FEATURE

APPRAISING REGIONAL INTEGRATION IN SOUTHERN AFRICA

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Since achieving political independence African countries have been involved in policies of regional co-operation and integration. Africa's leaders see regional integration as a way to harness resources collectively, to penetrate global markets and to attract foreign direct investment. The experience of African undertaking suggests, however, that regional co-operation has faced many obstacles and that co-operation arrangements in future will not be easy. Importantly, regional co-operation in Southern Africa raises issues of loyalties, resource availability, duplication of efforts and competition. Added to this is the aspect of globalisation, which is creating new economic challenges as well as new opportunities for regional integration.

Introduction

Ever since African countries achieved political independence, African leaders have consistently been involved in the politics of regional co-operation and integration. It may be recalled that this issue dominated African politics on the eve of independence in the late 1950s. One view strongly held by Kwame Nkrumah (Ghana) as well as Modibo Keita (Mali), Sekou Toure (Guinea) and Cheikh Diop (Senegal) promoted continental union as the most effective vehicle for the transformation of Africa. Thus, at the dawn of the decade of independence for African countries, the late President Kwame Nkrumah of Ghana made a passionate plea for African unity. To Nkrumah, the African nation-state born out of colonialism was too weak to meet the needs of her peoples after political independence:

> If we are to remain free, if we are to enjoy the full benefits of Africa's rich resources, we must unite to plan for our total defence and the full exploitation of our material and human means in the full interests of all our peoples. To go it alone will limit our horizons, curtail our expectations, and threaten our liberty.[1]

Another influential voice during this period was the late President Julius Nyerere of Tanzania. While he and most other African leaders believed that African unity was politically

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desirable, Nyerere argued that it could not be achieved in the way advocated by Nkrumah. To Nyerere and the majority of African leaders, the viable method was by stages, in particular through regional economic groupings. It is this view which won the debate of the day. Accordingly, at the Third Conference of African leaders held in May 1963 in Addis Ababa, Ethiopia to inaugurate the Organisation of African Unity (OAU), economic co-operation as a development strategy was accepted and eventually included in the principles and objectives of the OAU.

To date Africa has 14 regional integration schemes of varying design, scope and objectives. Presently, seven of them dominate the integration landscape, namely: the Arab Maghreb Union (AMU) with five members; the Common Market for Eastern and Southern Africa (COMESA) with 20 members; the Economic Community of Central African States (ECCAS) with 10 members; the Economic Community of West African States (ECOWAS) with 15 members; the Southern African Development Community (SADC) with 14 members; the Inter-Governmental Authority on Development (IGAD) with seven members; and the Community of Sahel-Saharan States (CEN-SAD) with 18 members. In addition, six other schemes are geographically limited or subsets of larger schemes, namely: the West African Economic and Monetary Union (UEMOA) with eight members, all also belonging to ECOWAS; the Mano River Union (MRU) with three members belonging to ECOWAS; the Central African Economic and Monetary Community (CEMAC) with six members belonging to ECCAS; the Economic Community of Great Lake Countries (CEPGL) with three countries, also belonging to ECCAS; the East African Community (EAC) with three members, two belonging to COMESA and one to SADC; the Indian Ocean Commission (IOC) with five members, four belonging to COMESA and one to SADC; and the Southern African Customs Union (SACU) with five members, all of which belong to SADC and two to COMESA. Out of 53 African countries, 27 are members of two regional integration schemes and 18 others are members of three integration schemes. The Democratic Republic of Congo (DRC) is a member of four schemes while only seven countries belong to one regional integration scheme.[2]

Serious efforts towards regional integration in Africa were initiated in the 1970s culminating in the Lagos Plan of Action (LPA) signed in 1980 by the OAU member states. In sum, the Lagos Plan enjoined African countries to establish sub-regional economic groupings as a means for the eventual creation of the African Economic Community (AEC). The LPA identified three stages to realise this goal: trade liberalisation, the establishment of custom unions and the creation of a single economic community. It was expected that existing sub-regional arrangements such as ECOWAS, founded in 1975, would be supported and new ones encouraged in accomplishing the overall objective.[3] On 3 June 1991, OAU Heads of State and Government signed the Abuja Treaty, which envisioned the establishment of an African Economic Community by the year 2025. One of the major objectives of the Abuja Treaty was to consolidate the sub-regional economic communities as a prelude to their harmonisation at the continental level. But also importantly, the Abuja Treaty had the aspiration of instilling new energy to the idea of regional integration, which was not yielding the results envisaged by the LPA. The following observation by the Economic Commission for Africa captures the scene:

> There is no sub-regional integration process under way at this time. Sub-regional economic groupings in Africa … have not been able to make their impact felt. Where they have had an impact, it has been on balance negative: member states are providing financial support to agencies that make no significant contribution in terms of improving Africa's economic situation.[4]

The Abuja Treaty provided for a six-stage approach lasting 34 years (from 1994) to create the AEC. The first stage involves the phased elimination of tariffs on intra-regional economic trade leading to free trade areas. Consequently, non-tariff barriers would be eliminated and a common external tariff adopted creating a customs union. Later on, as more reforms are undertaken, they would provide for the free movement of goods and the free movement of factors of production, thus establishing a common market. Finally, economic, social, environmental and other key policies would be synchronised and an economic community would be created.[5] The idea for realising the AEC anticipated that all the regional integration schemes would meet the requirements of a free trade area by 2017. To be sure, the existing regional schemes have made some efforts to move ahead with the first stage by adopting staged abolition of their tariffs on internal trade. However, in general, there has been some disparity in performance. Despite this, Africa's leaders continue to see regional integration as a way to harness resources collectively, to penetrate global markets and to attract foreign direct investment. Most recently, African leaders have once again accentuated the need for integration with their recent adoption of the Constitutive Act of the African Union (AU) and the New Partnership for Africa's Development (NEPAD).

Regional integration in Southern Africa

In discussing regionalism in Southern Africa, it is important to underscore the fact that the region is characterised by acute imbalance and inequities. Not only are the size and level of development of the economies of the various countries very different, but also the historical pattern of interaction in the regional economy has been uneven. Fundamentally, the main centre of accumulation has long been located in South Africa, while the economies of the other countries were integrated in subaltern position as providers of migrant labour, services and as 'captive markets' for South African exports. The imbalances were exacerbated in the 1970s and 1980s with the violence and destabilisation that typified the late apartheid period.[6] The war and destabilisation policies caused terrible loss of human life, displaced persons and material loss estimated at US$62.45 billion.[7]

In a study undertaken by African Development Bank on economic integration in Southern Africa in 1993, the Bank pointed out that there are at least three sources of welfare gains that can emanate from regionalism: substantial cost savings resulting from co-ordinated investments in physical, social and institutional infrastructure; 'externalities' which increase competition generating greater product range and diversity; and improved production techniques leading to lower costs and more attractive opportunities for foreign investment in the region. This study concluded that the opportunities for moving ahead in Southern Africa are numerous.[8]

Five regional schemes dominate the Southern African region. These are COMESA (which draws diverse membership as far as Egypt in North Africa to the small islands of Seychelles), SADC, EAC, SACU and the Rand Monetary Authority (RMA). It is interesting to point out that current efforts in regional co-operation are traceable to the colonial period in Africa. For example, in East Africa, the first East African Community which existed between 1967 and 1977, was largely due to British colonial efforts in East Africa. In Central Africa there was an attempt at a federation of Rhodesia and Nyasaland during colonial rule. Also during the apartheid era, South Africa initiated various practices of trade arrangements with neighbouring states to consolidate its dominant economic position in the region.

Table 1 presents a brief overview of major regional communities in Southern Africa.

Dynamics affecting integration

In general, the major problems that cut across African integration schemes are more or less the same. These include lack of grassroots support, excessive external dependency, institutional weakness, multiplicity of organisations, politics, underdeveloped economies, the international economic structure and distribution of the benefits of integration. Paradoxically, these are the same problems that are the very reasons why regional integration in Africa is on the agenda and will continue to be in the foreseeable future.[9]

The first direct tribulation is that these countries must find peace and stability. For a

Table 1: Regional integration schemes in Southern Africa

INTEGRATION SCHEME	*OBJECTIVES/MEMBER STATES*
South African Development Community (SADC) established in August 1992. (Transformed Southern African Development Co-ordination Conference founded in April 1980).	**Objective**: Initially project-oriented co-ordination. In 1996 adopted a trade protocol and on course to introduce free trade in 2008 while liberalisation of country-specific sensitive products is targeted to be realised by 2012. **Members** (14): Angola, Botswana, DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. **Progress**: Completed move from decentralisation of 21 sectors to four centralised directorates consolidating the transformation into a community; established SADC national committees in member states. Twenty-one protocols have been negotiated and concluded and out of these ten have entered into force. A small increase in intra-trade. **Population**: 200 million **GDP**: US$223.36 billion
Common Market for Eastern and Southern Africa (COMESA) established in November 1993. (Transformed the Preferential Trade Area founded	**Objective**: To establish a common market through the establishment of a customs union and the adoption of a common external tariff and harmonisation of policies by 2004. in 1981). **Members** (20): Angola, Burundi, Comoro, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. **Progress**: Realisation of treaty provisions elusive. Only nine countries have ratified the free trade protocol. There has been an increase of about 30% in intra-COMESA trade following the launch of free trade on 31 October 2000. **Population**: 340 million **GDP**: US$167 billion.
South African Customs Union (SACU)	**Objective**: Customs union. **Members** (5): Botswana, Lesotho, Namibia, Swaziland and South Africa **Progress**: Effectively functioning customs union with no internal tariff and quota regimes. Links trade regimes of its five members and also interlinks the value of their currencies, with the exception of the pula in Botswana. **Population**: 50 million **GDP**: US$176.86 billion.
East African Community (ECA). Treaty came into force on 7 July 2000.	**Objective**: Customs union by 2003, a common market, subsequently monetary union and ultimately a political federation. **Members** (3): Kenya, Tanzania and Uganda. **Progress**: In final stages of finalising a customs protocol. **Population**: 83 million **GDP**: US$26 billion.

Table 1: Regional integration schemes in Southern Africa (continued)

INTEGRATION SCHEME	*OBJECTIVES/MEMBER STATES*
Common Monetary Authority (CMA)	**Objective:** Free movement of currency. **Members** (4): South Africa, Namibia, Lesotho and Swaziland. **Progress**: Free movement of currency has been achieved although this does not affect the national autonomy of national central banks in monetary and credit management. **Population:** 48 million **GDP:** US$171.83 billion.

Source: UNDP Report, 2002; SADC Statistics: Facts and Figures, 2001.

considerable period of time, the Southern African region has experienced conflicts and wars of various dimensions. Some countries in the region such as Angola have not seen peace since the attainment of political independence. The current situation in the DRC is a burning example that has a region wide dimension. This has been the source of not only political instability but also enduring economic decline and general maldevelopment. In short, the pursuit of development will be futile if peace and stability are elusive in the region. These conflicts result in a terrible loss of human lives, population dislocation, economic stagnation as well as environmental dilapidation. Copson has succinctly noted:

> The costs of war for Africa's people, its cultures and societies, and its economies have been immense. Indeed, measured in terms of deaths, refugees and displaced persons, and lost economic opportunities, African war is one of the greatest calamities of our era. It is also a calamity in dimensions that are more difficult to measure, including the anguish and suffering of millions, and the destruction of traditional ways of life, perhaps forever … . What may be happening to traditional human societies and to wildlife in the war zones is largely a matter of speculation. And we have no way to gauge the psychic pain of the homeless, the orphans, and the destitute.[10]

It is in this context that the Conference on Security, Stability, Development and Co-operation for Africa (CSSDCA) launched in Kampala (Uganda) in 1991 under the backing of the African Leadership Forum, the OAU and the UN acknowledged that there is a link between security, stability, development and co-operation. Fundamentally, the message of the Kampala Document was that "the security and stability of each African country was inseparably linked with the security of all African countries" and that "Africa cannot make any significant progress on any other front without creating collectively a lasting solution to its problems of security and stability".[11]

In the early 1990s, the Report of the South Commission pointed out that regional co-operation in Africa has for too long been taken to be the business of governments. Due to this, there has been little or no awareness among the people and as such, the benefits of membership and of economic integration have not been well articulated to member states and stakeholders. Furthermore, the report pointed out that many people at the grassroots are neither knowledgeable about the organisation nor aware of the process of economic integration due to lack of information.[12] Indeed, already questions are being asked to what extent the people of Africa were engaged in the formulation of NEPAD. The challenge is to introduce democratic institutions of co-operation owned by people that could ensure good governance and commitment to national development.

To this observation we can also add the role of African leaders in the politics of integration. A reflection of what happened, for example, in the first East African Community (EAC) exposes the fact that the institution depended on the indispensability of politicians, particularly the Summit of Heads of State, which virtually made all major decisions. The first EAC–comprising Kenya, Uganda and Tanzania–collapsed in 1977 partly because of personality and leadership conflicts involving the three presidents: Jomo Kenyatta of Kenya, Julius Nyerere of Tanzania and General Iddi Amin of Uganda. The situation was so grave that Nyerere refused to meet Amin to discuss community matters. [13]

There is an undeniable reason why politicians should not be the principal driving force in regional integration. As viewed by Gasarasi, politicians are sometimes more concerned with short-termism, public image, power, political clientelism and even wealth accumulation.[14] An additional source of concern is that Africa's history is abounding with examples that when divergence breaks out between two or more African leaders, one area that suffers is economic co-operation.

An important concern for Adewoye is the fact that the theory of supranationality has yet to take root in Africa. The confirmation is that constitutionalist states accustomed to the separation of powers, more easily accept the transfer of sovereignty to regional institutions. Second, constitutionalism ensures political and social stability that are indispensable to the quest of enduring projects such as regional integration. Finally, the rule of law makes possible civil interaction, which is an asset in building human interaction and regional identity among different nationalities. Thus, the problem of transferring sovereignty cannot be well addressed if constitutionalism or the rule of law is not satisfied in Africa. What is required is a partial cession of sovereignty by member states in the blueprint for regional institutions.[15]

Also closely related is the speed of regional economic co-operation, which has been stonewalled by the absence of strong institutions with powers to enforce collective decisions including various treaty provisions. It is significant to note that the decision-making process in the communities is made by consensus. The trouble with this style of decision making is that all member states have to agree. This means that countries that move at the slowest pace dictate the pace of economic co-operation. From past experience another limitation of regional communities is the lack of centrally co-ordinated institutional mechanisms to enforce mutually agreed policies and principles. To be sure, this is related to the issue of supranationality.

Evans contends that this problem, for example, affected SADC in its early phase.[16] It might be recalled that SADC came into existence in 1980 as the Southern African Development Co-ordination Conference (SADCC). Its original programme was integration through project co-ordination anchored on the view that the main barriers to intra-regional trade among its members were not tariffs or non-tariff barriers, but underdeveloped production structures and inadequate infrastructure. Consequently, its programme of action addressed co-ordinating efforts to jointly promote infrastructure development. Although recently it has decentralised 21 sectors to four centralised directorates consolidating the transformation into a community, it is this very fear emanating from loss of national sovereignty that has compounded attempts at creating successful regional integration. Such apprehension has led Asante to point out that lack of progress towards realisation of the Abuja Treaty is due to the absence of an independent African Economic Community Secretariat which could carry out assigned duties and would have the confidence to initiate and implement bold policies which, though sought-after, national governments may loathe to take.[17]

Scepticism has also been expressed regarding the various protocols that became part of founding agreements. Since most of the economic integration procedures are in protocols, decisions and agreements have to be realised at the national level. Invariably, this requires setting up one or more national mechanisms to plan, organise, co-ordinate and follow up on the commitment of each country. Some countries establish such mechanisms, including specific departments to deal with regional integration scheme issues. In some cases the existing mechanism is inadequately prepared with human, material and financial resources to do its work. In short, the Achilles heel of national mechanisms explains the inability of African governments to convert their commitments in regional treaties and arrangements into substantive changes in national policies, legislation, rules and regulations. Implementing community protocols on trade and market integration may be undermined by concerns about diminishing national sovereignty and the independence of national policy making. Thus, the unwillingness of governments to subordinate immediate national political interests to long-term regional goals or to cede essential elements of sovereignty to regional institutions is one of the biggest obstacles to regional integration. At issue is whether the AEC and now the AU have to adopt their own protocols to provide guidance for the integration schemes. In view of the sizeable number of protocols (29) anticipated under the Abuja Treaty, it is impractical to have these protocols signed and in force before harmonising those of the various integration schemes in the sub-regions. Indeed, as a further means of promoting integration, it is time that the AU work on enforcement mechanisms to enforce agreements.

The issue of multiplicity of regional integration arrangements within the same region is increasingly receiving interest. This inevitably results in the attendant burden of multiple membership costs and complications in applying stipulated protocols. This raises issues of loyalties and duplication leading to conflicts and erosion of gains already made. A good example is the conflict between SADC and COMESA. In a wide-ranging sense, SADC is keen on establishing a free market as contained in the trade protocol while COMESA is for a common market with a common external tariff. This is a potential conflict and Tanzania's decision to withdraw from COMESA on 1 September 2000 may be an indication of the struggle for survival of these organisations implementing two different trade regimes. Among the reasons cited by Tanzania include a weak economy which is greatly disadvantaged to compete with other economies in COMESA such as Egypt, and the inability to implement zero custom tariff, which would reduce government revenue. On this point, the Tanzania's Minister for Foreign Affairs and International Co-operation, Jakaya Kikwete, was clear on Tanzania's decision:

> We were faced with the option of either getting out of SADC or COMESA. We therefore opted to pull out of COMESA because we have already invested so much in SADC. We opted to stay in SADC because unlike COMESA whose thrust is to create a common market for selling goods, SADC's emphasis is to develop capacity building for producing goods.[18]

Therefore, as implied by Tanzania's decision, there may be a need to synchronise overlapping regional arrangements because it is strenuous and even uneconomical to belong to various institutions, with more or less similar objectives. In short, it is no longer possible to afford the luxury of membership of competing regional schemes. While there is a need for rationalisation of existing schemes as a long-term goal, past experience indicates that it is difficult in the short term. One may want to consider the view expressed by SADC in the Windhoek Summit Communiqué of August 1992 is that SADC and COMESA have distinct objectives and mandates and must therefore continue to exist as autonomous but complementary entities.

Seven of the 14 SADC member countries are the least developed countries of the world and are in the low human development category (Angola, Congo, Lesotho, Malawi, Mozambique, Tanzania and Zambia), six are developing (Botswana, Mauritius, Namibia, Swaziland and Seychelles) and one (South Africa) is categorised as developed.[19] With the exception of South Africa and Zimbabwe, SADC countries have mono-crop economies. Their exports consist mainly of primary products and their imports are largely expensive capital-intensive goods; more often than not trade imbalances and indebtedness persist. Balance of payments difficulties are therefore common. Indeed, some of these countries are dependent on a single commodity, e.g. Malawi (tobacco), Angola (oil), Botswana (diamonds) and Zambia (copper). The general conclusion from this is that unprocessed primary commodities being exported to South Africa and Zimbabwe characterise intra-SADC trade and sizeable manufactured goods and semi-processed intermediate goods imported from South Africa. In short, one of the major constraints to intra-regional trade in

SADC is structural. Another economic reality in Africa is that there is substantial trade in the informal sector, not recorded in official records. It is likely that if that trade were accounted for, intra-African trade would probable be much greater than the current records indicate. Due to this, Africa's integration programme needs to go beyond the formal economic links to capture the dynamics of the informal sector including deliberate policy actions to include civil society to play a larger role in the implementation of programmes.

The other side of this phenomenon is the fact that many of the major barriers to promoting equitable and mutually beneficial regional integration do not occur from tariffs and regulatory regimes but from infrastructure deficiency and capacity constraints. Indeed, as a number of studies including that of the African Development Bank 1993 have argued, what regional communities need is a programme that combines sectoral co-operation, policy co-ordination and trade integration in a way that addresses real infrastructure and capacity constraints. The adoption of the 1992 SADC Windhoek Treaty echoed an important new departure and committed SADC to widening its agenda by negotiating protocols of co-operation in a number of areas where it had hitherto not been particularly active, notably trade and security. The Protocol on Trade, for example, provides for an asymmetrical process of tariff reduction leading to the establishment of a free trade area by 2008. Although sectoral co-operation programmes are under way in key areas and some steps have to be taken to promote more effective political co-operation, the weakest part of some countries in the region is the underdeveloped structure of their economies. The other limitation is that many of the regional schemes are essentially donor-driven organisations depending on external financial resources for their development. This is a limitation because an organisation is likely to be constrained to choose its own priorities.

In an elaborated analysis Foroutan identifies three explanations for the disappointment of intra-regional trade liberalisation in Africa. First, is intense reliance on import substitution leading to an uncompetitive industrial structure and overvalued currencies. Second, is dependence on tariff revenues as a major source of government income. And finally, is the unequal distribution of the costs and benefits of regional integration likely to ensue on participating member states. For Foroutan, if the gains from integration are to be realised, partner states must be more similar than dissimilar so that each has something to gain from the integration. Alternatively, a capable and reasonable compensation mechanism from the gainers to the losers must be established.[20]

South Africa in Southern Africa

In an article published in early 1990s Davies offered three possible scenarios for South Africa's regional relations. First, was what he called failed co-operation which assumed all attempts at greater co-operation would fail, leading to ad hoc bilateral arrangements. The second scenario was regional integration under South Africa's hegemony witnessing South Africa initiating a regional co-operation and integration shaped to its own national interests. The third scenario was non-hegemonic regional co-operation and integration based on the view that the region is a market of great potential and therefore it is in South Africa's interest to be a partner.[21] What route has South Africa taken?

First, the reality that South Africa has long been part of the region has had an implication in much more than a mere geographic sense. To be sure, since the second part of the 19th century, South Africa has been part of a Southern African regional economy characterised by profound economic ties linking most of the neighbouring states as well as by a significant degree of economic integration among some of them. South Africa's involvement in the regional economy whether as a recipient of migrant labour from countries as far as Tanzania, as a provider of transport services, or as an exporter of manufactured goods has historically been of sizeable significance both to South Africa and to most of it neighbouring countries. Additionally, South Africa for over a century has been a member of a customs union with Lesotho, Namibia, Botswana and Swaziland, as well as being part of a monetary union with

Lesotho, Namibia and Swaziland. South Africa may be a new recruit to some of the institutions established in the region, but certainly not to the region itself. South Africa joined SADC in 1994 when SADC was undergoing change from its earlier goals. The influence of South Africa in both organisations has been important and to a great extent affected trade patterns.[22]

The priority attached to the region is based on the fact that the countries surrounding it are of considerable significance for efforts to promote growth and development in a democratic South Africa. It has often been argued that South Africa cannot hope to become an island of opulence in a sea of poverty. What this reflects is the reality of deep-seated negative interdependencies in the region. Migration and unrecorded trade are long established facts of life in Southern Africa, and crisis and social disintegration in neighbouring countries can, as we have discovered in Zimbabwe recently, become a spur to increased undocumented migration as well as cross border informal trade. Second, as the African Development Bank study carried out shortly before the installation of South Africa's first democratic government established, greater participation in regional trade, joint development of regional resources and infrastructure can make a great potential contribution to efforts to support growth and development in both South Africa and the rest of SADC. This surely is not the only reason. The other reason is that overall the region is crucial for South Africa's effort to promote growth and development to address the inequalities inherited from the apartheid regime.

By and large, South Africa has been and continues to be a factor in regional trade arrangements in the Southern African region since the colonial period, during the struggles for independence, the apartheid era and currently in the democratisation era. This point has been captured by Rowlands who points out that on the important measures of national power–people, land, military might, economic activity and knowledge–South African dominance in the region is clear. For example, in terms of economic activity, it accounted for almost 75% of the goods and services produced in SADC.[23]

Another support for this view comes from Westhuizen who portrays South Africa as a middle power, pointing out that South Africa's economy is more than three times larger than the combined economies of all the members of SADC.[24] As a matter of fact, South Africa's gross national product (GNP) is almost 75% of the region's total GNP. What is more, it is the largest economy in Africa with a US$166 billion share of the world economy in 2000.[25] In 1994, for example, South Africa produced 27%, 41% and 64% of the goods and services of Africa, sub-Saharan Africa and sub-Equatorial Africa respectively. A major reason why South Africa dominates the region is a more diversified production structure leading to complementarities between the South African economy and neighbouring countries and also its actions in the domestic sphere. In addition there is the geographical proximity factor resulting in cheaper transport costs, insurance and freight compared to likely European competitors. Obviously, this places South Africa in a favourable position to compete in the regional market.

In more practical terms, this type of situation has led to voices raised against South Africa. We will touch on two examples. In 2002 direct South African investments to Tanzania topped US$443 million–a country that a few years ago had virtually no trade links with South Africa.[26] This increase was partly due to the fact that a number of major multinationals have now established a base in Tanzania. These include Amalgamated Banks of South Africa, cellular network provider Vodacom, South African Breweries, De Beers, the Protea Hotel Chain, Murray Roberts Construction Company and South African Airways, which in December 2002 acquired 49% of Air Tanzania Corporation. This increased South African presence has led the regional leading newspaper, *The East African*, to call this whole process "the South Africanisation of the Tanzanian economy".[27]

What is interesting is that this trend does not trouble Tanzanian President Benjamin Mkapa who recently came out in the open supporting South African investment in Tanzania. Opening a tourism investment conference in Arusha, Mkapa urged Tanzanians to accept South Africa as a partner in development:

> Those of you who follow events in this country will not have missed the criticism—in the media and in certain political circles—levelled at my government concerning increased South African investment in Tanzania. I have only one answer to such criticisms. I wish we could have more South African investments in this country … We would be patently foolish not to access South African capital for our development … Post-apartheid South Africa is our friend, and our partner in development—bilaterally as well as in the context of the Southern African Development Community, the African Union, and its economic programme, NEPAD.[28]

However, a dissenting view on South Africa's power in the region has been voiced notably by Kenya. At the COMESA Summit held in Nairobi in June 1999, and despite the fact that South Africa is not a member of COMESA, former Kenyan President Daniel Moi warned South Africa of what he termed unfair trade practices with neighbouring countries. He pointed out that South Africa's exports to Kenya surpassed by 20 times Kenyan exports to South Africa: "After this meeting we will stick to COMESA members while other countries will have to take second or third place."[29] And a recent editorial view from the widely read *Daily Nation* newspaper in Kenya is illustrative of the continuing concern regarding South Africa's power in the region:

> It is so bitterly ironic that the resulting South African government should continue to regard the rest of Africa as a target for exploitation, a backyard of the same oppressive interests that only recently buttressed apartheid. It is high time Kenya and other African states reminded South Africa of the debt it accumulated from our heavy investment in the fight against apartheid. South Africa has declared an aggressive economic war on Africa in financial services, banking, insurance, broadcasting, telecommunication, manufacturing, mining, motor vehicles and food chains … Yet, even as it seeks to dominate other economies, it is setting up barriers by which to protect its own manufacturers from external competition.[30]

An examination of the trade figures show that while South Africa has been accepted as a full and legitimate trading partner, this has led to a rapid increase in exports to the region while imports from the region have remained remarkably flat. The apprehension that has already been evident between South Africa and its SADC partners and neighbouring states highlights the reality that sustaining export volumes in these markets will simply not be possible unless steps are taken to provide an opening to increase their visible and invisible earnings from economic interaction with South Africa. The clear message from Kenya's view is that South Africa has to work together with her neighbours to restructure regional relations along new equitable and mutually advantageous positions. An integral part of this challenge is for South Africa to understand its dominant position in the region. To be sure, South Africa's domestic growth prospects are closely interlinked with her export of manufactured goods. Thus, South Africa should be desirous in co-operating towards the overall development of other neighbouring economies in order to sustain her markets. In addition, South Africa's long-term growth will be affected by a lack of natural resources, notably energy and water, with which neighbouring states are richly endowed. Joint co-operation in harnessing these resources is therefore of vital long-term economic interest for regional development to avoid negative spillovers including labour migration into South Africa.

The other burning domestic challenge for South Africa is the legacy of apartheid with a society set apart by profound inequalities. Despite the end of apartheid, traces of apartheid still persist in the economic arena. In 2000, for example, the Minister of Finance pointed out that South Africa is still a country with glaring inequalities, with 40% of households living below the subsistence threshold and 65% of inhabitants living below the poverty line. Among the main challenges is land redistribution with the white minority apprehensive of a Zimbabwe-style answer, an unemployment rate of around 30%, more people infected with HIV than any other country and psychologically coming to terms with the horrors of the apartheid era.[31]

Conclusion

The first conclusion is that regional integration will not be easy. The belief that the creation of a trade regime to remove tariffs will increase trade integration is not convincing. As the African Development Bank study indicated, non-tariff barriers constitute a primary obstacle to intra-regional trade more than tariffs. Furthermore, the issue of non-tariff barriers to intra-region trade needs to be more seriously addressed across all the regional communities. Owing to the varied nature of what amounts to a non-tariff barrier, there is less lucidity in the implementation of this potentially important impediment to intra-community trade. Second, there is a need for integrating member states to take note of differential treatment for least developed member states and to provide compensatory mechanisms. The third conclusion is that while the creation of a sub-regional organisation is in line with the overall objectives of the AEC and the Constitutive Act of the AU, there is a greater need to rationalise various regional economic communities to avoid duplication.

To date, existing regional communities have more or less similar objectives. It is therefore crucial to work on harmonising and rationalising their activities to avoid costly and unnecessary duplication. Indeed, partly because of lack of networking most of these schemes seem to be operating as if they are autonomous entities. It is crucial that the second phase of the AEC implementation scheme expected to last to 2007, emphasises the need for the realisation of co-ordination and synchronisation. The Constitutive Act of the AU provides a framework for the convergence of the various protocols to make an opening for interaction among economic groupings. The protocol on the relationship between the AEC and the integration schemes tries to address this by bringing the operation of these schemes under the umbrella of the AEC through greater co-ordination and harmonisation of their activities. But this will be possible only in the context of involving all stakeholders including governments, civil organisations, the private sector and the people of Africa. Finally, African leaders must realise that any advancement to integration goals will depend on political will to execute what has been agreed and also to assault the veil of sovereignty and national identity that is becoming a perennial obstacle.

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