map for Investment Facilitation” consisting of a framework for the design and implementation of a programme that each participant could follow to attract investment from within and without the region. It was also agreed that the deadline for a free trade area would be extended to 2000.

The draft Road Map was discussed with the TWGs in November 1998 before being submitted to the Fourth Ministerial Meeting in Mauritius in November 1999. The meeting resolved to prepare individual country programmes for investment facilitation consistent with the agenda set out in the Road Map.

At the Fifth Ministerial Meeting in May 2000 it was decided that the next phase of the project should be launched under the name "the Regional Integration Facilitation Forum" (RIFF). Following the expiry of the contract of consultants who had been charged with administering the CBI it was also decided that the activities of the TWGs should be administered by the COMESA Secretariat in future and that the focus should turn to the implementation of the Road Map for Investment Facilitation.

2.3 Principal Features of the CBI/RIFF

The RIFF is essentially a common policy framework that "aims to facilitate cross-border economic activity by eliminating barriers to cross-border flows of goods, services, labor (sic), and capital, as well as to integrate markets through a co-ordination of reform programs..." (The Cross-Border Initiative in Eastern and Southern Africa 1999:1) The Initiative was established primarily to assist in creating conditions for more beneficial integration of countries in the Eastern and Southern Africa region. The creation of a new permanent structure was avoided and instead responsibility for designing and implementing measures was placed at the national level. The integration agenda has been worked out in collaboration with the RTAs and has been designed to reinforce, not replace, their efforts (EU 2000:11). The promotion of a pragmatic approach that permits regional integration to occur at variable

speeds, ensuring that the pace of integration is not determined by the slowest member of the RTA has been a highlight of the RIFF.

2.4 Benefits and Drawbacks of the RIFF Approach to Integration

A key strength of the RIFF approach has been the participation of donor agencies as co-sponsors. These agencies have been able to prevail on participating countries to formulate pragmatic commitments and to adhere to reform programmes to a large extent. This has been possible because they have also been able to provide useful technical assistance to the countries, many of whom have limited resources.

In terms of participation, the Initiative has been a great success in its involvement of the private sector in the work of the TWGs. The input of the sector has assisted in the identification of barriers to trade and in providing a strong lobby against government temptation to reverse policy reforms. However, two important parties are notable for their absence. The first is the WTO. Though its absence is understandable given the fact that the Initiative came into being before its birth, as the paramount body on the international trade scene, the WTO's absence represents a significant weakness in the current setup of the CBI/RIFF. The second significant absence is that of South Africa. Given its status as the economic powerhouse of Sub-Saharan Africa and its participation in SACU and SADC, its active participation is essential to the success of any move towards the harmonisation of regional trade policies.

The informal nature of the arrangement has also been a weakness in at least two ways. It has been observed that "the ability of a regional arrangement to

bind the government to reform can be important for the success of that reform even when it confers only modest direct benefits" (Ethier 2001:13). One of the advantages of a formal regional arrangement is that it establishes an external commitment to reform that (no matter how weak) binds future governments thereby making the future preservation of reform more credible, even if only slightly (Ethier 2001:13). Given the weak political will of some countries in the region this can be an important factor. Thus although the RIFF has avoided adding to the long list of RTAs in the region, the absence of binding commitments such as exist in a treaty framework could pose a problem.

Secondly, the success of the RIFF has hinged to a large extent on the personal commitment shown by key managers, such as the chairpersons of the TWGs (EU 2000:21). This has meant that countries where there has been a strong, committed leadership have obtained the most benefits and, conversely, where there has been internal instability, for example, there has been little progress in programme implementation. The reform process in such countries can therefore suffer from instability and a lack of predictability, which is a disincentive to investors.

Thus, despite its informal nature, the Initiative has been instrumental in enabling participants to agree upon an agenda for expediting trade liberalisation and hence integration.

In the following part of the paper, a more detailed examination of the current formal trade framework in Southern Africa is undertaken. The importance of trade to the region's development is also discussed, as are some of the obstacles to increased integration.

3. Southern Africa's Experience with Regionalism

3.1. Background

An analysis of African trade policy regarding regionalism is complicated by the fact that integration in Africa is generally multifaceted in nature and extends well beyond the traditional liberalisation of trade in goods.[8] This means that trade policy is often just one of many factors considered when decisions regarding integration are made. This fact must be borne in mind in any meaningful appraisal of regional trade policy.

Economic integration in Southern Africa can be traced as far back as 1910 when an agreement was signed between the Union of South Africa and the British protectorates of Bechuanaland, Basutoland and Swaziland establishing the Southern African Customs Union (SACU). For a long time, however, the direction of trade and integration on the continent was influenced by colonialism, which promoted economic ties between the various colonial powers and their colonies rather than between the colonies themselves.

In the wave of euphoria that followed independence in the late fifties and early sixties, integration acquired a greater political dimension and was enthusiastically promoted as a strategy that could help regain African dignity and attain self-sufficiency. This political emphasis was reflected in the Charter of the Organisation of African Unity, which declared the member states' resolve "to reinforce the links between [them] by establishing and strengthening common institutions".

Industrialisation and the adoption of inward-looking, import-substituting economic policies as well as greater South-South co-operation were viewed as the best ways of changing the direction of trade, improving living standards

and shedding any lingering chains binding the newly independent states to their former oppressors (Mulat 1998:115).

By the late seventies and early eighties, however, the dream of faster development had proved to be just that: a dream. The fragmented nature of the continent and the small size of individual country markets, among other factors, posed a formidable obstacle to the attainment of these economic goals. Despite, or possibly because of, this lack of measurable progress on the ground, in April 1980, African leaders meeting in Nigeria adopted the Lagos Plan of Action and the Final Act of Lagos, which called for the setting up of an African Economic Community by the year 2000. The overly ambitious nature of this goal was soon revealed when the stated target for the submission of a draft of the Treaty Establishing the AEC, the 1981 Assembly of Heads of State and Government, was missed.[9] It was not until ten years later, in 1991, that the Treaty Establishing the AEC (also known as the Abuja Treaty) was signed.

The conclusion of the AEC Treaty occurred at a time of significant change on the world stage. Politically, the Cold War had just ended while on the trade front, the GATT Uruguay Round negotiations were still going on. In Africa, there was a fear that the developed world would now shift its attention to the former socialist countries of Eastern Europe and that as a result Africa would suffer further marginalisation. Confronted with decreased aid flows from traditional donors and slow growth, African countries had to undertake drastic policy reforms in the form of structural adjustment programs instigated by the IMF in order to ease the plight of their beleaguered populations and ensure

their economic survival. These programs emphasised economic liberalisation and political democratisation (Gibb 1998:287).

3.2. Trade and Its Role in Development

A substantial improvement in Africa's trade performance is essential if the continent's primary goal of improving its peoples' living conditions is to be achieved (Sharer 2001:14). However such an improvement will not take place until and unless the underutilisation of regional resources and consequent failure in the generation of economies of scale is addressed. Increased economic co-operation provides a way of addressing the issue by enabling the smallness of markets of African countries, both in size and purchasing power, to be overcome.

The best manner in which this co-operation should occur, however, is not universally agreed upon. An intense debate has taken place within academic circles over whether liberalisation is in the interests of African countries. Proponents of liberalisation and outward-looking policies argue that regional integration should be directed at establishing credibility and attracting investment in the region's economies (Gibb 1998:298). Opponents, on the other hand, argue that market forces exacerbate inequalities and hamper long-term development.

For the moment, proponents of liberalisation hold the upper hand though the liberalisation promoted is not of the universal, most-favoured-nation kind. Instead, regional integration is regarded as providing the best way of penetrating competitive global markets and attracting foreign direct investment (ECA 2002). The push to integrate regionally has led to the

creation of multiple, overlapping RTAs. Every country in the region, save Mozambique, belongs to at least two RTAs.

The following sections contain a brief examination of the two largest RTAs in the region, COMESA and SADC. The objectives aimed at and the trade policies formulated to achieve those ends, in particular, are discussed.

3.3. COMESA[10]

The history of COMESA can be traced back to 1965 when UNECA convened a ministerial meeting in Lusaka to consider proposals regarding the creation of a mechanism to promote regional integration among the newly independent states of the Eastern and Southern African region. The meeting recommended the creation of an Economic Community of Eastern and Southern African states. In 1978 this recommendation was followed by the adoption of the "Lusaka Declaration of Intent and Commitment to the Establishment of a Preferential Trade Area for Eastern and Southern Africa" (PTA) and the setting up of a team to negotiate a Treaty for the establishment of the PTA. Once the preparatory work had been completed, a meeting of Heads of State and Government met and signed the Treaty Establishing the PTA.[11]

The PTA's main aim was the establishment of an economic community with the creation of a preferential trade area being a first step along that path. The PTA Treaty created a unified Secretariat and placed an emphasis on the exchange of goods and services (Takirambudde 1999:152). Member States agreed to progressively reduce tariffs and non-tariff barriers on the basis of an agreed list of products consisting of those goods recognised as originating from within the PTA. Special provisions were also included to cater for the

situation of Botswana, Lesotho and Swaziland, who were parties to the SACU, by granting them concessions on a non-reciprocal basis.

Following the signing of the Abuja Treaty, it became necessary to restructure the PTA to conform to the vision of a continent-wide community. This was achieved through the 1993 signing of the COMESA treaty, which subsequently came into force in December 1994. COMESA currently has 20 members.[12] As a common market, the aims of COMESA (as set out in article 3 of the Treaty) include, inter alia, the promotion of "…joint development in all fields of economic activity and the joint adoption of macro-economic policies and programmes to raise the standard of living of its peoples…"

In the context of the multilateral trading system, COMESA was notified to the WTO under the Enabling Clause in May 1995. As such, it did not have to undergo an examination under Article XXIV, GATT 1994.

To accomplish its goals, the Treaty establishes various organs. These are the Authority, the Council of Ministers, The Committee of Governors of Central Banks, the Intergovernmental Committee and the Technical Committees. There is also a Secretariat headed by the Secretary-General.

In the area of trade, the Member States have undertaken to:

a) establish a customs union, abolish all non-tariff barriers to trade among themselves; establish a common external tariff; co-operate in customs procedures and activities;
b) adopt a common customs bond guarantee scheme;
c) simplify and harmonize their trade documents and procedures;
d) establish conditions regulating the re-export of goods from third countries within the Common Market;
e) establish rules of origin with respect to products originating in the Member States; and
f) recognise the unique situation of Lesotho, Namibia and Swaziland within the context of the Common Market and to grant temporary exemptions to Lesotho, Namibia and Swaziland from the full application of specified provisions of this Treaty.

Member States are also obliged by the provisions of article 5 to take the necessary "steps to secure the enactment of and the continuation of such legislation to give effect to [the] Treaty" and to provide the Secretariat with "copies of all relevant existing and future legislation and its official gazettes". The Secretary-General is endowed with powers under article 17 to, inter alia, ensure that the objectives of the Treaty are attained, investigate, on his own initiative or on the basis of a complaint, presumed breaches of the provisions of the Treaty and keep the functioning of the Common Market under continuous examination. Primary responsibility for the monitoring and review of the proper functioning of the Common Market, however, rests on the Council of Ministers.

The key programme priorities for COMESA have been the formation of an FTA by October 31, 2000 and the formation of a CU with a Common External Tariff by 2004. The programme proposed the progressive reduction of tariffs, starting with a 60% reduction by 31 October, 1993; 70% a year later, 80% reduction by 31 October, 1996, 90% reduction by 31 October, 1998; and total elimination by 31 October, 2000. This tariff reduction was to be accompanied by the removal of the remaining non-tariff barriers. Congruence with the CBI trade agenda is apparent in this timetable.

Due to disparities in the levels of development, not all COMESA members were able to meet this target. When the COMESA FTA was launched on 31 October 2000 only 9 countries were able to participate.[13] Progress has also been made regarding the development of a Common External Tariff. Agreement has so far been reached to set the CET at 0%, 5%, 15%, and 30%

on capital goods, raw materials, intermediate goods and final goods respectively.

3.4. SADC

The issuing of the Lusaka Declaration in 1980 by the nine so-called "Frontline States" marked the genesis of the Southern African Development Co-ordination Conference (SADCC). SADCC functioned as a de facto international organisation not based on any treaty for about a year before a "Memorandum of Understanding on the Institutions of the Southern African Development Co-ordination Conference" was adopted on 20 July, 1981 (EU 2000:7). The Memorandum eschewed the establishment of a Secretariat and instead adopted the flexible structure desired by its Members whereby a designated Member State would have the responsibility of coordinating activities in a particular sector and the secretariat would only play a minimal role.

The principal goal of SADCC was not the creation of a customs union; rather it had the more modest aim of promoting economic co-operation to reduce economic dependence on South Africa (Foroutan 1992:9). As such, from its inception the organisation was targeted by the South African apartheid regime for destabilisation and sabotage (Gibb 1998:293). This had two unintended but favourable side effects: firstly, "it increased the cohesion of the SADCC states" and secondly, it prompted aid and sympathy from the international community to support the proposed projects (Foroutan 1992:10). This enabled it to survive as an organisation though it was unable to achieve much in the way of economic integration.

In 1992, a confluence of various factors including the dawn of the post-apartheid era in South Africa, Namibian independence and the signing of the Abuja Treaty, required SADCC to take on a fresh identity. It duly transformed itself through the adoption of the Declaration and Treaty of SADC at Windhoek,[14] which replaced the 1981 Memorandum and created SADC. Namibia joined SADC that same year while South Africa became a member in August 1994.

The new organisation adopted a more outward oriented, free-market based approach to integration that was more accepting of trade liberalisation (Gibb 1998:303). Though various areas of co-operation were identified, details regarding the objectives, scope and institutional mechanisms for co-operation and integration were left for inclusion in Protocols to be concluded at a later stage. The signing of the SADC Trade Protocol in August 1996 marked a significant stage in the move towards the establishment of a free trade area. Its objectives include the liberalisation of "intra-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements" and the establishment of a free-trade area in the region. Members have committed themselves to eliminating barriers to trade within a period of eight years from the entry into force of the Protocol. The Protocol provides, inter alia, for the elimination of import and export duties, non-tariff barriers as well as quantitative import and export restrictions.

The arrangements for the reduction of tariffs are complex and were the result of lengthy negotiations designed to take into account each country's capacity and concerns. For the purposes of liberalisation, countries have been classified into three groups: SACU members (i.e. South Africa, Botswana,

Lesotho, Namibia and Swaziland), developing countries (Mauritius), and least-developed countries (Malawi, Mozambique, Tanzania and Zambia).[15] SACU members (Category I) are to commence and complete tariff reduction in the early phases of the eight-year period, developing countries (category II) are allowed to put off reductions until the middle phase, while LDCs (Category III) will not start their reductions until towards the end of the period. Products have also been classified into three categories: A, B and C, with Category A being comprised of products for immediate liberalisation, B of products for gradual liberalisation and C of sensitive products to be liberalised last, in some cases, after the eight-year period (Ng'ong'ola 2000:498).

The Trade Protocol having entered into force on 25 January 2000, the Free Trade Area is scheduled to come about in 2008.[16] Being a free trade area, the Protocol only covers intraregional trade and does not address trade with non-members. It does, however, provide that Member States shall cooperate and conclude agreements with third countries "to facilitate and accelerate the achievement of the objectives of this Protocol".

The institutional structure set up by the 1992 Treaty consisted of six Institutions at the top of which was the Summit of Heads of State and Government. This framework was restructured in August 2001, when an "Agreement Amending the 1992 Treaty" was signed. The main changes made relate to the creation of an Organ on Politics, Defence and Security and a new Integrated Committee of Ministers in which each Member State will be represented by at least two Ministers. Another innovation is the creation of a steering committee known as the "Troika" whose primary function is to make decisions and facilitate the implementation of those decisions in between

meetings of the relevant institution.[17] Member States are also now obliged to set up SADC National Committees consisting of key stakeholders. Rivalry between COMESA and SADC led the latter, at its Johannesburg summit meeting in 1995, to decide that membership in COMESA was incompatible with SADC membership and that SADC states had to resign from COMESA (Gibb 1998:305).

3.5. The Problem of Regional Integration in Africa

The factors that hinder and influence regional integration in the Southern African region have been well documented. These factors can be classified into three general categories: economic, legal and political. Ahmad Aly (1994) described these three categories succinctly when he identified the three factors responsible for Africa's poor track record in achieving integration as being an inappropriate integration strategy, multiple overlapping organisations and memberships, and the dominance of politics.

Aly argued that the classical laissez-faire integration model that has been successful in developed countries relies on three principles: "incrementalism, the use of trade as a driving force of integration, and reliance on market forces as a pertinent integration mechanism". However, because trade has been conducted on a very limited scale among countries in the African region, the second of these principles has been lacking. Other obstacles to the working of the laissez-faire model that he noted are structural disequilibria, the domination of the manufacturing sector by multinationals, indispensability of customs revenues, scarcity of foreign exchange and problems relating to the distribution of benefits.

Another economic factor that has been blamed is the fact that most states in the region have been faced with economic circumstances that militate against the fulfilment of regional commitments (Takirambudde 1999:156). This has meant that members have often concentrated their energies on resolving national crises rather than on cooperating at a regional level. The lack of complementarity between the economies of the member states is yet another weakness that has been identified. Since the production structures of the RTAs are competitive in nature, with the states producing similar primary products, little trade can occur.

Politically, one shortcoming of integration policy that dates to the early post-independence era, is that regionalism had as its goal the cutting off of African economies from the outside world (Gibb 1998:299). Professor Amponsah (2001) makes the point that all the signatory nations to an RTA must view it as an effective vehicle for their integration into the global economy. This factor is linked to the lack of political will within some of the countries concerned (Takirambudde 1999:155). Unless all the participants in an RTA believe that integration into and participation in the multilateral trading system are worthwhile goals that are facilitated by regional integration, the political will needed to carry out reforms will not be forthcoming. A failure to create a regional identity has also been blamed for the slow pace of integration, especially with regard to COMESA (Gibb 1998:305).

At a legal level, the states' subscription to the dualist theory of international law has also contributed to the slow pace of integration (Takirambudde 1999:157). The result of this approach to treaty law is that without the legislation of treaty commitments into domestic law, the required

implementation does not occur and domestic courts show a reluctance to apply international law. RTAs involving developing countries have also been criticised for being imperfect in declaring unenforceable legal norms and for being so inarticulate in substance that they can be regarded as *nudum pactum*[18] (Kiplagat 1995a: 281). Kiplagat (1995b: 50) also notes that "where multiplicity does not relate to specialisation but instead evidences a duplication of resources … this leads to a substantial dissipation of energy". Given the scarce resources available in most of the region, such a waste of resources is unacceptable.

3.6. Conclusions

African countries have long embraced regionalism as a strategy to be promoted in the struggle for economic development. Accordingly, RTAs were established, objectives agreed upon and strategies laid out. However, little thought was given in the early stages of integration to the consequences that might follow from a failure to ensure coherence between the various integration schemes. It is only in the last decade that a sustained effort has been made to tackle the problems brought about by the multiple RTAs. One significant part of this effort is the CBI/RIFF, which, as was shown in Part II, has permitted members of different RTAs to harmonise their trade policies and create a conducive domestic environment for further integration in an informal setting. It has also played an important role in alerting regional leaders to the importance of engaging the region in the multilateral trading system.

In the next part we examine the progress that has been made at the national level in trade policy harmonisation, implementation and liberalisation through a comparative analysis of three countries.

4. Country Experiences

Having examined the general framework within which regionalisation has taken place in Southern Africa in part III; in this part a comparative analysis of the trade policies of three countries from the region (Malawi, Mauritius and Zambia) is conducted. The aim is to seek to identify those factors that have influenced their particular choices of trade strategy and to determine whether the CBI/RIFF has played any role in the formulation of trade policy. An evaluation of the effectiveness of the chosen trade policies will also be carried out to see whether any generally applicable conclusions can be drawn for the region as a whole.

4.1. Economic and Institutional Environment

4.1.1 Background

The World Bank classifies both Malawi and Zambia as low income, severely indebted countries (World Bank 2002). Mauritius, on the other hand, is one of the few success stories of the Southern African region and is classified as an upper-middle income country. Malawi's GNI per capita is a mere US$170 (2002) with 65% of its population living below the poverty line whereas Zambia's per capita GNI is US$300 (2002) and Mauritius has a per capita GNI of US$3,750 (2002). All three countries are members of COMESA and SADC as well as the WTO. The economic challenges facing the Malawian and Zambian governments in their efforts to improve the living standards of their people are immense.

4.1.2 General Economic Structure

Malawi and Zambia share similar economic structures in that both rely heavily on one sector of the economy for their export earnings. For Malawi, agriculture is the economic mainstay, accounting for 80% of total employment and 90% of export earnings (WTO 2002a). The Zambian economy on the other hand is heavily reliant on the mining sector with copper exports accounting for 80% of its total export earnings (WTO 2002b).

Having started off as an economy that was heavily reliant on the export of sugar, Mauritius has now diversified its economy though it still relies heavily on trade to sustain its economy (WTO 2001). Over the years Mauritius made effective use of the Lomé Convention, which was an essential instrument in its development and industrial diversification as it provided it with duty and quota free access to the EU market for its sugar at above world market prices. Besides agriculture, tourism, manufacturing (clothing and textiles), and finance now form important parts of the Mauritian economy. This diversification has been beneficial in providing a cushion because the sugar sector is now uncompetitive with the production cost being twice as high as the world average. Its manufacturing sector also faces challenges such as demand fluctuations in its main markets, a shortage of qualified, cheap labour and maintaining the competitiveness of its products in the market.

The Malawi manufacturing sector, which is similar to Zambia's and is nowhere near as strong as that in Mauritius, faces challenges brought about by: a weak industrial base, concentration on a few sub-sectors, limited linkages, inadequate standards and quality assurance, limited international marketing

capabilities, landlockedness resulting in high transport costs, and stiff competition brought about by the influx of cheap imports.

Trade liberalisation in Zambia, and the consequent freer entry of imports, has exposed weaknesses in the manufacturing sector. This has led to the closure of many firms, with others unable to withstand the competition from imports. A similar trend has occurred in Malawi.

The Malawian export sector is hampered by poor access to international markets, the low supply capacity of most of the non-traditional exports, and over dependency on a few traditional export products. Tobacco is Malawi's principal export. However, international demand for tobacco is threatened by the growing anti-tobacco campaign and this, in turn, poses a threat to the agricultural sector and export earnings.

The fisheries and clothing and textiles sectors, which offer some hope in diversifying Malawi's exports, also face challenges. In order to develop and fully exploit the fishery sector, it will be necessary to develop a comprehensive Sanitary and Phytosanitary measures framework in line with internationally established standards. Efforts at expanding the clothing and textile sector, on the other hand, face obstacles in the form of access to the primary markets due to transport costs and restrictive rules.

4.1.3 Trade Liberalisation Measures

With regard to the use of trade policy instruments, in Mauritius, changes in the tariff structure aimed at preparing local businesses for the challenges of trade liberalisation meant that by June 2001, 55% of tariff lines no longer attracted duty. Though a lot has been done to liberalise trade, export permits (a form of non-tariff barrier) are still required for some controlled items.

Malawi's achievements to date regarding tariffs include reducing maximum tariffs to a level of 25% and tariffs on capital goods to 0%. It has also relaxed foreign exchange controls, removed import and export licensing requirements (except in a few cases related to health, security, safety and the environment), eliminated non-tariff barriers and introduced tax reforms aimed at broadening the tax base. However, despite these changes, the liberalisation process "has failed to bring about a marked change in either the share of GDP or in the structure of Malawi's trade". This would suggest that reforms to the trade framework are not enough, by themselves, to bring about economic recovery.

Though the Zambian government has also undertaken reforms to its tariff system, it has expressed its fear that a reduction of tariffs will have a negative impact on fiscal revenues. Given the experience in Mauritius where the yield from customs tariffs decreased to 2.7% of GDP in 2000/01 from 5.7% in fiscal year 1995/96, this fear appears to be well-founded.

4.1.4 Trade Policy-making Set-up

At the institutional level, Malawi established a National Working Group on Trade Policy in 1997 with the goal of involving both the public and private sectors in trade policy formulation and implementation. This was in line with its commitments under the CBI. Two other bodies are involved in trade policy formulation: the Trade Agreement Working Committee which coordinates and discusses issues relating to bilateral trade agreements, and an inter-Ministry/Agency Committee on WTO matters whose function it is to follow up on WTO matters including the implementation of agreements.

Though this indicates a recognition of the need to have institutions that address trade policy issues, it is also a depressing reminder of the prevailing

tendency to establish multiple bodies dealing with the same issue. Such a duplication of resources is unnecessary and indicative of the poor allocation of scarce resources that is characteristic of a lot of African trade policy.

A much better approach would be to follow the example set by Mauritius where the government has set up a Trade Policy Unit to coordinate policy and ensure consistency. The Unit is responsible for, inter alia, shaping the government's negotiating position, ensuring the implementation of obligations, coordinating all matters relating to regional and international trade, preparing for the trade policy reviews and generally keeping a watching brief on WTO issues.

Trade policy in Zambia is supported at the institutional level by the TWG established pursuant to the CBI, which has been very active and effective in providing the Zambian government with arguments in favour of continued support for trade liberalisation and greater intra-regional integration.

4.2. General Trade Policy Objectives

4.2.1 Malawi

Malawi's overall economic objectives are laid out in a 'National Vision' that envisions the transformation of the country into a technologically driven middle-income economy by the year 2020. The government admits however, that consolidating the Vision "into a development framework with clear strategies and priorities for short and medium term attention" is the main challenge ahead of it.

The specific trade policy objectives of the Malawi government are, inter alia, to consolidate existing export products and markets as well as to diversify export product and markets in order to enhance foreign exchange generation.

Key factors that have been identified as prerequisites for improving the economic situation are "enhanced market access, balanced rules and well targeted, sustained financial and technical assistance as well as capacity building". Its government has expressed its intention to continue with a "trade liberalisation programme to encourage diversification of both imports and exports." Domestically, the government has embarked on policies and measures that address supply side constraints in order to facilitate growth in trade and investment.

4.2.2 Zambia

The Zambian government's trade policy is similar to Malawi's and is aimed at creating a competitive and productive economy. Its primary objectives are, inter alia, the maintenance of "an open economy with a liberalised import and export regime that supports industrial development," the search for new markets and the strengthening of ties with regional and other international markets. One key concern of the government is the establishment of "fair domestic and foreign trade regimes that facilitate trade to take place on a common set of agreed rules".

4.2.3 Mauritius

The aims of Mauritian trade policy have been to increase the standard of living and attain a high level of economic growth, objectives that have been more or less fulfilled. This has been achieved through a liberal, open and outward-looking economic and trade policy that have aimed at integrating the economy into the multilateral trading system. In order to meet the challenges of globalisation, Mauritius notes that it requires secure and enhanced

preferential access to markets, as well as assistance to meet adjustment costs and improve competitiveness.

The Mauritius government has taken it upon itself to look not just at external policy actions but has also taken action internally such as aiming at the establishment of a business environment that enables individual firms to build on their competitive advantage and not simply shelter from competition.

4.3. Regional Trade Policy

4.3.1 Malawi

Regional trade policy has been greatly influenced in all three countries by their membership of COMESA and SADC. The Malawi government has acknowledged that the existence of opportunities created by membership in these RTAs has been offset by difficulties that have arisen from overlapping membership with the private sector experiencing difficulties in understanding and interpreting the complex rules of origin. In spite of this lesson, however, it is still planning to negotiate new bilateral trade agreements with Mozambique, Tanzania and Zambia (all fellow members of SADC). Though this indicates a willingness to deepen integration and co-operation, for some reason the bilateral rather than regional approach to liberalisation appears to be preferred.

4.3.2 Zambia

The Zambian government has indicated its awareness of the fact that its dual membership of COMESA and SADC has brought about complications in managing regional trade policy and that the overlapping of some activities could bring about some duplication or even inconsistencies. It has, nevertheless, entered into bilateral agreements with various countries

including Egypt, a fellow COMESA member state. Like Malawi, it is also exploring the bilateral route to liberalisation with partners such as Botswana, the DRC, Mozambique, Namibia, Rwanda, Sudan, Tanzania and Zimbabwe (all fellow members of either COMESA or SADC).

Given the fact that all these proposed agreements would involve adding a further complexity to its trading regime as well as the expenditure of scarce resources, it is difficult to find a justification for the zeal to enter into more bilateral agreements. Considering that many of these countries belong to the same RTAs and that these RTAs already have timetables for integration, a better policy would utilise the existing political will to pursue deeper integration within those RTAs.

4.3.3 Mauritius

On the regional front, Mauritius' trade policy aims at attaining a more prominent role with a view to expanding the economic space of the country. As part of its regional strategy the Mauritian government has encouraged the delocalisation of labour intensive production to lower-cost areas in the region, particularly Madagascar, in order to mitigate the problem of labour cost. The complexities caused by the overlapping RTAs are also recognised by the Mauritian government, which notes that "imports from COMESA, SADC and IOC require a proper Certificate of Origin in accordance with the Rules of Origin criteria set out in the respective Protocols to enjoy preferential treatment". Moreover, in addition to its COMESA and SADC obligations, as a member of the IOC, Mauritius is also committed to the elimination of tariff and non-tariff barriers on a reciprocal basis with co-members.

4.3.4 Issues to Consider

This brief survey of these three countries' trade policies flags a couple of important issues for consideration with regard to the CBI/RIFF approach to integration. The first is that the political will to engage in further integration would appear to exist. The second is that there is a danger that this goodwill will be squandered in pursuing ill-advised trade arrangements that result in further overlap and greater complexities. Getting the secretariats of the RTAs more involved in providing a regional perspective to integration could lessen this danger.

4.4. Participation in the Multilateral Trading System

All three countries, being members of the WTO, are fully committed to the multilateral trading system, its objectives, rules and principles. However, the operation of the system raises certain concerns. For Malawi these include a wish that more effort is made to ensure that the rules and disciplines do more to strengthen supply capacities, improve market access for products of interest to her and provide flexibility in the use of appropriate policy instruments to enhance the process of structural transformation of the economy. Zambia's misgivings relate to any possible increase in the WTO agenda in view of the constraints it already faces in implementing its current obligations.

The lack of capacity to review and draft laws as well as build appropriate mechanisms for their implementation has been a major constraint to the implementation of WTO commitments for both Malawi and Zambia. Despite the technical assistance that they have received, they remain at a disadvantage regarding participation in the WTO due to their limited technical,

financial and institutional capacities. Some of the other factors that have prevented effective participation in the multilateral trading system include high tariffs, trade distorting sanitary and phytosanitary measures, and subsidies.

Mauritius, for its part, has participated actively in the WTO and been able to achieve compliance with WTO requirements regarding both sanitary and phytosanitary measures and technical barriers to trade. It would, however, like to see the concerns of Small Island Developing countries (SIDs) receive more attention and provisions being made to cater to the specific situation of SIDs that would smooth their integration into the world economy.

4.5. Conclusions

From this cursory survey, it is apparent that all three countries share a desire to improve their economies and recognise the importance of pursuing liberal trade policies. But whereas Mauritius has successfully transformed its economy, Malawi and Zambia have not been nearly as successful. One reason for this might be that both embarked on reforms later than Mauritius did. However, it is clear that the policies chosen have also played a role. It would appear that neither Malawi nor Zambia have a clear idea of what concrete measures are required, in spite of the former's 'National Vision', whereas Mauritius has identified a rise in labour costs as an issue that needs to be addressed and has come up with a workable regional solution: closer integration with Madagascar.

The need for more export markets and greater foreign investment in their economies is shared by all three countries and it is here that the CBI/RIFF can play a facilitative role. By encouraging faster moves towards regional integration, dependence on distant markets can be gradually reduced and

problems such as high transport costs can be overcome. More also needs to be done to provide Malawi and Zambia, as well as other similarly placed countries, with technical assistance to enable them to formulate appropriate trade policies. The RIFF has a continuing role to play in this regard.

5. Regionalism and the Multilateral Trading System

5.1. Background

Given the reality of globalisation, and the primacy of the multilateral trading system, no analysis of regionalism can be complete without a reference to the relationship between regionalism and multilateralism. This final substantive part of the paper examines, in brief, the international framework on which the multilateral trading system is based and the place of RTAs within that framework.

The activities of a whole host of multilateral agencies, such as UNCTAD, the IMF and the World Bank, necessarily impact on trade. However, since its birth on 1 January, 1995, the WTO has taken on the lead role in the multilateral trading system. Thanks to its wide membership and the responsibilities placed upon and accepted by those members by the WTO Agreement, the WTO is uniquely placed to provide a "common institutional framework for the conduct of trade relations among its Members".

As the Uruguay Round got under way in 1986, it was feared that multilateralism, which Prof. Jackson (1997:158) described as the "approach to international trade and other relations that recognizes and values the interaction of a number – often a large number of nation-states", was in decline. The importance and value of the multilateral system that had been in existence since 1947 lay in its establishment of a rule-oriented structure that

had been able to create greater predictability, redress unfair power imbalances and prevent escalating international tensions.

As a legal matter regional integration is of interest because, by facilitating the granting of trade preferences to regional partners, it derogates from the fundamental principle of non-discrimination underlying the multilateral trading system and embodied in the most-favoured-nation (MFN) principle.

During the Uruguay Round of trade negotiations, the issue of regionalism assumed a high profile in international trade circles due to fears that multilateralism as the preferred mechanism for trade liberalisation was being overshadowed. These fears were exacerbated by the passing of the Single European Act in 1985 and the establishment by the US of RTAs with Israel and Canada. Though the successful conclusion of the Uruguay Round put most of these fears to rest, the potential threat posed by the existence of RTAs is constantly debated.

These concerns were recently restated by the Director-General of the WTO, who noted that the current proliferation of RTAs was increasing the risks of inconsistencies between RTAs and between RTAs and the multilateral framework (WTO 2002c: 27). Members were "becoming entangled in diverse and relatively complex RTA policy regimes to govern their trade relations" and as a result, regulatory confusion, the distortion of regional markets and severe implementation problems was likely to arise.

The WTO has an important role to play in regulating RTAs. Unfortunately, it has not played its part very well. Members of the WTO are obliged to notify it of any RTA that they enter into. This obligation is derived from three sources: GATT 1994, GATS and the Enabling Clause. Once an RTA has been

notified, the Committee on Regional Trade Agreements undertakes the task of examining it to determine its compliance with WTO provisions.

5.2. Article XXIV and the Regulation of RTAs

The WTO does not bar members from establishing RTAs in the form of customs unions (CUs) and free-trade areas (FTAs). Indeed, in the preamble to the Understanding on the Interpretation of Article XXIV, WTO Members recognised that closer integration between the economies of parties to such agreements could contribute to the expansion of world trade. They also reiterated "…that the purpose of such agreements should be to facilitate trade between the constituent territories and not to raise barriers to the trade of other Members with such territories…"

Article XXIV defines a customs union as a single customs territory in which "duties and other restrictive regulations of commerce … are eliminated with respect to substantially all the trade between the constituent territories of the union or at least with respect to substantially all the trade in products originating in such territories" and "substantially the same duties and other regulations of commerce are applied…to the trade of territories not included in the union". For a free-trade area, on the other hand, duties and other restrictive regulations of commerce need only be eliminated on "substantially all the trade between the constituent territories in products originating in such territories".

Paragraph 5 sets out the external parameters of a CU, FTA, or interim agreement leading thereto. These are, generally, to the effect that duties and other regulations of commerce applied in respect of trade with non-parties be no higher than the corresponding duties prior to the formation of the RTA or

adoption of the interim agreement. Paragraph 5 also provides that any interim agreement shall include a plan and schedule for the formation of the RTA within a reasonable time.

The compensatory procedure to be followed if the formation of an RTA leads to an increase in bound rates is set out in paragraph 6. Prof. Jackson (1969:583) pointed out that the provisions of this paragraph indicated that a failure to follow the laid-down procedure would not automatically prevent a CU from qualifying for the GATT exception.

Paragraph 7 obliges Members to notify the WTO of any RTA and sets out the notification requirements for contracting parties desiring to enter into RTAs. It also sets out provisions permitting other contracting parties to make recommendations in the event they find that the interim agreement is not likely to result in the formation of a CU or FTA in the period contemplated. The paragraph also provides that any substantial change in an interim agreement is to be communicated to the Members. This provision was reiterated in the Understanding on the Interpretation of Article XXIV, which provides in paragraph 11 that CUs and constituents of FTAs should report periodically to the Council for Trade in Goods on the operation of the relevant agreement.

Paragraph 10 was drafted to cater for proposals for the eventual formation of a CU of FTA that did not, at the time of inception, "fully comply with the requirements of paragraphs 5 to 9 inclusive". GATT was given the authority to approve such proposals by a two-thirds majority. The drafting history indicates that this paragraph was intended to cover the set of circumstances where a non-party to GATT was a member of the regional arrangement in

question (WTO 1995:10). In such situations, the paragraph was intended to give GATT a degree of control over the arrangement (Jackson 1969:582).

The Enabling Clause allows developing country parties to GATT to enter into regional arrangements for the mutual reduction or elimination of tariffs on products imported from one another without having to meet the requirements of Article XXIV (4) – (10) (Huber 1981:297). Though African countries are not required to comply with Article XXIV, thanks to this Clause, it is debatable whether they have derived any benefits from this exemption.

Once an RTA complies with these requirements and is approved, then the principle of non-discrimination is waived. After this point, the WTO will not concern itself directly (except at a systemic level) with how many RTAs a country decides to enter into or with whether or not they overlap. These are questions for an individual country to deal with in choosing its trade policy.

5.3. Participation of Southern African Countries in the Multilateral Trading System

Of the twenty five member countries of COMESA and SADC, twenty are members of the WTO, three (Ethiopia, Seychelles and Sudan) have observer status in the WTO while only two, the Comoros and Eritrea, have no official relationship with regard to the WTO.

It is sometimes argued that African countries have the least to gain from WTO multilateral trade liberalisation because liberalisation has reduced, and will continue to reduce, the preferences extended to them by developed countries. Indeed this trend towards lower tariffs has been cited as a contributing factor to the interest in regional integration on the continent (Jackson 1998:1). However, given the limited intra-regional trade that occurs on the continent,

full participation in the multilateral trading system is not just unavoidable but highly desirable.

In making use of the CBI/RIFF, it is therefore important that participants strike the right balance between striving for greater regional integration and engaging in the multilateral trading system. It is in this regard that the absence of the WTO from the CBI/RIFF framework can be seen to be a major drawback to its efficient functioning.

6. Summary and Conclusions

There can be little argument about the need to harmonise the policies followed by RTAs as well as to rationalise their number. Southern Africa cannot afford to squander its limited resources on the duplication of integration schemes currently in place, and graphically highlighted in the review of the trade policies of Malawi, Mauritius and Zambia. Only the creation in deed, not just on paper, of a large unified market (in the language of Article XXIV of GATT, a single customs territory) will permit the exploitation of comparative advantage and the efficient use of scarce resources. This will not be an easy task. Problems regarding sovereignty and the equitable sharing of the benefits to be realised must be faced and resolved.

In this paper, it has been argued that the "top-down" approach to the rationalisation of RTAs and the harmonisation of their policies taken by the Abuja Treaty is flawed in its failure to take adequate account of the realities on the ground, which has resulted in the setting of overly ambitious goals.

The "bottom-up" model provided by the CBI/RIFF represents a better strategy for achieving congruence between the trade policies adopted at both the country and regional levels. The participation of the private sector in the Initiative provides a perspective to integration that is often lacking in the more political proposals. The informal nature of the model can, in the main, be

regarded as beneficial. Though it has its shortcomings, such as the lack of stability and predictability inherent in an arrangement without any formal institutional framework, its flexibility combined with the fact that it does not represent a threat to state sovereignty mean that countries are more likely to embrace it.

Its utility would no doubt be greatly enhanced by the involvement of South Africa, as a participating country, and the WTO, as a co-sponsor. One possible method of bringing the latter within the framework is to explore modalities for coordinating the work of the Joint Integrated Technical Assistance Programme (JITAP)[19] with that of the CBI/RIFF. However, even in the absence of these two, countries within the region should not squander the opportunity provided by the Initiative to pursue deeper, faster and more profitable integration. By facilitating the formulation and adoption of harmonised trade policies and the creation of a conducive political environment, the Initiative does provide a simple, though short-term, answer to the vexed issue of regionalism in Southern Africa.

7. Appendix

Membership of Trade Agreements

Country	WTO	COMESA	SADC	SACU	IOC	EAC	RIFF
Angola	*	*	*				
Botswana	*		*	*			
Burundi	*	*					*
Comoros					*		*
DR Congo	*	*	*				
Djibouti	*	*					
Egypt	*	*					
Eritrea		*					
Ethiopia		*					
Kenya	*	*				*	*
Lesotho	*		*	*			
Madagascar	*	*			*		*
Malawi	*	*	*				*
Mauritius	*	*	*		*		*
Mozambique	*		*				
Namibia	*	*	*	*			*
Rwanda	*	*					*
Seychelles		*	*		*		*
South Africa	*		*	*			
Sudan		*					
Swaziland	*	*	*	*			*
Tanzania	*		*			*	*
Uganda	*	*				*	*
Zambia	*	*	*				*
Zimbabwe	*	*	*				*
France (Reunion)					*		

Key:

COMESA - Common Market for Eastern and Southern Africa
EAC - East African Community
IOC - Indian Ocean Commission
RIFF - Regional Integration Facilitation Forum
SACU - Southern African Customs Union
SADC - Southern African Development Community
WTO - World Trade Organization

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9. Notes

[1] For the purposes of this paper, regionalism refers to the establishment of arrangements promoting closer economic ties between countries but does not extend to schemes of a preferential nature between developed countries, on the one hand, and developing countries, on the other, such as the EU-ACP Cotonou agreement and the various GSP schemes.
[2] For the purposes of this paper, the Southern African region is considered to consist of the member states of both COMESA and SADC.
[3] The Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), the East African Community (EAC), the Indian Ocean Commission (IOC) and the Southern African Customs Union (SACU) are the more prominent RTAs. Appendix I provides a summary of membership in various trade arrangements.
[4] For a detailed description and analysis of the AEC, see Ng'ong'ola, Clement. 1999. Note also that the provisions of the AEC Treaty have been superseded by those of the Constitutive Act of the African Union to the extent that they are inconsistent with or contrary to the latter.
[5] Unless otherwise noted, the material in this section is derived from COMESA, *Regional Integration Facilitation Forum (RIFF),* found at http://www.comesa.int/business/riff.htm (visited 13 December, 2002) and African Development Bank (ADB), *Background to the Initiative,* found at http://www.afdb.org/cbi/background.html (visited 11 December, 2002).
[6] For a review of the IMF's role in the CBI, see **The Cross-Border Initiative in Eastern and Southern Africa**. 1999. Found at http://www.imf.org/external/np/cross/ (visited 11 December, 2002).
[7] The countries that attended were Burundi, Comoros, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Reunion (France), Rwanda, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.
[8] The ECA's *Annual Report on Integration in Africa (ARIA) 2002* gives five reasons for integration: to transform Africa's economies, to unleash industry and business, to become part of the world economy, to promote the African Union, and to address common political problems. See United Nations Economic Commission for Africa (ECA). **2002.** Found at http://www.uneca.org/adfiii/ariaoverview.htm (visited 30 December, 2002).
[9] ECA identifies the low capacity of many RTAs to deliver on ambitious mandates as a major weakness of regionalism in Africa.
[10] For a detailed history and description of COMESA, its Vision and Strategy, see http://www.comesa.int/backgrnd/ (visited 25 October, 2002). Much of the material contained in this section is derived from the documentation found there.
[11] The PTA originally envisioned a membership of 21 countries: Angola, Botswana, Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Seychelles, Somalia, Swaziland, Tanzania, Uganda, Zaire (now DR Congo), Zambia and Zimbabwe.
[12] Angola, Burundi, Comoros, DR Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. Two of the original signatories, Lesotho and Tanzania, later withdrew and Namibia has now given notice of its intention to withdraw in 2004.
[13] Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe are the participants. The Comoros, Eritrea, Rwanda and Uganda are applying 20% rates, Burundi 40%, Ethiopia 90% and Angola, DR Congo and Seychelles full MFN rates. Namibia and Swaziland are also allowed to apply full MFN rates until their derogation lapses.
[14] The signatories of the Treaty were Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.
[15] Though Angola is a signatory to the Protocol it is not participating. DR Congo and the Seychelles are not signatories.
[16] Malawi, Mauritius and Zambia are already participants in the COMESA FTA and as such are able to trade with each other on a duty and quota free basis. This is a graphic illustration of the complexities brought about by the existence of overlapping RTAs. These countries have been able to accomplish in one forum, COMESA, what would not otherwise have been possible till 2008 in another, SADC.
[17] Article 9A. The Troika applies to the Summit, Organ, Council, Integrated Committee of Ministers and Standing Committee of Officials.
[18] Legal phrase meaning a bare promise or a contract without consideration. Under the common law, bare promises could not be enforced in court.

[19] JITAP was launched in 1998 by the WTO, International Trade Centre (ITC) and UNCTAD with the aim of assisting a select group of African countries to, inter alia, comply with the emerging multilateral trading system and derive benefit from it. For more information on JITAP, see http://www.jitap.org.