Challenges of Regional Integration in Africa: A Case Study of COMESA 1994-2008

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A Research Project Submitted In Partial Fulfillment of the Degree of Master of Arts in International Studies

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**Declaration**

I, Rosemary Amisi Owino hereby declare that this research project is my original work and has not been presented for a degree in any other university.

Signed: _______________________________ Date: __________________

This project has been submitted for examination with my approval as University Supervisor;

Signed: _______________________________ Date: __________________

Supervisor’s name and full titles
Acknowledgement

My first gratitude is to the almighty God, for opening ways for my scholarship and His faithfulness and providence throughout the year in National Defence College, Karen.

I also wish to acknowledge various people whose input and support has culminated in the completion of this study. The Ministry of Foreign Affairs for selecting me to undertake this program and the Government of Kenya for awarding me the scholarship, the NDC in general and the program lecturers for their invaluable lectures. The respondents input both to questionnaires and interviews were most enlightening.

My special appreciation to my supervisor Dr. Mudida for his guidance and insightful comments that prodded me into exerting more effort that saw the study take shape, and to the Christian fellowships in NDC, and Abrasah in Nairobi, for their prayers that catapulted me this far.

Finally I would like to thank siblings, relatives and friends who continually encouraged me through the year. My beloved children Kisha and Odu for enduring my 'absence' and for their continued encouragement refreshing simple prayers for 'mums' success; My husband, for being my honest critic, whilst providing encouragement, love and support that saw me pull through the tough program

God bless you all.

To God be the Glory
Dedication

To my loving husband Maurice and my precious children Kisha and Odu

for overwhelming love and encouragement.
Abstract

The study examines the challenges of regional integration in Africa and COMESA as a case study. It further examines the role of regional bodies in furthering integration in Africa; the challenges that face COMESA in regional integration and consequently presents recommendations for addressing the challenges for effective regional integration.

In the advent of increased competition, regional integration has become indispensable by synergising economies of scale in fragmented economies of Africa for greater leverage in the wider market. Espoused by early African leaders since independence, the efforts have resulted in multiplicity of regional bodies which however have not performed optimally and are beleaguered with numerous challenges.

The ensuing debates on regional integration in Africa reveal that though its effectiveness as a role in integration is debatable it remains the only vehicle for sustainable growth even to the developed world. Regarding debates on its effectiveness vis a vis alternative forms of integration in Africa and also on new approaches to integration and regional approaches in Africa, what emerged is that it is effective to some extent though other forms of cooperation such as Multilateralism and regionalism could indeed widen the scope for integration to include other aspects besides trade and further strengthen it. This presents a case for need to review the earlier strategy as set out in African Economic Community and Abuja treaty on integration in Africa to enable its mandate to cope and withstand contemporary challenges in a globalised world and especially the existing problem of overlapping membership and the resultant lack of harmonisation of policies which hinders any meaningful progress.

Lack of political will and fear of loosing some sovereignty is a major underlying challenge which then manifests in multiplicity of blocs, and preference to engage in inter regional trade at the expense of intra regional trade; suspicions and mistrust and thus lack of implementation of decisions and commitment among other challenges.

The study reveals that COMESA has been active having launched a Free Trade Area in 2000 and a Customs Union protocol in 2007 though it has had challenges mainly due to lack of harmonisation of policies due to overlapping membership.

The study while focusing on the primary and secondary data presents the argument that regional integration in Africa and indeed COMESA need to embrace the new approaches to regional integration to strengthen integration and address the myriad of challenges. Regionalism and multilateralism with the ensuing widened scope of cooperation in other areas other than trade, will hasten the rate of growth as it allows incremental progress for those members who are willing to proceed and deals with existing bloc lethargy. Formation of a regional level monitoring and implementation of decisions will further harness the progress so far and augment these efforts towards a more effective regional integration in COMESA and indeed Africa.
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<td>FTA</td>
<td>Free Trade Area</td>
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<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>IEPA</td>
<td>Interim Economic Partnership Agreement</td>
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<td>IGAD</td>
<td>Inter-Governmental Authority for Development</td>
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<td>IMF</td>
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<td>IRCC</td>
<td>Inter-Regional Co-ordination Committee</td>
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<td>LDC</td>
<td>Least Developed Countries</td>
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<td>MFN</td>
<td>Most Favored Nation</td>
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<td>MMA</td>
<td>Multilateral Monetary Area</td>
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<td>NTBs</td>
<td>Non-tariff barriers</td>
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<tr>
<td>OAU</td>
<td>Organization of African Unity</td>
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<tr>
<td>OECD</td>
<td>Organization of Economic Cooperation and Development</td>
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<td>PTA</td>
<td>Preferential Trade Area</td>
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<td>REC</td>
<td>Regional Economic Community</td>
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<td>RTA</td>
<td>Regional trade arrangement</td>
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<td>SACU</td>
<td>Southern African Customs Union</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<td>SADDC</td>
<td>Southern African Development Coordination Conference</td>
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<td>UDEAC</td>
<td>Central African Customs and Economic Union</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNCTAD</td>
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<td>UNECA</td>
<td>United Nations Economic Commission for Africa</td>
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<td>WAEMU</td>
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Regional integration is a subject that is of great interest to both the developed and the developing states mainly because it presents a united front in approach to economic issues which results in greater gains through economies of scale. Hass has defined regional integration as the "process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new larger centre whose institutions possess or demand jurisdiction over existing nation states" and is a process that links several nations of a region in collective decision-making system through an institutional framework. The study of regional integration is concerned with explaining how and why states cease to be wholly sovereign and willingly merge and mix with neighbours so as to loose factual attributes of sovereignty while acquiring new techniques for resolving conflict and for cooperation.

Vamvakidis in his work on regional integration and economic growth argues that countries with open, large, and more developed neighbouring economies grow faster than those with closed, smaller, and less developed neighbouring economies, suggesting that small economies should grow faster when they form regional trade agreements with large and more developed economies. However, testing for the impact of five regional trade

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agreements during the 1970s and 1980s finds that none led to faster growth, since most of these agreements were among small, closed, and developing economies.\(^3\)

Gilpin underscores the economic factor stating that Economic regionalism is a strategy employed by developing economies where a group of countries in a geographically restricted area tries through economic cooperation and alliance to improve overall position relative to more advanced economies.\(^4\)

Mistry, Asante and Chainaiwa trace some of the halting regional integration processes in Africa indicating that in mid 1970s and through Lagos plan of Action, Africa started to break away structure of dependence through regional economic integration as a means of reducing 'external vulnerability'; Economic Community of West African States (ECOWAS) was established in May 1975 in Lagos; Southern African Development Coordination Conference (SADDC) was formally inaugurated in April 1980 by the signing of the Lusaka Declaration on Economic Liberation; the Preferential Trade Area for Eastern and Southern African States (PTA) was launched in Harare in July 1984 and was converted to Common Market for East and Southern Africa (COMESA) in 1994 though some of PTA’s objectives remain unachieved as COMESA faces membership issues with some southern members leave it for SADC; In North Africa, the Arab Maghreb Union (AMU) embracing Algeria, Morocco, and Tunisia was created in 1989 but has not made much progress due to inadequate trade information in AMU, and structural weakness in the current intra-regional payments system; while East


Africa history of integration was also weak after East African Community (EAC) disbanded in mid-1970s but revived again in 2000.  

Scholars such as Chazan, Asante and Chanaiwa posit that the objective of these regional bodies was to reduce member states dependence on the external forces bolstering their efforts to negotiate reforms in global markets and institutions, and to coordinate the development programmes in the different sectors and sub sectors as a means of accelerating the rate of economic growth and development. Therefore economic integration in general is necessary if Africa is to industrialise, develop intra-African trade, develop the capacity to participate effectively in the evolving global linkages and interdependence, reduce her vulnerability to fluctuating overseas markets, mobilise and maximise scarce resources of capital and skills, for effective African political and economic unity.

African countries accepted that they cannot make progress without harmonizing their sectoral and national development policies and hence the adoption of resolutions and declarations to that effect, as reflected not only in the Lagos Plan of Action and the Final Act of Lagos, but also in Africa's Declaration of Economic Cooperation and Development (1973) through Africa's Priority Programme for Economic Recovery (1985), Africa's Submission to the Special Session of the United Nations General Assembly on Africa's Economic and Social Crisis (1986) and to the UN New Agenda for

8 S.K. B. Asante and D Chanaiwa opcit p.737  
the Development of Africa in the 1990s (1991). All these studies and declarations assign a major development role to regional economic cooperation and integration.\textsuperscript{10}

This study investigates challenges facing regional integration in Africa. Whereas physical definitions of regions are usually provided by states in an attempt to reaffirm their boundaries and to organize into territorially exclusive groups, functional conceptualizations of regions emanate from the interplay of sub national and transnational economic, environmental, and cultural processes that the states are only partially able to control”. Studies indicate that since African countries started attaining independence in the early 60's they have through the early leaders like Kwame Nkrumah vouched for African integration for a stronger front when engaging in the international arena and for development purposes. Regional integration has been seen to be the rallying factor in bringing countries together.

The difficulty of countries to survive independently has led to formation of many regional organisations in Africa for promotion of regional integration but which regional integration studies reveal have not fared well. Nonetheless economic integration has been seen as a means to overcome the states' disadvantages and poverty and narrow resources base and enable a greater rate of economic growth and development.\textsuperscript{12}

The question however begs as to whether integration actually takes place despite the existence of the bodies. Though Kwame Nkrumah aspired for African Unity in the

\textsuperscript{10} Ibid p574
\textsuperscript{11} R Vayrynen \textit{Regionalism: Old and New} International Studies Review. (Blackwell Publishing, 350 Main Street, Maiden, MA02148, USA, and 9600 Garsington Road, Oxford OX4 2DQ, UK. 2003) p.27
early 60's, this was not accepted by other leaders led by Mwalimu Julius Nyerere of Tanzania hence the formation of Organisation of African Unity (OAU), with many states arguing that their sovereignty would be compromised in the event of African unity. The Pan-Africanist stand of Kwame Nkrumah constituted a serious reproach to the zeal of the more moderate leaders in the continent, whose vision of African unity was largely influenced by functionalist assumptions and propositions; that the unity of African states could only be achieved through a gradual and functional integration of the continent which must start at sub regional levels.13

In addition fourteen African countries are land locked further creating need for cooperation, which would through opening of regional markets and harmonization of monetary policies foster intra-regional transactions enabling African states to move away from their traditional dependence on northern economies.14

The levels of regional integration include Free Trade Area (FTA), Customs Union (CU), Monetary Union and Political Union. Economic integration is defined as the abolition of discrimination between economic units belonging to different national states, where each category involves one further type of suppression of economic discrimination.15 The categories are a customs union implies the abolition of tariffs within the area and a common external tariff, while a free trade area implies the abolition

"V. A. O. Adetula, Regional integration in Africa: Prospect for closer cooperation between West, East and Southern Africa. (Braamfontein, Johannesburg, South Africa, May 2 - 4, 2004). p. 9

of tariffs within the area on the various products concerned, but no common external tariff against third countries. The progress through the various levels implies some loss of sovereignty hence would require political will from leaders of member countries. This has been slow in Africa and it is upon this background that the study sets out to investigate the challenges of regional integration in Africa and specifically COMESA as a case study. It studies and analyses the factors for and against regional integration and provides its findings and recommendations.

COMESA originated as a Preferential Trade Area (PTA) in 1982 and has 20 members at present which include Angola, Burundi, Comoros, the Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Rwanda, Swaziland, Uganda, Zambia, Zimbabwe and Libya which joined in July 2005. Eleven of the twenty member states participate in a FTA, while others trade on preferential terms. The FTA was formed in October 2000 as the result of a long period of tariff reductions and has followed some of the principles of open regionalism. In its earlier years COMESA was diminished by the political disintegration and the resulting economic collapse of many of its members such as Somalia, Rwanda, Burundi, Sudan and Zaire (Now DRC), of which now only Somalia remains unresolved.

COMESA has an extensive program of cooperation and technical assistance in trade facilitation and harmonization of standards; COMESA Court of Justice is provided as formal dispute settlement mechanism, though disputes have been successfully handled.

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16 P. Khandelwal COMESA and SADC: Prospects and Challenges for Regional Trade Integration UNU-CRIS occasional papers0-2005/1 p.6
through an informal process of diplomatic consultation. The COMESA agreement has also incorporated temporary balance of payments related safeguards and in addition progress is being made towards a regional framework agreement for investment and a competition policy.¹⁸

Despite the above, scholars among them Mistry and Khandelwal, contend that regional integration in Africa is faring poorly due to lack of political will and the inability of member states to commit themselves to what has been agreed in the agreement. Some of the factors mentioned form the background to the ensuing study.

1.1 Statement of the Research Problem

Regional integration in Africa remains unfruitful so that out of the 5 major bodies in the West, East, North and even Southern Africa, only COMESA has launched a protocol on Customs Union in 2007 after FTA in 2000. Whereas regional bodies seek to establish greater regional integration, and are the platform on which Africa could address her marginalisation, their success both at integration and economic growth remains a subject of debate due to the many emerging challenges. Challenges include leadership styles that cling to sovereignty and pursuit of national interests at the expense of regional cohesion; shortage of trade finance and investment capital; slow convergence of African economies; conflicts between national political priorities and regional objectives; the

¹⁸ P. Khandelwal opcit p.8
absence of progress towards privatisation especially in the infrastructure sectors; inadequate institutions and structures of governance at national and regional levels.\textsuperscript{19}

The case study of COMESA, which since its creation first as Preferential Trade Area in 1982 and then change of name in 1994 has faced various challenges towards integration despite the positive declarations by leaders of member states shades more light on the subject. COMESA is embarking on a Customs Union though faced with problems of overlapping memberships to various bodies and whose motivating factor remains unclear even as focus and commitment to one is weakened. In addition not all members have acceded to the FTA launched in 2000. Though poverty remains a major challenge to COMESA member's states which affects effective participation in the bloc, the study also examined whether lack of strong leadership contributes to the slow speed of integration.

The study of COMESA which has an active secretariat meets regularly and has an enviable population that would otherwise be beneficial economically to its members, serves to represent challenges of regional integration in Africa. The study investigated the challenges of regional integration in Africa and COMESA as a case study and proposed a way forward towards realising deeper and effective regional integration.

\textbf{1.2 Objectives of the Research}

The overall objective of the study was to investigate the challenges of Regional integration in Africa and specifically in COMESA. The sub-objectives were:

\textsuperscript{19} S Mistry-4/h'ca's record of Regional Co-operation and Integration African Affairs 99, 553-573 (2000), p.571
Firstly, to examine the role of regional bodies in furthering integration in Africa;

Secondly, to investigate factors that challenges the growth of regional integration in Africa;

And thirdly, to identify the challenges that face COMESA at regional integration and the prospects therein.

1.3 Literature Review

This section comprises literature on regional integration in general, its definition, role and the reasons given by scholars for its emergence and especially for developing countries. The literature review entails literature on regional integration in Africa, and further traces the emergence of the various regional blocs in the region and examines their current status, and the rationale for establishing them. On COMESA as a case study, the literature includes its establishment including reasons for this and objectives and its current status vis-a-vis its objectives and further examines the specific challenges and prospects, which are representative to what is pertaining in regional integration in Africa.

1.3.1 Conceptual Literature on Regional Integration

Regional organisations, which are based on the concept of regional integration, are organisations of several countries of a region. They are international as more than two nations are members of such organisations, and are regional, because they pertain to one region. Such organisations are based on a formal agreement or treaty signed by the
concerned governments, on issues of political, economic or military cooperation among their member states.\textsuperscript{20}

Earnest Hass has defined regional integration as the "process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new larger centre whose institutions possess or demand jurisdiction over existing nation states".\textsuperscript{21}

The theories on regional integration are varied with some which can capture the developments in the third world and those that may not apply. In examining these models it is important to point out as Gilpin rightly contends that concerning economic theories, many questions remain unanswered in economic regionalism and the subject of economic integration remains largely empirical rather than theoretical. The market integration theory also referred to as 'customs union' theory where economic integration focuses on trade and monetary matters and typically progresses along a liner path from an FTA, to a customs union, a common market, and ultimately to an economic union. Tariff and non-tariff barriers (NTBs) to trade between co-operating partners are progressively reduced.\textsuperscript{22} The highest level of integration is the political union. The market integration theory has been criticised both in regard to its inner logic of theory and in regard to its relevance for regional integration schemes in the third world.\textsuperscript{24}

\begin{itemize}
  \item \textsuperscript{20} V.N. Khanna \textit{International Relations 4\textsuperscript{th} Edition} Vikas (Publishing house, New Delhi 1996) p.402
  \item \textsuperscript{21} Ibid p.402
  \item \textsuperscript{22} R. Gilpin \textit{Global Political Economy: Understanding the International Economic order}, (Princeton University Press, New Jersey2001) p.344
  \item K C Dunn & T M Shaw \textit{Africa's Challenge To International Relations Theory} (London, Palgrave Ltd.2001)p.195
  \item \textsuperscript{24} B. Oden \textit{Southern Africa after Apartheid Regional Integration and External Resources} Uppsala, The Scandinavian Institute of African Studies (1993)p.30
\end{itemize}
Oden argues that the assumptions that perfect market conditions prevail such as perfect competition, full employment is not true since this does not apply even in advanced economies neither does the theory take account of the way in which potential benefits from integration may be distributed, yet this is the most contentious issue for third world regional blocs. It is however implied that every member will gain on account of comparative advantage and that all will be better off with the union than without it. It should be pointed out though that because the exports remain primary products and that trade is more external than between states then third world countries are unlikely to gain much from customs union. This is indeed reflected in COMESA’s inter-trade versus intra-trade figures as discussed in chapter three and four.

The Development integration on the other hand is propagated in much of the developing world. This model argues that under-developed production structures and infrastructure problems must be addressed before free trade can create new efficiencies, meaning that economic development is the necessary antecedent to economic growth. While the market approach envisions political cooperation at the tail end of the process, developmental integration places a premium on political cooperation at the start of the process, a distinction that is important to note since the interactions in the blocs are hindered by mistrust and suspicion which can only be overcome if there is initial political cooperation.

25 Ibid p. 31-32
26 Ibid p.33
The main characteristic of this model is the conscious intervention by the regional partners to promote cooperation and interdependence and also tries to secure an equitable distribution of the benefits from regional integration, and which would aptly apply to COMESA which has the need for equitable distribution of benefits as one of its key objectives. Since this involves redistributive measures of a compensatory nature the development model is more structurally complex than the market integration model, as it requires planned regional industrial development that favours the less developed countries.\textsuperscript{28}

The Functional integration theory propounded by Haas is the theory that government is primarily responsive to human needs; and is associated with incremental steps towards regional integration within specific areas of policy-making, at a pace controlled by member states,\textsuperscript{29} and is 'the growth of specialised technical organisations that cross national borders.'\textsuperscript{30} The Neo-functional integration, advocated by David Mitrany advocates for immediate political unification where the goal of integration is to build a supranational authority in which the importance of the nation state is either overridden or altogether eliminated - and which is characterised by loyalty and spill over that leads to integration.\textsuperscript{31} Though it is argued that he failed to separate politics and economics in the function of a state, whereas it is difficult to divorce the two especially in developing countries where settling outstanding political and security issues is priority.\textsuperscript{32}

\begin{footnotesize}
\begin{enumerate}
\item[29] A. Heywood \textit{"Politics "}2nd edition (Palgrave New York2002).p. 147
\item[31] J. C. Senghor Chapter 2-Theoretical foundations for regional integration in Africa in Ayang' Nyong'o \textit{Regional integration in Africa: Unfinished Agenda} Edited by (Academy Science Publishers 1990)p. 19
\item[32] B Oden opcit p.40
\end{enumerate}
\end{footnotesize}
Gilpin and Heywood posit this as the most influential theory to explain political integration of European, and indeed regional integration- a revision of functionalism that recognises that regional integration in one area generates pressures for further integration in the form of 'spill-over'.

Gilpin contends that whereas functionalism assumed that conscious political decisions would accelerate political integration, Neo-functionalists concentrate on the process of regional integration itself and does not evaluate the economic welfare consequences of regional integration. Goldstein adds that according to International Relations scholars Neo-Functionalism is a modification of functionalism theory where economic integration (functionalism) generates political dynamic that drives integration further. The emphasis is that closer economic ties require more political coordination in order to operate effectively and eventually lead to political integration as well- a process called spill over.

The model is embedded in the modern pluralistically organised industrial society of Western Europe. Low levels of economic development preclude the emergence of interest groups, the major force in the neo-functional integration process. The absence of interest group therefore makes African leaders the supreme decision making authority thus regional integration in Africa indeed stands and falls with the maintenance of cordial relationships between the personalities concerned and is not insulated against instabilities

33 A. Heywood opcit p. 148
of domestic politics and inter state disputes. On the other hand the theory of economic integration points out its neo-classical and static nature, and as Peter Robson argues may not be completely relevant to developing countries given that it may not adequately account for the gains from rationalisation of new production or investment in regional infrastructure.

Scholars such as Nyong'o have argued that the functional model best describes Africa since it depicts the incremental progress and cooperation in specific sectors that characterises Africa's present situation. The market integration model is unrealistic for African context particularly their assumption while the development theory its prerequisite is high level political cooperation which some have argued fails to trickle down to society. However the development theory best depicts the African situation and which this study has adopted.

Conditions for sound regional integration are given as having political will even above domestic considerations; and pushing for greater institutional and economic policy convergence through establishment of regional institutions which would develop appropriate policies independent of national interests, an area that Africa is still grappling with and which should be addressed for effective integration to be achieved.

36 B Oden opcit p.41
3 J. E. Weaver Reviewed work(s): African Regional Organizations by Domenico Mazzeo Integration, Development and Equity: Economic Integration in West Africa by Peter Robson Source: The Journal of Modern African Studies, Vol. 23, No. 3 (Sep., 1985), pp. 528-530 Published by: Cambridge University Press p.529
38 B. Oden opcit p.42
39 A. D. Quattara Regional Integration in Africa: An important Step Toward Global Integration. Statement from Deputy Director International Monetary Fund, at the first conference of Ministers of Economy and Finance of Franco-phone, Monaco, April 1999
Regional Trading blocs are a major emergence in recent years both in the North and South. Balaam and Veseth posit that the most developed and integrated bloc the European Union, was founded on the liberal principle of enhancing production specialization and efficiency and liberalizing trade between Union Members.\textsuperscript{4} Regional integration in developing areas is still hindered by the limited volume and ranges of industrial production, coupled with the disparities in development hence the reluctance of the poor to participate effectively. Unlike advanced countries, the industrial map is relatively empty; and thus the task is not so much freeing trade in what is produced, as building up, on a joint basis, new industry.\textsuperscript{41} In Europe, Ebata and Neufield contend that the regional collaboration that is on the increase is far from the kind of integration that was envisaged in the 1960s when both neo-functionalism and regionalism were vibrant areas of international relations research as there exists a sharp sense of separate purpose.\textsuperscript{42} The difference as argued by Schiff and Winters is that for the developing world it is a tool of development, and is recognised as part of global economic environment.\textsuperscript{43} The new regionalism is more global in scope and involves integration not only of trade but also of finance and Foreign Direct Investment.

Gilpin states that expanding movement toward regional integration can be characterized as a response to what political scientists call a 'security dilemma ' in which

\textsuperscript{40} D. N. Balaam and M. Veseth \textit{Introduction to International Political Economy} (2\textsuperscript{nd} Ed) (New Jersey Prentice-Hall 2001)p. 125
\textsuperscript{42} M. Ebata and B Neufeld, \textit{Confronting The Political International Relations} (London Macmillan Press Ltd 2000)) pp. 174-175
each regional movement attempts to enhance its own bargaining position vis-a-vis other regions. This view is shared by Tamori and Rasheed who argue that whereas for the North the goal may be to be supranational, the rationale for regionalisation in Africa remains economic, due to her fragmentation and poverty after independence in 1950s and 60s. These reasons still apply to date especially due to the complexity of the international political systems.

Regional economic integration may be a precondition for, rather than an obstacle to, integrating developing countries into the world economy by minimizing the costs of market fragmentation. However, political will is crucial ingredient in the integration process and in its absence, little progress will be made. In addition Economic integration can have political consequences, as when it contributes to stabilizing a political regime or enhancing regional peace and security. Unsuccessful integration may cause discord and even provoke the breakdown of relations between participants. For economists, a region is coextensive with a preferential trading agreement or a customs union, while other texts have referred to it in general as any policy designed to reduce trade barriers between a subset of countries, regardless of whether those countries are actually contiguous or even close to each other.

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46 http://www.fao.org/docrep/004/y4793e04.htm# Regional Integration and food security in developing countries p.8
According to the Abuja treaty African Economic Community was to rely on the emergence of regional building blocs of which seven are listed as such by African Union as The Arab Maghreb Union (AMU), the Economic Community of West African States (ECOWAS), the Economic Community of Central African States (ECCAS), the Common Market for East and Southern Africa (COMESA), the Southern Africa Development Community (SADC), the Intergovernmental Authority on Development (IGAD) and the Community of Sahelian-Saharan States (CEN-SAD). AEC however has more achievements in the political sphere than in the economic one. Mazzeo however contends that economic integration in West Africa begins with a review of the theory of economic integration that points out its neo-classical and static nature, and which may not be completely relevant to developing countries, since it will not adequately account for the gains from rationalisation of new production or investment in regional infrastructure, nor does it cover the determination of regional specialisation, equity in the distribution of benefits, and policy towards foreign investment. The success or failure of integration efforts can depend upon the decisions made in these areas.

Martin, and Ojo and highlight the contentious issue of benefits and are in agreement that fair distribution increases the sense of unity, stating that uneven distribution of benefits must be examined and commitment of all members necessary for its survival, since economic integration when successful bring greater unity and

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development. This would then address the Civil Strife that often flares up in the South particularly due to limited resources and complement what Bach posits that the chances of success for regional integration increase when the political and economic benefits complement each other and thus can contribute to regional peace and security. Balaam and Veseth question whether these blocs will be stepping stones on the path to global free trade or whether they will end up as tools of regional protectionism arguing that the contemporary trade system simultaneously embraces both the principle of free trade and the practical need for protectionism.

The above notwithstanding, Chazan points out that the continuing appeal of regional cooperation can be explained by the strong economic rationale mentioned earlier, along with ideological commitments and latent functions in diplomacy and security.

While Africa cannot escape from the advances of globalisation, however, due to differences in their interests the countries are less inclined to a New International Economic Order and more emphasis on following regional and bilateral strategies. Heywood interestingly sees regionalization as a counter-global trend, a form of resistance to globalisation, arguing that as the nation is no longer an effective means for protecting or advancing economic or other interests, this role may in future fall to the region.

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5 C. D Bach Edited. *Regionalisation in Africa Integration and Disintegration.* (James Currey Ltd 1999)p.31
54 Chazan et al opcit p.312
56 A. Heywood opcit p. 144
Another angle by Gilpin is that whereas political and economic considerations are involved in every regional movement their importance differs; pointing out that the European Union (EU) after the cold war shifted its development cooperation prior ties away from Africa.

Sutter contends that liberalisation of trade and finance and communications revolution in the 90s has led to new forms of integration among countries and recasting, indeed redefining conceptions of space and time. This is true as the world has become a global village which then overrides actual territorial integration and can pose a challenge to regional integration vis-a-vis Bilateral relations. From a technical standpoint however regional groups violate the General Agreement on Tariffs and Trade (GATT) and World Trade Organisation (WTO) principles of non-discrimination by permitting internal free trade while still imposing trade restrictions on external trade.59

Asante and Chanaiwa state that regional integration since the early 60s to date is indeed critical in driving Africa forward and are a part of wider desire of the poor African nations to eliminate or reduce the inequalities inherent in the present international economic system.60


1.3.2 Literature on Regional integration in Africa

Turning from conceptual literature on regional integration to focus on Africa, it is posited by Khandelwal that integration has long been seen in Africa as a means of achieving industrialization and modernization through encouraging trade and securing economies of scale and market access' leading to the emergence of many regional arrangements all over Africa but which have not halted the marginalization of Africa in world trade.\(^1\) However there appears to be a renewed recognition on the part of donors and aid agencies of the value of regional integration, and of the need to provide external support for regional policies, projects, and institutional reforms. In addition internal and external pressures in combination can produce the realignment and re-phasing of organisational and policy priorities that will be indispensable if co-operation and integration in Africa are to be enabled to play a truly constructive role.

According to Adetula the process of regional integration is a dialectical unity of social, economic and political processes and argues that the Pan-African consciousness which spread across the continent in the 1950s provided the necessary background condition for the evolution of modern regional integration process in Africa. African integration process however suffered a setback in the 1960s due to a betrayal of Pan-Africanism by the power elites. As a result many African countries abandoned regional integration to pursue development as fragmented national projects, and this has made

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\(^1\) P Khandelwal COMESA and SADC: Prospects and Challenges for Regional Trade Integration *Unu-Cris Occasional Papers* 0-2005/1 p.4

regional integration very difficult in the region, though it is still very relevant to the developmental needs of the peoples of Africa.\textsuperscript{63}

Ojo et al posits that Nkrumah's proposal for 'continental Union Government' was opposed by Nigeria who argued that 'economic integration must precede political union and that economic integration itself must begin at the sub-regional level and proceed in stages beginning with functional co-operation and leading to perhaps a common market.'\textsuperscript{64} Preference is given to economic integration which has been seen as a means to overcome the disadvantages and poverty and narrow resources base and enabling a greater rate of economic growth and development.

In clear furtherance of integration, regional integration bodies provide a framework for coordinating policies and regulations, help ensure compliance, and provide a mechanism of collective restraint. They also help prevent and resolve conflict by strengthening economic links among African countries and by including and enforcing rules on conflict resolution. Economic theory and available evidence suggest that the benefits of regional integration are neither automatic nor necessarily large, but regional integration is indeed one instrument for advancing African countries albeit through strong leadership.\textsuperscript{65}

Langenhove et al state that Regional integration initiatives also have the potential to fulfill other important functions such as the creation of an appropriate enabling environment for private sector development; the development of infrastructure

\begin{thebibliography}{9}
\bibitem{64} Ojo et al, \textit{African International Relations}. (Longman, New York 1990) p. 144
\bibitem{65} opcit p.22
\end{thebibliography}
programmes in support of economic growth and regional integration; the development of strong public sector institutions and good governance; the reduction of social exclusion and the development of an inclusive civil society; contribution to peace and security in the region; the building of environment programmes at the regional level; and the strengthening of the region's interaction with other regions of the world.\textsuperscript{6}

Oyejide argues that Africa's regional integration arrangements have suffered from both design and implementation problems resulting in the failure to fully take into account the initial conditions and structural characteristics of African economies\textsuperscript{67}. According to Fine and Yeo "the performance of the regional entities has been well documented. . . . In virtually all cases, the volume of intra-regional trade has stagnated or even declined slightly, and there have been no changes in the composition of trade that would suggest that integration has led to any significant structural change in the Q economies concerned". These are attributed to the low incomes in the region and not on policy issues.

Asante and Chanaiwa state that in the 1970s, Pan-Africanism as an integrative force received a great deal of impetus following the dramatic changes in the world economy and the serious repercussions which these have had on the economies of Africa. The newly independent leaders had become preoccupied with "immediate territorial problems of the unification of ethnic and regional groups, the consolidation of their own

\textsuperscript{6} L V Langenhove et al The Ascent of Regional Integration Paper presented at the High-Level Symposium "Social Dimensions of Regional Integration" organized by UNESCO, MERCOSUR, GASPP and UNU-CRIS (Montevideo, 21-23 February 2006). 1 United Nations University, Comparative Regional Integration Studies programme (UNUCRIS), Bruges, Belgium, accessed on 25/5/2009 p.6
\textsuperscript{67} Oyejide T. A. Policies for Regional integration in Africa: Economic Research papers No62 PDF 2000 p7

\textsuperscript{65} J Fine and S. Yeo "Regional Integration in Sub-Saharan Africa : Dead End or a Fresh Start?", in Oyejide, A. et al (eds) (1997) p.433
parties and power over the masses and against opposition leaders, the fight against poverty, disease and ignorance as well as the defence and security of nations against the cold war and internal coup d'etat."  

Regional cooperation indeed provides a strategic approach to reducing dependence. The OAU in the 1980 Plan of Action articulated this idea as central part of the continental agenda particularly with fourteen African countries being land locked. Chazzan et al state that the "opening of regional markets and harmonization of monetary policies should foster intra-regional transactions enabling African states to move away from their traditional dependence on northern economies."  

Bach traces the drive towards regional integration in Africa as divided into two waves: the first took place during the post independence period i.e. in the 60s and early 70s. The second wave was around the signing of the Abuja Treaty on the African Economic Community (AEC) in 1991, which required the AEC to be established over a period of 34 years and to build upon the existing sub-regional communities. It can be interpreted as a strong expression of general political desire for more integration in Africa.  

According to Warren, of the many regional integration groupings that have emerged in Africa the ECOWAS established in May 1975 in Lagos, is the first serious attempt at economic cooperation and integration in West Africa however slowness in

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ratifying the protocols of the its and failure to make payments are among the most prominent reasons for its underachievement. 2 This was followed by SADDC which was formally inaugurated in April 1980 by the signing of the Lusaka Declaration on Economic Liberation. The Preferential Trade Area for Eastern and Southern African States (PTA), which was concluded in Lusaka in Dec 1981 now COMESA, was launched in Harare in July 1984 and did not confine itself to trade alone but addressed itself to promotion of regional economic integration.73

In Southern Africa three integration arrangements have existed namely Southern African Customs Union (SACU), Multilateral Monetary Area (MMA), and SADC and Indian Ocean Commission (IOC) with overlapping membership though for IOC reasons of geography and history have made integration impossible. The potential of SACU and SADC is high although other partners perceive it as exploiting their consumer markets for its own mercantile interests.74

In North Africa, the Arab Maghreb Union (AMU) embracing Algeria, Morocco, and Tunisia was created in 1989 but has not made much progress. East Africa history of integration is also weak with EAC that was formed in 1967 disbanded in 1977 and revived in 2000.

The objective of these regional bodies was to reduce their members' dependence on the external forces which influence the economic policies and directions of African countries; and to coordinate the development programmes in the different sectors and

75 Asante and Chanaiva. Pan-Africanism and regional integration Opic p.736
74 Mistry opcit p.564
sub-sectors for faster economic growth and development. Asante and Chanaiwa further stress that, regional integration may not be successful while regional partners remain incorporated into the inter-national system and that regional self-reliance is incompatible with global and trans-national integration. It is argued however that the basic condition for exploiting gains from integration in a static or dynamic context is economic specialization within the union, and the harmonization on the fiscal and monetary levels.76

The multiplicity of existing institutions that characterizes Eastern Africa is clearly detrimental to the continental integration and development goals. A study undertaken by the UNECA in 2006 reveals that "lack of harmonized instruments governing trade and market integration programmes means that each regional economic community has its own rules of origins and certification process, limiting trade among communities. The irony of this outcome: production structures in African countries vary and different competencies and comparative advantages exist within the continent, but it is much easier to import goods from outside the continent than from within. The paradox of an integration conscious continent with such poor performance in intra-continental trade remains an embarrassment for the proponents of the African Economic Community."77

Africa's growth is still dependent on foreign aid, and the absence of adequate infrastructure to promote regional integration tends to frustrate any good intentions towards implementing treaties and policies. According to Robson there is need to create

75 Ibid p.564
77 UNECA Assessing Regional Integration in Africa II; Rationalizing Regional Economic Communities, (Addis Ababa: UNECA 2006) p.55-56
more appropriate instruments and arrangements for industrial co-operation, which if used effectively is likely to be the single most crucial determinant of the future contribution of integration to economic development in Africa, while being realistic about what can be achieved, and the path to follow. Mistry postulates that first generation integration advocated for high levels of protection which was flawed as it became entrenched rather than being used to achieve efficiency and competitiveness, while aid to Africa was driven by the geopolitical agenda and priorities of donors. It can be argued therefore that failure of development and integration for first generation was due to external influences as well as the protectionist model. The model is said to have failed because it was anti-market, anti-private sector and anti-property rights, and anti-foreign investment. In fact state intervention resulted in large scale economic failure.

The creation of a regional programme for power exchanges pushes forward the case of regional standard norms, and thus actively participates in the process of regional integration. Technical regional organizations play an important role in the process of regional integration as they manage an increased number of projects and programmes by a slow spill-over effect and are often seen as addressing issues of low politics on an ad-hoc basis. Fanta argues that it is easier for ministers to find agreements on the pooling together of the management of a given resource but much more difficult to find

7 P. S. Mistry - Africa's Record Of Regional Co-Operation And Integration African Affairs (2000), 99, 553-573 p.556
agreements on issues of 'high politics' especially in a region where there still is an important distrust among the states.\textsuperscript{80}

It is further observed that pan-African agencies and the donor community emit inconsistent\textsuperscript{4}, signals on integration in Africa. Of concern is that bilateral donors with their 'favoured countries' policies guiding their ODA flows have either been supportive of, or opposed to integration on a narrow view of how 'their 'countries'' fare from it in the short term.\textsuperscript{41} Over the last decade the World Bank and the International Monetary Fund (IMF) have not been forthright about whether or not they support African integration and what type of integration they are prepared to support, while the WTO and EU have been supportive of Africa though they hold up the EU model as the only workable model for Africa to follow.

Other challenges given by Bach and Mistry at the national level include the inappropriate economic policies; inward looking development strategies emphasising import substitution behind high barriers; lack of political will; local conflicts and civil strife; insufficient knowledge and capacity to implement integration measures. While at the regional level the "lack of implementation of regional integration can be explained by insufficient coordination of national polices; overlapping and inadequate institutional arrangements; unrealistic, over-ambitious agendas and lack of resources of the integration organisations." For regional integration to take its rightful place in Africa, mechanisms should be put in place "to ensure that welfare gains from economic integration are derived by all participating members."

\textsuperscript{80} E Fanta Dynamics of Regional (non-) integration in Eastern Africa April 2008 UNU-CRIS Working Papers 2008 p. 14
\textsuperscript{81} P S Mistry Op cit p.572
\textsuperscript{82} C. D Bach opcit p30
The EU needs to develop much clearer policies which take account of the impact on African integration initiatives of its post-Lome arrangements with ACP countries under the Cotonou Agreement and its association agreements with particular countries.\(^{81}\)

In this regard training on the 'technology' of regional integration would enable better understanding of the subject matter even at multilateral agreements. There are varying views however that should also be pointed out, that the Bretton Woods institutions have emphasised unilateral economic liberalisation towards the rest of the world rather than within a region, while the EU view is to favour regional liberalisation as a step towards wider liberalisation and integration into the world economy.\(^{84}\)

Heywood in supporting Bach’s view ably summarises what Africa's regional integration options are by stating that 'the implications of economic regionalization clearly depend on whether such trading blocs become inward looking 'economic fortresses' that resist globalisation or develop into outward looking bodies that help to manage the integration of their regions into global economy while fostering internal cooperation. This will also be influenced by the success of the institutions of global economic governance especially the WTO and the IMF in promoting trade liberalization'.\(^{85}\) Collier and Gunning on the other hand suggest that reforming African governments can also take certain steps to commit themselves to defend economic reforms. Internationally, governments may increasingly make use of rules within the World Trade Organization, and shift their economic relations with the European Union from unreciprocated trade preferences to a wider range of reciprocated commitments. In

\(^{81}\) P. S Mistry - opcit p556
\(^{84}\) C. D. Bach opcit p339
\(^{85}\) A. Heywood opcit p. 145
addition domestically, there is a trend to freedom of the press, and the creation of independent centres of authority in central banks and revenue authorities, all of which should generally help to reinforce a climate of openness and democracy, which is likely to be supportive of economic reform.\(^\text{86}\)

**1.3.3 Literature on COMESA**

COMESA established in 1994 in Lusaka, Zambia, replaced the Preferential Trade Area (PTA) and is one of the most ambitious economic regional organizations that have been established in Africa with the aim of creating a common market for Eastern and Southern Africa countries. The transformation of the PTA into COMESA dovetailed the signing by the OAU of the Lagos Plan of Action and the Abuja Treaty that made provision for building the continental unity through the creation of Regional Economic Communities. COMESA covered a very large geographical area and encompassed countries in very different state of development. Extending from Egypt in the north, all the way to Angola in the South, the inter-governmental organization eventually planned for the establishment of a FTA by 2000, of a CU by 2004 and of a monetary union by the year 2025.\(^\text{87}\)

COMESA established three instruments to support intra-PTA trade: the PTA clearing House (1984), the PTA bank (1988) and the PTA traveller's checks (1988). It is noted however that all three instruments have been underutilised.\(^\text{88}\)

\(^\text{87}\) E Fanta Dynamics of Regional (non-) Integration in Eastern Africa April 2008 UNU-CRIS Working Papers 2008  
Members of COMESA as indicated in the map above are Angola, Burundi, Comoros, Islands, Democratic Republic of Congo (DRC) Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar. Malawi, Mauritius, Namibia, Rwanda. Seychelles, Sudan, Swaziland, Uganda. Zambia, Zimbabwe and the youngest member Libya which joined in July 2005. The first aim and objective of COMESA as detailed in Article 3 of the treaty establishing is to attain sustainable growth and development of the member States by promoting a more balanced and harmonious development of its production and marketing structures; the second is to promote 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 people and to foster closer relations among its member States; thirdly to co-operate in the creation of an enabling environment for foreign, cross border and domestic investment including the joint promotion of research and adoption of science and technology for development; fourth to co-operate in the promotion of peace, security and stability among the Member States in order to enhance economic development in the region; fifth to co-operate in strengthening the relations between the Common Market and the rest of the world and the adoption of common positions in international fora; and sixth to contribute towards the establishment, progress and the realisation of the objectives of the African Economic Community.

COMESA despite its name is not common market but is the largest regional economic group in Africa consisting of nineteen countries with a total population of 400 million covering an area of 12.89 million Km$^2$ and a GDP of 230 billion USS. COMESA though characterised by strong disparities in their economic and social background, and facing critical challenges, has an ambitious programme of policy harmonisation that envisages the creation of a monetary union in the region by 2025.$^{90}$ The fundamental principles of COMESA are given in Article 6 of the treaty and include Equality and inter-dependence of the member States; Solidarity and collective self-reliance among Member States; Inter-state co-operation, harmonisation of policies and integration of programmes among the Member States; Non-aggression between the Member States; Recognition, $^{89}$ Treaty establishing The Common Market for Eastern and Southern Africa. (Kampala, Uganda November 1993) 
promotion and protection of human and peoples rights in accordance with the provisions of the African Charter on Human and Peoples' Rights; Accountability, economic justice and popular participation in development; The recognition and observance of the rule of law; The promotion and sustenance of a democratic system of governance in each Member State; the maintenance of regional peace and stability through the promotion and strengthening of good neighbourliness; and the peaceful settlement of disputes among the member states, the active co-operation between neighbouring countries and the promotion of a peaceful environment as a pre-requisite for their economic development.\textsuperscript{91}

Chauvin and Gaulier point out the need for structural changes in order to expand trade potential in the region, a concern that COMESA appears to have in its agenda since it has placed more emphasis on harmonization of standards and customs procedures and trade facilitation. Khandelwal argues that the lack of political commitment has afflicted COMESA thus impeding progress in implementing its vision and is also reflected in the fact that the larger economies of the region, Kenya, and Egypt have not taken on active roles as champions of regional integration and liberalization. It is important that COMESA become an effective vehicle for nondiscriminatory tariff liberalization as well as addressing weaknesses in infrastructure, harmonization of standards and customs procedures.\textsuperscript{93}

\textsuperscript{91} Treaty establishing The Common Market for Eastern and Southern Africa of 5th Kampala, Uganda November 1993
However differences exist on perception of some countries being economically more advanced; Contention regarding the restrictive definition of the rules of origin in terms of the 51% minimum national equity holding rule; contention of the reduction and elimination of customs duties and other charges of equivalent effect; contention was related to formula for contribution to the PTA budget.\(^9^4\) Carmignani identifies some factors that are driving the socio economic trends in this region as being first, political instability and social unrest and secondly the spread of HIV/AIDS which has seriously eroded the social base of several countries, disrupting human capital and thus hampering future prospects for economic growth and human development; another negative factor is the volatile international agricultural prices and extreme climatic conditions.\(^9^5\)

Mistry in agreement adds that these have led to continued external imbalances and debt sustainability problems, while some of PTA's objectives remain unachieved as COMESA is facing membership issues as some southern members leave it for SADC.\(^9^6\) Farrell et al further state that the overlapping membership between SADC, COMESA, EAC, IGAD and SACU is a source of complex politico-bureaucratic and normative hurdles.\(^9^7\) These overlapping memberships are not always useful as they can generate many problems and uncertainties. Not only do two different integration organizations have similar mandates, but also conflicting policies and obligations. In addition legal uncertainty is also created in cases where more than one trade arrangement applies to


\(^9^6\) * Mistry opcit p.561

trade between two countries and which undermine the implementation of the agreements that aim to establish rules-based dispensations, and also add considerably to transaction costs to member states, and duplication in both regional trade and trade with outside partners. Braude argues that if SADC or COMESA achieves Custom Union (CU) status, then whichever EAC countries are caught within the CU overlaps will have to withdraw from one of the overlapping CUs, given that a country cannot implement more than one organization's Common External Tariff (CET).

Despite this, the whole process of regional integration and cooperation is now regarded as a pivotal component of development strategy addressing issues of peace and security, health, poverty reduction and macroeconomic stability. While the treaty details areas of co-operation, some policy actions have been proposed in order to sustain the process of economic integration in COMESA. These include the policy harmonisation framework to be strengthened by designing effective mechanisms for monitoring and enforcement; harmonisation of rules and regulations, the establishment of a system of regional payments and regional markets and greater cooperation on the realisation of infrastructure to increase physical interconnectivity and thirdly creation of efficient regional systems of banks for cross-border financial services.

Other areas that need further consideration in future include the question of how to achieve fiscal stabilisation; overlapping membership that reduces commitment to each regional initiative; and how costs and benefits of integration are allocated across socio-

100 Ibid, pp. 243-244.
economic groups and the perception that these groups have of the economic consequences of integration as it would explain why some Regional Economic Communities (RECS) integrate faster than others.\textsuperscript{101}

The areas where COMESA has made good progress include the removal of tariff barriers where as at 1st April 1999, 2 countries had published the 90% tariff reduction, 8 countries had published the 80% tariff reduction, 1 country the 70% reduction and 3 countries the 60% reduction; Elimination of non-tariff barriers: rules of origin have been simplified, with more scope for import content, by the adoption of a 35 percent local value added criterion; The adoption of a single COMESA Customs Document to replace the previous multiplicity of documents and also serve for clearance of customs warehousing, re-export and transit purposes; Installation of efficient customs management systems to facilitate date and revenue collection and establish the basis for a harmonized tariff: the Automated System of Customs Data (ASYCUDA) installed in 12 countries, Eurotrace in 19; A Customs Bond Guarantee Scheme to facilitate transit traffic and reduce the cost of financing transit goods; Establishing the Trade Information Network which now has some 47 computerized focal points set up in 20, Member States, which provide information on all export and import opportunities available in each country including trade flow analyses, company registers, comparative COMESA tariffs, non tariff barriers, and macro economic profiles of Member States. Lastly COMESA has also set up its own Website (http://www.comesa.int) to provide information to business interests from within and outside COMESA.\textsuperscript{102}

\textsuperscript{101} Ibid p.244
\textsuperscript{102} http://www.djiboutinvesi.dj/ar/opports/comesa.him#facts COMESA Annual Report 2008
In terms of achievements, in addition to COMESA attaining Free Trade Area phase in 2000, and launching the Customs Union in June 2009, several institutions have been created to promote sub-regional co-operation and development. These include:

- The COMESA Trade and Development Bank in Nairobi, Kenya
- The COMESA Clearing House in Harare, Zimbabwe
- The COMESA Association of Commercial Banks in Harare, Zimbabwe
- The COMESA Leather Institute in Ethiopia
- The COMESA Re-Insurance Company (ZEP-RE) in Nairobi, Kenya

In addition a Court of Justice was also established under the COMESA Treaty and became formally operational in 1998. These institutions have the potential to become commonly owned institutions not only for the regional organizations in eastern and southern Africa but for the African continent as a whole as they already providing services to the private sector not only in COMESA and Africa, but also in South East Asia. Despite these seeming achievements it is not clear from available literature what COMESA faces as challenges that hinder her effectiveness as a regional integration bloc and hence the need for the study.

1.4 Justification for the Research Problem

From the academic perspective the study contributes to the ongoing debate amongst scholars as to what hinders effective regional integration particularly in Africa. It further examines the reason for continuing overlaps, the reason for the slow integration progress particularly the reluctance in acceding to the FTA which has been in place since

103 http://www.africa-union.org/root/AU/recons/comesa.htm#institutions accessed on 27/7/2009 Africa Union RECS
2000, and which is contrary to the objective of the bloc, and to which Nyong'o has rightly postulated that without economic integration, regional integration would not survive in Africa.

Studies in this field remain inconclusive given the existence of numerous regional bodies that however seem to be grappling at the various levels of integration. Pan-African agencies, donor community World Bank and the International Monetary Fund have not been forthright about whether or not they support African integration and what type of integration they are prepared to support; while World Trade Organisation and European Union though supportive of Africa have held the EU model as the only workable model for Africa to follow, a position which the study examines whether it is indeed appropriate.

The inappropriate national economic policies; inward looking development strategies emphasising import substitution behind high barriers; lack of political will; local conflicts and civil strife; insufficient knowledge and capacity to implement integration measures; including regional overlapping and inadequate institutional arrangements; unrealistic, over-ambitious agendas and lack of resources of the integration organisations remain challenges to integration, and which the study focused on.

The study informs that regional integration in Africa aligns with programmes and policies that apply to the existing situation and that the rate of growth and integration is not comparable to EU because of evident economic and political disparities that are affected by both internal and external factors. Regional integration remains appealing to

\[105\] C. D Bach opcit p.30
African leaders despite their rejection of Nkrumah's proposal for a United Africa- though acceptable at their own pace. Whilst looking at the challenges and obstacles in regional integration the study contributes towards updating the existing literature on the challenges of regional integration in Africa.

1.5 Theoretical framework

The study utilises the framework of development integration. The approach is an alternative to the market approach and is propagated in much of the developing world. This model argues that under-developed production structures and infrastructure problems must be addressed before free trade can create new efficiencies, meaning that economic development is the necessary antecedent to economic growth. While the market approach envisions political cooperation at the tail end of the process, developmental integration places a premium on political cooperation at the start of the process.106

The main characteristic of this model is the conscious intervention by the regional partners to promote cooperation and interdependence and also tries to secure an equitable distribution of the benefits from regional integration. This supports one of the principles of COMESA which is to integrate through promoting a more balanced and harmonious development of its production and marketing structures. Since this involves redistributive measures of a compensatory nature the development model is more

106 K C Dunn & T M Shaw Africa's Challenge To International Relations Theory (London, Palgrave Ltd.2001) p. 195
structurally complex than the market integration model, as it requires planned regional industrial development that favours the less developed countries.\textsuperscript{107}

The COMESA treaty details areas of co-operation and some policy actions have been proposed in order to sustain the process of economic integration. These include the policy harmonisation framework to be strengthened by designing effective mechanisms for monitoring and enforcement, and harmonisation of rules and regulations,\textsuperscript{108} which is a key area that would align the development theory aptly to COMESA.

While related arguments have been made that regional trading arrangements might enhance developing countries' efforts to industrialize,\textsuperscript{109} it is common knowledge however that national politicians ignore integration agreements signed when they fail to get what they want. What makes the theory applicable to COMESA is its emphasis, which matches COMESA's focus on the need to address under development and infrastructure before integration can be effective. COMESA's programmes have placed these issues as priority and have ongoing projects to address the same.

In this theory the vision of the proponents of the Abuja Treaty African Economic Community is propounded since it explains issues surrounding integration right from formation to its objectives and the link to economic development and which forms the objectives of the establishment of blocs such as COMESA. The theory therefore addresses the reasons for convergence which are for economies of scale, better

\textsuperscript{1} B Oden \textit{Southern Africa After Apartheid} Regional Integration and External Resources Uppsala, (The Scandinavian Institute of African Studies 1993)p.35
\textsuperscript{106} F Carmignani \textit{opcit} pp.243-244
bargaining power and economic benefits from emerging synergies, and hence its applicability. The under development in the region is a main factor in pushing for integration hence this theory aptly addresses the objectives of COMESA and regional integration in Africa. Most small poor states have, in isolation, limited development options. Their balanced economic growth and certainly any industrialisation that hinges on import substitution, demands larger markets. In Africa this has long been recognised, and regional economic integration and co-operation have constituted an element of development strategy for more than two decades. The various levels of integration address development and the fears to proceed through also reflect the fears involved where disparities in development contribute to hiccups in decision making or reaching a consensus the strong economic rationale for integration seeks to address issues of development.

This theory could be supported by the arguments of Martin, and Ojo who highlight the contentious issue of benefits and state that fair distribution increases the sense of unity and that uneven distribution of benefits must be examined and commitment of all members necessary for a bloc's survival, since economic integration when successful bring greater unity, and development. The development theory therefore which emphasises commitment and cooperation of leaders and equitable distribution and which are the bone of contention in African regional blocs including

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COMESA,\(^2\) is indeed the framework within which COMESA’s operations are adequately addressed. These arguments justify why the framework was seen to be the most appropriate as it is in line with the broad objectives of COMESA and will therefore be used in this study.

1.6 Hypotheses

This study tested the following hypotheses:

Firstly, pursuit of national interests has been a major challenge against growth of regional integration in Africa;

Secondly, leadership has been a constraint to regional integration in Africa and COMESA in particular; and

Thirdly, overlapping memberships by COMESA member states impedes its effective regional integration.

1.7 Methodology of the Research

The study was based on both primary and secondary data. It will also include library and internet research. The primary data included unstructured interviews both in person and telephone and email to those outside the country and also questionnaires. This is a qualitative research that used the purposive (judgmental) sampling technique, which is a deliberate way, with some purpose or focus in mind based on the information the study is seeking to attain\(^3\). The interview sample comprised 4 officials, which included 2 senior officers working in the Ministry of Trade, one from the Ministry of Foreign

\(^{112}\) Ojo et al African International Relations (Longman, New York 1990) p. 144

\(^{113}\) K F Punch Introduction To Social Research Quantitative and Qualitative Approaches 2\(^{nd}\) Ed. (London Sage Publications 2005) p 187
Affairs, department of external trade and one from the COMESA secretariat in Lusaka, Zambia. The questionnaires were administered to a total of 6 officials with 4 officers from the Ministry of Foreign Affairs trade department and 2 in the Kenyan embassy in Lusaka Zambia. One weakness with the questionnaire however is the limitation in following up questions, and the inability to capture a wholesome response as compared to interviews and also loose on variation.

For the interviews the researcher used semi structured interview and also on telephone to one official from COMESA secretariat in Lusaka. Semi structured interviews are not close ended and therefore allow for variation. The strength of this tool is that it is capable of producing rich and valuable data since it is non-standardized, open ended in depth interview. One weakness is that it is time consuming and could also digress to other issues that are not relevant. To enrich the research further, the researcher used a wide coverage of primary and secondary source of materials as possible. This included literature review from books, journals, Newspapers, conference reports and government policy papers. The study benefited from class lectures and group and class discussions.

The method of telephone interview was appropriate since the site is in Lusaka, Zambia. To counter the limitation the researcher verified the information by also using secondary data from COMESA website.

The study site was chosen because it is the venue where the secretariat is based while the Trade Ministry in Kenya is the immediate government agent responsible for

\[114\] Ibid p 172
trade matters and under which preview COMESA falls. The Ministry of Foreign Affairs on the other hand is the link agent with foreign countries and responsible for international relations under which regional integration and COMESA fall.

The study used descriptive and tabular data in the data analysis given the small sample and will also use thematic content in analysis. Descriptive data was used from both primary and secondary data for data analysis. The study identified the themes, categories and patterns to determine the adequacy of the information in relation to the hypothesis.\textsuperscript{5}

2.0 Chapter Two Debates On Regional Integration in Africa

Introduction

This chapter seeks to examine debates on regional integration in Africa. While debates and controversies on this subject are many, the focus of the study is on selected themes and challenges which directly impact on the whole study. The first debate is the contribution of regional integration and whether indeed it is effective. The second theme and debate is regional economic integration vis-a-vis alternative forms of integration in Africa. The third debate is on challenges facing regional integration in Africa and finally debates on new approaches to regional integration and cooperation.

2.1 Debate on the contribution of regional integration

One of the key debates concerns the question of whether regional integration initiatives are indeed contributing positively to effective integration. As Farrell has posed regionalisation without integration is what some scholars argue Africa is.\(^1\) The continuing debates on regional integration in Africa reflect the challenges that integration faces in Africa. Haas defines integration as the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states. Integration between sovereign states therefore is a process of

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\(^1\) M Farrell et al *Global Politics of Regionalism*. (Theory and Practice London Pluto Press 2005)p. 185

\(^2\) E.Haas *The Uniting of Europe Political social and Economic Forces*, 7 950-7 957(Stanford, Calif: Stanford University Press (1958) p.16
large-scale territorial differentiation characterized by the progressive lowering of internal boundaries and the slow raising of new external boundaries.  

A key controversy is reflected in Farrell and Quattara's argument that the reluctance of most African governments towards effective transfers of sovereignty and their inability to enforce commonly agreed policies stimulate debilitating patterns of regionalisation, which proceed from a re-composition of state-society interactions that negates the aggregative ambitions assigned to regionalism. In order to be meaningful, regional institution-building demands capacity-building this would develop appropriate policies independent of national interests. However scholars such as De Melo and Adetula argue that regionalism alone may not act as a panacea for Africa but innovative approaches such as a collective investment insurance scheme to reduce the risk of foreign investment, and/or a facility for subsidising foreign direct investment, and that regional integration has to be re-defined with serious consideration to reviving Pan-African consciousness and broad involvement of the African peoples in the processes of regional integration.

Hansohm et al further argue that coordinating and harmonizing national policies and strategies is more manageable in smaller groups, and in valuable arenas for tackling
volatile trade issues such as agricultural subsidies and trade in services, and where issues that cause deadlock in multilateral negotiations are resolved by political pressure and diplomacy at the regional level.\textsuperscript{8}

Langenhove et al and the Economic Commission for Africa on this debate state that regional integration bodies provide a framework for coordinating policies and regulations, help ensure compliance, and provide a mechanism of collective restraint. They also help prevent and resolve conflict by strengthening economic links among African countries and by including and enforcing rules on conflict resolution,\textsuperscript{9} they enable the creation of an appropriate enabling environment for private sector development; the development of infrastructure programmes in support of economic growth and regional integration; the development of strong public sector institutions and good governance; the reduction of social exclusion and the development of an inclusive civil society; contribution to peace and security in the region; the building of environment programmes at the regional level; and the strengthening of the region's interaction with other regions of the world.\textsuperscript{10}

An argument against integration states that Africa's regional integration arrangements have suffered from both design and implementation problems resulting in the failure to fully take into account the initial conditions and structural characteristics of

\textsuperscript{8} D Hansohm et al Namibia's withdrawal from COMESA: A Case Study of Successful Policy Research in Namibia Neprit working paper no101. May 2005 p.3
\textsuperscript{9} Economic Commission for Africa, 2004 Addis Ababa Ethiopia Assessing Regional integration in Africa: ECA policy research report p.22
\textsuperscript{10} L V Langenhove et al The Ascent of Regional Integration Paper presented at the High-Level Symposium "Social Dimensions of Regional Integration" organized by UNESCO, MERCOSUR, GASPP and UNU-CRIS (Montevideo, 21-23 February 2006). 1 United Nations University, Comparative Regional Integration Studies programme (UNUCRIS),Bruges, Belgium, p.6
African economies, and that according to Fine and Yeo the volume of intra-regional trade has stagnated or even declined slightly, and there have been no changes in the composition of trade that would suggest that integration has led to any significant structural change in the economies concerned. These are attributed to the low incomes in the region and not on policy issues.

Oyejide in support of Fine and Yeo’s argument posits that the overall intra-African trade is lower than that of any region in the rest of the world and that intra-group trade for the PTA/COMESA, CEAO/ West African Economic and Monetary Union (UEMOA), and SACU is typically higher than the intra-African trade ratio but that the intra-group trade of the PTA/COMESA has actually been lower in the 1990s than it was before the PTA started off in 1984. The CEAO has a much higher intra-group and UDEAC records a slightly lower intra-group ratio rather the overall African region. Therefore though regional integration is viewed as a means of expanding intra-regional trade and promotion of industrialization and overall growth through the liberalization of trade barriers within the integrated region, it presumes the complete elimination of all barriers to trade and factor movement within the integrated regions and the reduction to the minimum of all intra-regional transactions costs. However the success of a regional integration scheme requires that there be high levels of trade between the member countries, substantial complementariness in goods and factors among the regional partners, and differences, in per capita income and consumption patterns, that translate

" J Fine, and S. Yeo (1997), "Regional Integration in Sub-Saharan Africa : Dead End or a Fresh Start ?", in Oyejide, A. et al (eds) p.433

1 T. A. Oyejide Policies for Regional integration in Africa : Economic Research papers No 62
into significant potentials for product differentiation and, hence, trade.\textsuperscript{13} This has however has been difficult to achieve.

Another debate concerns economic theories. According to Oden, regional integration must provide a rationale for protection as an aim of policy, or accept it, and that the assumptions such as in market theory that perfect market conditions prevail such as perfect competition, full employment is not true since this does not apply even in advanced economies neither does the theory take account of the way in which potential benefits from integration may be distributed.\textsuperscript{14} Developmental integration on the other hand places a premium on political cooperation at the start of the process,\textsuperscript{15} and tries to secure an equitable distribution of the benefits from regional integration as it requires planned regional industrial development that favours the less developed countries.\textsuperscript{16}

On the debate on which theory best suits regional integration, the bone of contention has been the application of the theories to the third world. According to scholars such as Oden, Heywood and Goldstein, functionalism, advocates for incremental cooperation in specific sectors, leading to a transfer in future of sovereignty to central authority, and where Community is increasingly tied together by virtue of functional interactions.\textsuperscript{17} It is the theory that government is primarily responsive to human needs; and is associated with incremental steps towards regional integration within specific areas.

\textsuperscript{13} Ibid p.9
\textsuperscript{14} B Oden \textit{Southern Africa After Apartheid} Regional Integration and External Resources Uppsala, (The Scandinavian Institute of African Studies 1993) p. 31-32
\textsuperscript{15} K C Dunn & T M Shaw \textit{Africa's Challenge To International Relations Theory} (London, Palgrave Ltd.2001)p.195
\textsuperscript{16} B Oden opcit p.35
\textsuperscript{17} Ibid p19
of policy-making, at a pace controlled by member states, \(^{18}\) and is 'the growth of specialised technical organisations that cross national borders.' Proponents of functionalism point to the increase in number of organisations and even speak of end of geography because of financial integration, while sceptics contend that states will defend their sovereign prerogatives when it comes to the crunch.\(^{20}\)

The argument against neo-functionalism which has its roots in the functional theories of regional integration by David Mitrany has been criticised because it has failed to separate politics and economics in the function of a state, whereas it is difficult to divorce the two especially in developing countries where settling outstanding political and security issues is priority.\(^{21}\) Another critique of neo-functionalism is that of the decreased role and authority of the member state, since empirical evidence indicated the opposite and even ethical arguments were evoked such as those that the state was the guardian of key values of liberty and justice in the society. However Gilpin and Heywood posit this as the most influential theory to explain political integration of European, and indeed regional integration- a revision of functionalism that recognises that regional integration in one area generates pressures for further integration in the form of 'spill-over'.\(^{22}\)

On the other hand the theory of economic integration underscores its neo-classical and static nature, and as Peter Robson argues may not be completely relevant to

\(^{18}\) A. Heywood opcit p. 147  
W C Clemens, Jr. *Dynamics of international Relations: Conflict and Mutual Gain in an Era of Global Interdependence*p.445  
developing countries given that it may not adequately account for the gains from rationalisation of new production or investment in regional infrastructure. Certain issues in developing countries which are not covered by traditional integration theory include determination of regional specialisation, equity in the distribution of benefits, and policy towards foreign investment. The success or failure of integration efforts can depend upon the decisions made in these areas.

A critical issue in the theories debate is that low levels of economic development preclude the emergence of interest groups, the major force in the neo-functional integration process. The absence of interest group therefore makes African leaders the supreme decision making authority thus regional integration in Africa indeed stands and falls with the maintenance of cordial relationships between the personalities concerned and is not insulated against instabilities of domestic politics and inter state disputes on trade or related issues. The market integration model is said to be unrealistic for African context particularly its assumptions while the development theory its prerequisite is high level political cooperation which it is argued fails to trickle down to society, but which may be applicable to Africa.

Another related debate has been on the issue of regional industrialisation. Oden arguing against industrialisation contends that, needs of the industrialists vary from country to country and they will try to influence their governments to pursue regional

J. E. Weaver Reviewed work(s): African Regional Organizations by Domenico Mazzeo Integration, Development and Equity: Economic Integration in West Africa by Peter Robson Source: The Journal of Modern African Studies, Vol. 23, No. 3 (Sep., 1985), pp. 528-530 Published by: Cambridge University Press, p.529

B Oden Southern Africa After Apartheid Regional Integration and External Resources Uppsala, (The Scandinavian Institute of African Studies 1993)p.41

25 Ibid p.42
policies that suit that particular interest, while at the same time attitude of member states
in the negotiation of a regional industrial plan depends on the relative strength of their
economies. Schiff and Winters arguing for industrialisation posit that regional trading
arrangements might enhance developing countries' efforts to industrialize.27

2.2 The debate on regional economic integration vis-a-vis alternative forms of
integration in Africa

The debate broadly centers on the scope of regional integration vis-a-vis alternative forms of cooperation, including the use and scope of the words such as integration, cooperation and also multilateralism and regionalism and the issue of functions in the regional blocs. According to Mattli integration at the level of states though referring to many different aspects of cooperation, it is mostly used in a context of economy and international trade, which involves "the voluntary linking in the economic domain of two or more formerly independent states to the extent that authority over key areas of domestic regulation and policy is shifted to the supranational level."

Brabant and Tanori, arguing for economic integration state that regional economic integration is an essential element of successful economic adjustment and development in sub-Sahara Africa, without which it is hard to envision stability in Africa, since it expands the effective market horizon within which economic agents can move the

p.35-36

W Mattli, The Logic of Regional Integration. Europe and Beyond, (Cambridge University Press, Cambridge 1999) p.41
resources they hope to utilize productively.\textsuperscript{29} Tamori while supporting this however brings in the element of cooperation stating that Economic integration embraces several forms of international economic cooperation including free trade, customs union, common market and monetary union.\textsuperscript{30}

Brabant and Tamori giving a different view in the debate state that Economic Cooperation includes concerted actions aimed at lessening discrimination in certain areas of common interest and is wider in scope than economic integration, since it can be extended to areas such as medical research, scientific and technical collaboration which economic integration does not cover yet it is limited because the cooperative arrangements that countries engage in are voluntary.\textsuperscript{31} Chazan contributes to the debate stating that regional cooperation can therefore be explained by the strong economic rationale along with ideological commitments and latent functions in diplomacy and security.\textsuperscript{32}

According to early scholars such as Ewing, the prospects for economic integration in the late 1950's and early 60's after independence were largely based on the fact that many African countries were too small to be economically viable and that, to transform political into economic independence necessarily required concerted action hence the

\textsuperscript{29} J M Brabant \textit{Economic Integration among Developing Countries - Toward a New Paradigm in N Bourenane \textit{Economic Cooperation and Regional Integration in Africa} (Nairobi African Academy of Sciences (1996) p.36
\textsuperscript{31} J M Brabant opcit p.36

A key debate posed by the Economic Commission for Africa report states that Africa needs multilateralism as well as regionalism and which can be promoted through promotion of foreign investment, human capital, technological development, infrastructure development, efficient exploitation of natural resources, and effective responses to environmental challenges. It advances its argument further that by acting as a restraint that locks in welfare-enhancing trade reforms; by creating larger political economy units that can bargain more effectively in international forums; by building pro-export constituencies to counter domestic protectionist constituencies; by increasing competition in domestic markets, lowering prices, improving quality, and making products that are more competitive in global markets.34

Another controversy has been on the functions design and implementation of the bodies. A survey of African regional integration schemes, particularly as brought out by the studies of Oyejide and Khandelwal on COMESA and SADC suggests that the design and implementation of many of the arrangements constrain rather than promote intra-regional or overall trade, due to consensual decision-making arrangements, over-lapping and sometimes conflicting memberships, lack of regional level monitoring of the implementation of decisions, apparent unwillingness of governments of member countries to cede authority to the regional bodies, and the consequent lack of resources and power by the regional secretariats to take initiative and promote regional

34 J M Brabant opcit p.23
perspectives. In addition, non-compliance with and delayed implementation of agreed trade liberalization schedules have not enhanced intra-regional trade expansions; while in many cases, the chosen instruments of integration are virtually guaranteed to discourage rather than promote intra-regional trade.\textsuperscript{5} Stolper adds that other constraints include the lack of clarity regarding the functions, responsibilities and powers of the different organs involved in various regional integration arrangements, which weakens the entire arrangement since the central body often lacks authority and resources to act on its own initiative while there are often no focal points at the national level with responsibility to act.\textsuperscript{36}

An additional controversy related to the functions above is the problem of overlapping membership and the rivalry it generates are well illustrated by the relationship between ECOWAS and CEAO/UEMOA in West Africa and between PTA/COMESA and SADC in Eastern and Southern Africa, where there is divided loyalty and poor funding due to inadequate resources for the several organizations, which impacts negatively on all the above and the decision making process.\textsuperscript{37}

2.3 Debates relating to challenges facing regional integration in Africa.

The key aspects of the debate focus on the speed, depth and benefits of regional integration. Collier and Gunning in their study of reasons for Africa's slow growth state that during the period 1960-73, growth in Africa was more rapid than in the first half of

\textsuperscript{3} Oyejide opcit p. 10
the century, but since 1980, aggregate per capita GDP in sub-Saharan Africa has declined at almost 1 percent per annum affecting 32 countries.\textsuperscript{38} The causes are given as policy and exogenous "destiny" on the one hand and, domestic and external factors on the other. Especially during the 1980s, the World Bank, the International Monetary Fund and bilateral donors came to identify exchange rate and trade policies as the primary causes of slow growth in Africa.

One of the controversies has been policy, that tariff and quantitative trade restrictions have been higher in Africa than elsewhere. Another issue and which is often favored by African governments, was that the economic crisis was due to deteriorating and likely to change in terms of trade. In addition Africa's adverse climate causes poor health, and so reduces life expectancy below that in other regions, which puts it at a disadvantage in development. However, in contrast to the domestic destiny argument, Collier and Gunning have emphasized domestic policy factors such as poor public service delivery and that African governments have typically been less democratic and more bureaucratic than their Asian and Latin American counterparts.\textsuperscript{39} Bloom and Sachs, attribute the weak economic growth in Africa to high population growth, which explains a lower saving rate and a higher proportion of flight capital for most of the continent.\textsuperscript{40} AIDS has resulted in adult mortality rates rising dramatically with up to 20-25 percent of adults now HIV-positive in some countries according to a World Bank report thus substantially creating economic effects.

\textsuperscript{*} P Collier and J W Gunning Why Has Africa Grown Slowly?: The Journal of Economic Perspectives, Vol. 13, No. 3 (Summer, 1999), pp. 3-22 Published by: American Economic Association p.3
\textsuperscript{39} Ibid p.6
Additional factors in the debate on challenges as given by Collier and Gunning state that landlocked countries face national borders on all sides, which may constitute an irreducible barrier to trade even if they have good relations with their neighbors.\textsuperscript{41} A further aspect of external destiny is that Africa's exports are concentrated in a narrow range of commodities, with volatile prices. The argument against this position is that African countries facing the challenge of reversing economic failure have lacked significant role models within the continent, that while the binding constraint upon Africa's growth may have been externally-oriented policies in the past, those policies have now been softened indicating that the chief problem today is poor delivery of public services.\textsuperscript{42}

A major debate on challenges of regional integration is the multiplication of the regional schemes which it is argued pose the problem of their coordination and related to the overlapping of the regional arrangement which leads to low ratification and implementation of agreed treaties and programmes, incompatibility of some programmes, a duplication of effort and is clearly detrimental to the continental integration and development goals.\textsuperscript{45}

In this debate on multiplicity and overlapping memberships Clapham argues that one of the guiding principles of states in Africa is that of the regime survival and a common feature in the policies is their attachment to state sovereignty, due to both historical and economic reasons thus unwilling to transfer any kind of sovereign powers

\textsuperscript{41} P Collier and J W Gunning, Op cit p.20  
\textsuperscript{42} Ibid p.20  
\textsuperscript{43} UNECA Assessing Regional Integration in Africa II; Rationalizing Regional Economic Communities, (Addis Ababa: UNECA 2006) p.55-59
to another level of governance where their decisional power might be reduced. Indeed the success or failure of a regional arrangement can be highly dependent on the advantages it can offer to the leaders themselves and whether it can increase the legitimacy of a head of state. Most of the new regional groups present the common characteristic of being members in different regional groups. The reason for this multiple membership as given by Ngwenya, the Secretary General of COMESA is to secure access to different regional markets, especially where regional blocs show protectionist tendencies against non-members. A second benefit of multiple memberships in regional groups is to provide trade diversification and investment linkages in order to reduce their dependence on major trading partners. Finally, multiple memberships might be a way to bring regionalism in line with multilateralism.

In Africa, states avoid the cost of participating by choosing to take part in regional integration processes that are less constraining. On the institutional side, states prefer a strictly inter-governmental regional organization, where all the decisional power is concentrated in the hands of the heads of state and government with the secretariats and commissions are always limited to the implementation of the decisions made at a higher level.

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45 S. Ngwenya *Regional integration in COMESA* paper by the Secretary General, COMESA 2008.
46 Clapham op cit p.56
Figure 2.1: Regional Integration Arrangements in Africa

The ‘spaghetti bowl’ in Sub-Saharan Africa
Source: Me Intyro (200f)

The figure above shows clearly the overlapping membership and the multiplicity of regional integration blocs. As Bach in a further contention in this debate of overlapping membership states that withdrawal from an already existing regional

Source: Meredith A. McIntyre working paper 05/1432005

47 M.A. McIntyre Trade Integration in the East African Community: An Assessment for Kenya Working paper 05/143/ 2005

58
arrangement can be interpreted by the states as being costly even more so than adopting a strategy to resist the push for deeper integration, which explains why only a few of the decisions made at the regional level are ratified and implemented by the national institutions is because states are unwilling to introduce legal provisions that would curtail their already weak power or control over the national economy.\textsuperscript{48} Fanta argues that it is easier for ministers to find agreements on the pooling together of the management of a given resource but much more difficult to find agreements on issues of 'high politics' especially in a region where there still is an important distrust among the states.\textsuperscript{49}

Another key challenge and debate is the intra-regional versus inter-regional trade and where Amjadi and Yeats contend that there should be increased attention to transport cost saving measures.\textsuperscript{51} A study undertaken by UNCTAD in 2001, UNECA in 2006 and a research paper of the World Bank reveals that "lack of harmonized instruments governing trade and market integration programmes means that each regional economic community has its own rules of origins and certification process, limiting trade among communities, making it is much easier to import goods from outside the continent than from within,"\textsuperscript{51} and considering too that costs faced by African countries are almost twice as high as the world average, particularly relevant for the landlocked countries of Eastern Africa.\textsuperscript{52}

\textsuperscript{49} E Fanta \textit{Dynamics of Regional (non-) integration in Eastern Africa} UNU-CR1S Working Papers 2008.p.14
\textsuperscript{51} UNECA Assessing Regional Integration in Africa II; Rationalizing Regional Economic Communities, (Addis Ababa: UNECA 2006) p.55-56
\textsuperscript{52} UNCTAD \textit{Transit System of Landlocked and Transit Developing Countries}, United Nations Conference on Trade And Development (UNCTAD, Geneva 2001)
The debate on intra-regional trade further points to the problem of insecurity as it undermines economic integration and growth, creates mistrust and diverts resources that could be used to strengthen national economies and promote regional integration. Conflicts also result in contraction of markets and erection of non-tariff barriers to regional trade.

Marupin, Khandelwal and Carmignani aptly summarise the key controversies on challenges of regional integration in Africa as overlapping of membership to several regional blocs, causing the burden of harmonisation and coordination and wasteful duplication in view of constrained resources; "Slow ratification of protocols and reluctant implementation of agreed plans due to lack of prior cost-benefit analysis and broad internal consultations among member states, coupled with socio-economic and political dynamics within the states concerned; " restrictive trade regimes ;Socio-economic policy divergence with glaring policy implementation and information inconsistencies at the national level; Limited national and regional capacities resulting in the lack of resources for effective planning, coordination, implementation, monitoring and pragmatic adjustment of programmes on the ground; and high costs of transportation and telecommunication. These conflicting objectives among rival arrangements have contributed to a lack of progress in many areas as several of these blocs are in various

54 P Khandelwal COMESA and SADC: Prospects and Challenges for Regional Trade Integration UNU-CRIS occasional papers 0-2005/4 p. 4
55 F Carmignani. Opcit pp.212-250 p.233
stages of forming customs unions such as COMESA, SADC, and the EAC, making it imperative that conflicts of membership be resolved.\textsuperscript{56}

A key debate on challenges has been on characteristics which are peculiar to regional blocs in sub-Saharan Africa and in particular the existence of multiple objectives, where SADC is the only large grouping that did not have trade integration as an objective - all other groups tend to be concerned not only with trade integration, but harmonisation of agricultural, industrialisation, transportation, energy fiscal and monetary policies with the view that this would lead to greater self reliance. A second debate concerns the absence of strong supranational institutions, where most of the blocs lack the legal backing to implement or enforce treaties and protocols, resulting in lack of transparency in the implementation of the treaties. This however has been affected by COMESA which has established various institutions which portend organization and good management in dealing with its members. One of the COMESA institutions The COMESA Court of Justice was established in 1994 by the 1994 Treaty establishing the Market for Eastern and Southern Africa (COMESA) as one of the independent organs of the Common Market and which will ensure the maintenance of the Rule of Law within the Common Market through the just resolution of disputes and thereby facilitate and strengthen economic integration. \textsuperscript{57} Three other COMESA instruments to support intra-PTA trade are the PTA clearing House (1984), the PTA bank (1988) and the PTA traveller’s checks (1988).

\textsuperscript{56} P Khandelwal opcit. p. 12
\textsuperscript{5} Lord Justice Kalaile \textit{Building Effective Regional Strategies: The Role of Regional and Sub-Regional Organizations in Strengthening Judicial Systems}  
Another debate is that there is inadequate sanctioning authority, so that states regard the cost of not implementing the treaty to be less than the benefits of doing so; Non implementation of harmonisation provisions; Lack of political commitment: regional leaders will adopt integration approaches that allow them to preserve their national interests completely; Unclear perceptions about gains; Inequalities in the distribution of gains in the integration; Inadequate compensation mechanisms; and stringent trade liberalisation schemes. These peculiarities for example could explain the continued cases of overlapping memberships in Africa as member states try to grapple with the mentioned issues.

Further peculiarities posited by Iqbal and Khan are that, for most integration arrangements in Africa the constraints in intra-regional trade include inconvertibility of member currencies, lack of adequate and cheap transport and communication links between partner states; difference in national product or service regulations and standards in transport, health and safety; difficulties in establishing letters of credit, border controls and lack of information within partner countries about the existence of potential buyers and sellers in other partner states. However these apply with various intensities in the regional groups. PTA now COMESA tried to address these through the establishment of the Trade and Development Bank for Eastern and Southern Africa, the PTA clearing house, and the PTA travellers' checks.

59 Ibid, p. 413
60 http://www.africa-union.org/root/AU/recs/comesa.htm#institutions
2.4 Debates on new approaches to regional integration and cooperation in Africa

The European Commission, which is an influential voice in the African development debate claims that it is "now widely recognized that regional cooperation and integration will have a crucial role to play in efforts to improve economic outlook in Africa" From this perspective, and in spite of the difficulties encountered so far with regional integration in Africa, it is affirmed that "regionalism is a must for African countries".  

Helleiner posits that one of the important lessons that is beyond debate is that new approaches to regionalism should focus on broader cooperation in economic issues and not merely preferential trade arrangements among groups of African countries since no significant economic gains can be expected from access to larger African regional markets especially because African exports are not significant imports in African countries.

Fine and Yeo, in support of Helleiner, state that this approach to regional integration departs from the "traditional approaches ... by suggesting that its virtues lie not in its ability to stimulate new trade, but rather in its ability to provide a framework for locking in sound and stable macroeconomic policies that will in turn induce faster accumulation, and more effective utilization of physical and human capital". The "new regionalism" that is emerging focuses on increased openness to trade and investment, and less on import substitution protection of national and regional markets and managed

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61 European Commission, "Promoting Regional Cooperation and Integration in Sub-Saharan African", Paper prepared for Global Coalition for Africa Advisory Committee Meeting, (Kampala, Uganda, 1992) 8-9 p.1
trade. Other proponents of the debate Francois and Subramanian, state that this outward-orientated regional integration arrangement permits the economies of scale to be more fully exploited in the integrated regional market, and also offers learning and benefits of competition, among generally high-cost producers; and "can be an important strategic and practical vehicle to help African countries to integrate themselves into the world economy" since it views the larger regional market primarily as an entry point into and conduit through which the global market would eventually be accessed.\textsuperscript{64} An example is the spectacular performance of the East Asian economies through the mid-1990s, which has been attributed to the adoption of these new approaches, \textsuperscript{65} an approach to regional integration and cooperation" which should excite the interest of African policymakers.

A key debate is that the processes of regional integration that emerged after WW II, were about trade and economics, but since the 1980s, with the 'new regionalism' wave, regional integration can be seen as a multidimensional process that implies, next to economic cooperation, also dimensions of politics, diplomacy, security, and culture among others. Nevertheless, trade and economic integration remain a central aspect of ongoing integration schemes. It is further argued that in today's globalizing world there seems to be a growing tension between the quest for global free trade as managed through the WTO and the fact that trade liberalization is more often regionally than multilaterally organized.\textsuperscript{66}

\textsuperscript{64} C.A Francois, and A. Subramaniam, "Beyond Trade : Regional Arrangements as a Window on Globalization . " in Z. Iqbal and M.S.Khan (eds) (1998) p.361
\textsuperscript{65} T. A. Oyejide opcit p.12
\textsuperscript{66} P D Lombaerde and L V Langenhove Indicators of Regional Integration: Conceptual and Methodological Issues UNU-CRIS Occassional Papers 0-2004/ 15p.2
According to the European Commission, the new approaches for regional integration and cooperation in Africa should also involve a change of strategy, from the vision of regional integration that is articulated in the Lagos Plan of Action which envisages a rigid structure in which regional economic cooperation (REC) agencies (one from each sub-region of Africa) will feed into the continent-wide African Economic Community (AEC) and should eventually fall away as the latter becomes fully operational. The argument is that African countries are increasingly moving to more heterogeneous strategies in the design and implementation of regional integration arrangements, which are more pragmatic and incremental and permits integration to proceed on the basis of progressive steps, allows smaller sub-groups to move faster than the whole group and provides that many decisions can be made by majority rather than by consensus.

A central debate raised in a recent Organization of Economic Cooperation and Development (OECD) study states that regional integration can be complementary to economic multilateralism but cannot replace it, since the relation between regionalism and political multilateralism has been shaped by the UN Charter, and therefore a new vision of global/regional partnerships is emerging not only within the UN, but also within the regional organizations. An example is that within the regional organizations, the African Union, for instance, has been the first regional organization to establish a clear relationship with the UN to closely coordinate, if not integrate, its mission planning and

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68 United Nations University, Comparative Regional Integration Studies programme (UNUCRIS),Bruges, Belgium, pp. 10-11
execution of peace and security action with the prevailing structures and plans of the UN.
This could be expanded to other areas of cooperation.

This chapter viewed the different debates which first touched on the contribution of regional integration and whether its effectiveness, a debate that then anchored the ensuing debate on regional economic integration vis-a-vis alternative forms of integration in Africa. The third debate on challenges facing regional integration in Africa then set the foundation for the next debates on new approaches to regional integration and cooperation which argue for adoption of new forms of regionalism for deeper and faster growth.

These debates form the basis of the discussion and analysis in the ensuing chapter whose focus is COMESA as a case study.
Chapter Three: A Case Study of the Challenges of Regional Integration in COMESA

Introduction

The debates on regional integration in Africa from the previous chapter will form part of the discussion in this chapter whose main focus is COMESA as a case study. The discussion will be supported by the primary data from research findings drawn from respondents in Kenya from the ministries of Trade, Foreign Affairs and from respondents in Lusaka from the COMESA secretariat and from the Kenyan embassy in Lusaka, Zambia. The overall objective of the study and which the questionnaire used (copy attached) focused on was to investigate the challenges of Regional integration in Africa and specifically in COMESA. Other sub-objectives were:

Firstly to examine the role of Regional bodies in furthering integration in Africa;

Secondly to investigate factors that challenges the growth of regional integration in Africa;

And thirdly to identify the challenges that face COMESA at regional integration and the prospects therein.

The hypothesis was as reflected in the first chapter.

3.1 COMESA

COMESA established in 1994 in Lusaka, Zambia, and is said to be one of the most ambitious economic regional organization that has been established in Africa with the aim of creating a Common Market for Eastern and Southern Africa countries. COMESA’s creation followed the signing by the OAU of the Lagos Plan of Action and the Abuja Treaty that made...
provision for building the continental unity through the creation of Regional Economic Communities.¹

COMESA covers a large geographical area and encompasses 19 member countries in very different state of development, which include Angola, Burundi, Comoros, the Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Rwanda, Swaziland, Uganda, Zambia, and Zimbabwe. Eleven states participate in a free trade area (FTA); others trade on preferential terms. The FTA was formed in October 2000 as the result of a long period of tariff reductions and has followed some of the principles of open regionalism.²

The benefits of FTA are that it offers producers and manufacturers of exportable products an enlarged market for their goods, and allows producers and manufacturers to operate at optimum plant capacities enabling them to maximize economies of scale. It further offers opportunities for industry to source raw materials and other production inputs at world prices thus enhancing their global competitiveness, while boosting consumer welfare by offering consumers a wider choice of products at competitive prices as competition between producers is entrenched.³ COMESA planned for the establishment of a custom union by 2004 and of a monetary union by the year 2025.⁴ The custom union was launched in 2007 in Nairobi.

The above is supported by research findings as indicated in the table below where respondents identified Trade and development as a key factor in furthering regional integration.

¹ E Fanta Dynamics of Regional (non-) Integration in Eastern Africa April 2008 UNU-CRJS Working Papers 2008
² P Khandelwal COMESA and SADC: Prospects and Challenges for Regional Trade Integration UNU-CRIS occasional papers0-2005/1 p6
Respondents felt that regional integration could and is being done through Trade and development following the FTA and CU; through creation of market that can support industry/production and investment; and expansion to compete effectively as bloc-economies of scale and to withstand challenges of globalization. The Deputy Chief Economist in the Trade Ministry in the interview stated that regional integration forms bargaining power as a region in terms of diversity for example negotiating EPA with EU thus having bigger leverage to eliminate marginalization of economies so as to enhance trade and market for goods and services to the 400 million strong markets; and also reduce costs incidental to trade.

Figure 3.1: The role of regional integration

![Role of Regional Integration graph](image)

**Source:** Primary data, collected by researcher July 2009

The figure above indicates what the respondents felt was the role of regional integration. The aims and objectives of COMESA as detailed in Article 3 of the treaty establishing it are wide ranging covering economic development issues, cooperation of states and promotion of

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1 An interview of the researcher with the Deputy Chief Economist, Ministry of Trade, Kenya on 28th July 2009 in his office in Nairobi.
peace and security among the member states as discussed in chapter one." From the research findings 70% of the responses indicated that the key role of regional integration is in trade and development while peace and security came second, which is in agreement with COMESA's objectives and aims. Other roles in order of importance were investment and technology, policy and infrastructure and lastly poverty reduction.

While this may be the position what scholars have proposed are alternative forms of integration which would expand and increase the scope of engagement in the region. Though poverty reduction has been rated low, it can be argued that this will be dealt with positively from the spill-over from trade and development. Francois and Subramanian, state that an outward-orientated regional integration arrangement permits the economies of scale to be more fully exploited in the integrated regional market, and can be an important strategic and practical vehicle to help African countries to integrate themselves into the world economy.\(^7\)

One key objective is to attain sustainable growth and development of the member States by promoting a more balanced and harmonious development of its production and marketing structures. This objective is supported by an interviewee from the trade ministry who stated that through policy and infrastructure, COMESA's role is to promote balanced economic growth through harmonized policies and programs, easier infrastructure because of interconnecting roads from for example Busia to Namanga to SA; Building linkages -link Africa to global world, attain competitiveness, and development structure in totality, by countries capitalizing on synergies to achieve higher efficiency of market and become more competitive globally through integration.\(^8\)

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An interview of the researcher with the Deputy Chief Economist Ministry of Trade, Kenya on 28\(^{th}\) July 2009 in his office in Nairobi.
One interviewee from the trade ministry in further support revealed that States through bodies such as EAC and COMESA have obtained funds for developing various sectors of the economy such as roads which all contribute towards realization of the objectives of African economic community. It can be observed from the literature that COMESA’s commendable efforts at establishing FTA in 2000 and a customs union launched in 2007 are aimed at meeting its first objective mentioned above. This is contrary to most blocs which Iqbal and Khan in chapter two state are constrained by lack of adequate and cheap transport and communication links between partner states; difference in national product or service regulations and standards' in transport, However these apply with various intensities in the regional groups. PTA now COMESA tried to address these through the establishment of the Trade and Development Bank for Eastern and Southern Africa, the PTA clearing house, and the PTA travellers' checks.”

The fundamental principles of COMESA as given in Article 6 of the treaty include equality and inter-dependence of the member States; Solidarity and collective self reliance among Member States: Inter-state co-operation, harmonisation of policies and integration of programmes among the Member States; Non-aggression between the Member States; Recognition, promotion and protection of human and peoples rights in accordance with the provisions of the African Charter on Human and Peoples' Rights; Accountability, economic justice and popular participation in development; and the peaceful settlement of disputes among

An interview of the researcher with the Senior Economist, Ministry of Trade Kenya on 28th July 2009 in his office in Nairobi.
Z. Iqbal. & M S. Khan Trade reform and Regional Integration in Africa International Monetary Fund, African Economic Research Consortium p.413
the member states, the active co-operation between neighbouring countries and the promotion of a peaceful environment as a pre-requisite for their economic development, among others.\textsuperscript{12}

It is important to point out that the principles of equality of member states and inter-state co-operation, harmonization of policies and integration of programmes among member states seem to be the sticking issues revolving among the members and which largely form the basis on which the challenges emanate from.

3.2 COMESA's functions and achievements in Regional Integration

The decision making process includes four organs which have the power to take decisions on behalf of COMESA. These are the Authority of Heads of State and Government; the Council of Ministers; the Court of Justice; and the Committee of Governors of Central Banks. The intergovernmental Committee, the Technical Committees, the Secretariat and the consultative Committee make recommendations to the council of ministers which in turn make recommendations to the Authority.\textsuperscript{13}

The Authority, made up of Heads of States and Government is the supreme policy organ of the common market and is responsible for the general policy, direction and control of the performance of the executive functions and the achievement of its aims and objectives. The decisions and directives of the Authority are by consensus and are binding on all subordinate institutions other than the court of justice on matters within its jurisdiction, as well as on the member states. In carrying out its functions COMESA has twelve technical committees namely on Administrative and Budgetary matters; on Agriculture on comprehensive information

\textsuperscript{1} Treaty establishing The Common Market for Eastern and Southern Africa of 5\textsuperscript{th} November 1993. Kampala, Uganda

\textsuperscript{2} K Abraham The African Quest The Transition from the OAU to AU and NEPAD Imperatives: A Political Economic History of Modern Africa & the Drive for the African Renaissance. (Ethiopia International Institute for Peace and Development 2003) p.611
systems; on energy; on finance and monetary affairs; on industry; labour; Human Resources and social affairs; legal affairs; Natural resources and environment; Tourism and Wildlife; on Trade and customs and on Transport and Communications. The Technical committees are responsible for the preparation of comprehensive implementation programs and monitoring and making recommendations to the council.14

The secretariat is headed by a Secretary General who is appointed by the authority for a renewable five year term. Its function is to provide technical support and advisory services to the member states in the implementation of the treaty. It undertakes research and studies as a basis for implementing the decisions adopted by the policy organs.15

An interviewee from the Ministry of Foreign Affairs however noted that at this functional level challenges of COMESA are numerous and include interstate competition such Uganda's perception of Kenya as big brother resulting in fear of overshadowing each other economically; Lack of political support, and language barrier are a hindrances. A critical challenge is that COMESA lacks diplomatic immunity in Brussels, and therefore unable to have Headquarter agreements; neither does it have money to have representatives in Geneva /Brussels.16 In addition it lacks capacity to implement the agreed programmes. As Farrel in chapter two has argued, in order to be meaningful, regional institution-building demands capacity-building this would develop appropriate policies independent of national interests.17

14 Ibid pp. 611-614
"ibid p.614
6 An interview of the researcher with the, Assistant Director External Trade, Ministry of Foreign Affairs, on 24th July 2009 in Nairobi
Questionnaire from officer in Kenyan Embassy in Lusaka Zambia on 28th July 2009
18 On regional institution-building see Chapter Two
Still on functional issues the interviewee was of the view that COMESA's capacity to negotiate is a challenge while the issue of overlapping-membership in SADC, COMESA, EAC, remains a challenge particularly the Tanzania's unwillingness to implement. He further questioned the need for Export Processing Zones (EPZ) arguing that there was already a Custom Union and thus has become a domestic economy yet has to go outside to sell. This renders EPZ or -Special Economic Zones (SEZ) unnecessary.\textsuperscript{11} This argument supports scholars like Khandelwal and Oyejide who posit that the lack of harmonisation of policies in the region renders integration ineffective.

The areas where COMESA has made progress includes the removal of tariff barriers where as at 1st April 1999, 2 countries had published the 90% tariff reduction, 8 countries had published the 80% tariff reduction, 1 country the 70% reduction and 3 countries the 60% reduction. Indeed 80% of the respondents felt COMESA's achievements to be mainly under Trade and industry, and which are improved trade among member countries after launch of FTA; Reduction of trade barriers and the newly launched customs union, the establishment of the leather and leather institution products which harness the hides and skins in region to add value; and the free movement of people, goods and services in the bloc.\textsuperscript{20}

Other achievements in COMESA include elimination of non-tariff barriers: rules of origin have been simplified, with more scope for import content, by the adoption of a 35 percent local value added criterion; and others as discussed in chapter one. While these instruments are in place respondents are of the view that there needs to be awareness for the public in the specific

An interview of the researcher with the , Assistant Director External Trade, Ministry of Foreign Affairs, on 24 July 2009 in Nairobi

\textsuperscript{11}http://www.djiboutinvest.dj/ar/opports/comesa.htm#facts

\textsuperscript{1} See COMESA achievements in Chapter One
states to derive the accruing benefits, an argument that is debated in chapter two that regional integration has to be re-defined with serious consideration to reviving Pan-African consciousness and broad involvement of the African peoples in the processes of regional integration.

Three respondents further noted that through policy mechanism COMESA has enabled member countries to have bargaining power and has developed mechanism to address trade conflicts and complaints. It has also enabled collaboration in bloc despite duplication and created a forum for development of regional strategies in engagement with other regional blocs, such as the ESA configuration in African, Caribbean, and Pacific (ACP)-EU trade talks. It has integrated the private sector in COMESA programmes and has attracted funding for projects and programmes and relaxed visa requirements.

This is supported by 40% of the respondents who felt that COMESA is recognized as a regional body with an inclusive secretariat and has set up relevant institutions such as PTA BANK and a Clearing House, Court of Justice, Africa Trade Insurance Agency and COMESA Reinsurance, which handle related issues thus settling any trade disputes amongst Member states. An interviewee further stated that the Regional investment agency in Egypt, Africa trade insurance agency insures against risks that are political in nature, such as in Iran/Iraq.

~ Questionnaire from officer in Kenyan Embassy in Lusaka Zambia on 28th July 2009


' A telephone interview of the researcher with the Trade Adviser, COMESA, Lusaka, Zambia 27th July 2009
Table 3.1: Intra-COMESA Trade as a percent of Total COMESA Trade, 1997 - 2007

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</thead>
<tbody>
<tr>
<td>Exports</td>
<td>11</td>
<td>13</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Re-Exports</td>
<td>36</td>
<td>24</td>
<td>15</td>
<td>31</td>
<td>46</td>
<td>38</td>
<td>41</td>
<td>37</td>
<td>30</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td>Total Exports</td>
<td>12</td>
<td>13</td>
<td>11</td>
<td>12</td>
<td>12</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Imports</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total Trade</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>4</td>
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</table>

Source: COMESA Statistics, 2005-7 in the COMESA Annual report of 2008

Table 3.1 indicates that the percentage of intra-COMESA trade to total COMESA trade has remained low on average at 4 percent for the last 4 years. This in part can be attributed to the fact that third country trade consist of raw material exports some of which have had significant price increases in recent years, hence this surge in third country exports potentially implies a lower intra COMESA trade to total trade ratio.

Fine and Yeo have stated in chapter two that the performance of the regional entities in virtually all cases, the volume of intra-regional trade has stagnated or even declined slightly, and there have been no changes in the composition of trade that would suggest that integration has led to any significant structural change in the economies concerned. These are attributed to the low incomes in the region and not on policy issues. As Oyejide also in the debate in chapter two argues that the success of a regional integration scheme requires that there be high levels of trade

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COMESA Annual Report 2008p.24
Ibid p23
On intra-regional trade debate see Chapter Two.
between the member countries, substantial complementariness in goods and factors among the regional partners, and differences, in per capita income and consumption patterns, that translate into significant potentials for product differentiation and, hence, trade. This has however has been difficult to achieve.

Figure 3.2: Achievements of COMESA

Achievements of COMESA

Source: Primary data from correspondents, collected by researcher, July 2009

The research findings in figure 3.2 indicated that 80% of the respondents felt the role of regional integration was being achieved. However out of these 40% felt it was both yes and no. They attributed the achievement to trade promotions amounting to $3 billion in US $5 billion in 2008, explaining that intra-regional industries such as the leather industry in Ethiopia have been put up in order to meet demand through the existing market. Another reason given was the reduction of tariffs and opening of markets, formation of customs union, free movement of

\[ ^{8} \text{On trading patterns of the region see Chapter Two.} \]
peoples, goods and services which has led to substantial improvement in trade and commerce especially within medium level income earners and traders.

A further observation from an interviewee was that Kenya's trade to COMESA has outrun other markets, with her exports to EAC rising and her exports to COMESA reaching about 30% while to EU is 27%. In addition COMESA stresses commitment to the redistribution of the benefits of integration, an issue that was not previously addressed by the PTA, and aims to achieve this through programs that promote development in the least developed countries in the region.

3.3 Challenges of COMESA in regional integration.

COMESA has been affected by the withdrawal of Namibia, Mozambique and Tanzania for SADC membership. Although the logic of setting up of COMESA was to establish a Free Trade Area (FTA) among its member states in order to allow for their economic development, some member states have been reluctant to engage themselves in a FTA and decided to opt-out arguing that their national economies where not ready to compete at a regional level. As a result, when the Free Trade Area was launched in 2000 only nine- Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia, Zimbabwe -out of the 20 member states were taking part.

"An interview of the researcher with the, Deputy Chief Economist, Ministry of Trade, on 28th July 2009 in his office in Nairobi.


The research findings in figure 3.3 indicated that 80% of the respondents felt the role of regional integration was being achieved. However out of these 40% felt it was both yes and no. factors attributed to these responses are indicated in graph 4 below. The responses indicated that most challenges carried almost equal weight except conflicts which were not such a challenge, and which is positive as it implies that integration has contributed to reduction of the same. The creation of an appropriate environment for private sector development is one of the initiatives of regional integration as discussed in chapter one.¹

See literature on regional integration in Africa in Chapter One.
The responses on challenges in percentages are shown in figure 3.4 above. The slow level of integration having taken 10 years to move from FTA to Customs Union, suspicions amongst states due to perceived different levels of development. Interstate conflicts, Multiple membership to the regional blocks and the resultant conflicts though scored separately are all attributed to governance and politics and where leadership of COMESA is accountable. These challenges correspond to those of scholars' debate in chapter two. That the problem of governance and politics led to the slow pace of the implementation of the agreements; slow - financial commitments to the regional blocks-lack of commitment to adapt and implement harmonized policies and continual application of national policies; proliferation of regional blocks; and finally lack of capacity to value add- continued export of commodities. In addition most

See debates on challenges of regional integration in Chapter Two.
countries have seemingly homogeneous production sectors which do not facilitate expansion of trade capacity based on comparative advantage.

On the subject of overlap of membership Braude and Khandelwal in chapter one state that in the wider Southern and Eastern African region, this is without parallel anywhere else in the world. These include membership to seven regional economic communities which are effectively operating in parallel within the region SADC, COMESA, EAC, SACU, IGAD, ECCAS and CEPGL.\textsuperscript{34}

Respondents both in Lusaka and the interviews with heads of Trade in Nairobi gave numerous policy challenges facing COMESA. These include different levels of development, political and economic difficulty in policy implementation due to multiplicity of membership which are not complementary; lack of well structured policy organs. At policy level Uganda has no industrial base-has import economy, while Tanzania and Kenya have industrial base which causes a hindrance in negotiations. In addition negotiating with 20 member states is a challenge as they frequently refer back to capital for a common position which derails negotiations.\textsuperscript{35}

Given that all members have not signed the FTA due to existing suspicions, then chances are that they may not be ready for the Customs Union.

In addition the harmonizing of tariffs and policies is a challenge considering the specificities of member states ; countries do not give COMESA the priority that it deserves due to conflicting interests as they are also members of other regional trade blocks though recent efforts are trying to merge these agenda in the form of Tripartite EAC-COMESA SADC meetings to find a solution; Lack of funds ;Non implementation of policy commitments caused

\textsuperscript{4} On overlapping membership see Chapter One.

\textsuperscript{"} Interview of researcher with the Senior Economist, Ministry of Trade Kenya on 28\textsuperscript{th} July 2009 in his office in Nairobi.
nationalistic and sovereignty concerns of member states generation of policies-private sector participation; COMESA needs to have a negotiating think tank with high level experts for greater effectiveness. Oyejide who supports this argues that a required set of competencies involves a country's capacity to articulate trade objectives and effectively pursue them in the context of multilateral negotiations and to formulate and pursue trade and development strategies that are consistent with the country's WTO obligations. COMESA as a bloc can apply the same argument to improve its bargaining position as discussed in debate in chapter two.

Table 3.2: COMESA's Major Export Trade Markets: Values in US$ millions

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<tbody>
<tr>
<td>1</td>
<td>European Union</td>
<td>29,855</td>
<td>38,871</td>
<td>51,453</td>
<td>66,080</td>
<td>69,362</td>
</tr>
<tr>
<td>2</td>
<td>U.S.A</td>
<td>1,516</td>
<td>2,071</td>
<td>3,548</td>
<td>4,865</td>
<td>5,201</td>
</tr>
<tr>
<td>3</td>
<td>COMESA</td>
<td>2,145</td>
<td>2,335</td>
<td>3,208</td>
<td>2,970</td>
<td>4,520</td>
</tr>
<tr>
<td>4</td>
<td>Switzerland</td>
<td>948</td>
<td>1,266</td>
<td>1,823</td>
<td>3,214</td>
<td>3,714</td>
</tr>
<tr>
<td>5</td>
<td>South Africa</td>
<td>2,926</td>
<td>2,506</td>
<td>1,785</td>
<td>2,483</td>
<td>3,105</td>
</tr>
<tr>
<td>6</td>
<td>China</td>
<td>2,116</td>
<td>1,932</td>
<td>3,462</td>
<td>7,000</td>
<td>3,079</td>
</tr>
<tr>
<td>7</td>
<td>India</td>
<td>635</td>
<td>548</td>
<td>693</td>
<td>1,948</td>
<td>1,854</td>
</tr>
<tr>
<td>8</td>
<td>Brazil</td>
<td>49</td>
<td>71</td>
<td>55</td>
<td>435</td>
<td>1,078</td>
</tr>
<tr>
<td>9</td>
<td>Saudi Arabia</td>
<td>408</td>
<td>524</td>
<td>764</td>
<td>754</td>
<td>903</td>
</tr>
<tr>
<td>10</td>
<td>Tunisia</td>
<td>147</td>
<td>409</td>
<td>505</td>
<td>47</td>
<td>687</td>
</tr>
</tbody>
</table>

Table 3.2 shows COMESA exports to the EU reached almost a US $70 billion mark in 2007, compared to 2006, implying a 5 percent increase. Following the EU export market was the USA with exports from COMESA worth US$5.2 billion in 2007, registering a 6 percent increase from the previous year. This shows that states continue trading with non-member states in Europe at the expense of the regional trade. However the entry into force of the COMESA free trade agreement has nonetheless seen an increase in trade between 1997 and 2005, as indicated in the table- and which is third after exports to EU and US.

The asymmetrical implementation of trade rules is another obstacle for COMESA and has negatively affected the growth of intra-regional trade by complicating the conduct of business through legal means. An example is the introduction of the rule of origin which was expected to facilitate trade in the COMESA region by allowing traders not to pay import duties or to pay reduced tariffs, but faces complications because the majority of COMESA member States have to date not implemented the COMESA simplified trade regime or have only managed to implement part of it. Therefore "informal Non Trade Barriers such as non-acceptance of rules of origin certificates, cumbersome bureaucratic procedures, and restrictive standards are some common problems." This creates an unfriendly business environment due to the unclear and unharmonized trade tariffs, leading to traders conducting their businesses informally, as revealed through a study conducted on the cross-border trade of beans, between Kenya and Uganda.

" ibid p.24
In this regard 55% of the respondents felt the issues touching on policy and overlapping membership result in difficulties in harmonizing due to different policies, different economic systems, and priorities of States in visions and policy papers such as Tanzania-EAC/SADC and Kenya EAC/COMESA. An interviewee added that negotiating EPA for COMESA as a region is a challenge because of its big membership and the difficulty of reaching a common position, there is also inability or low level of implementation of the treaty, while the Tripartite arrangement of COMESA, EAC, and SADC is at its infancy stage; Rules of origin are a challenge and the decision on NTB depends on how countries benefit from a bloc.\(^4\)

The above scenario shows the complexity of the situation given that for COMESA and other blocs the different protocols emphasize different issues and priorities, with each arrangement requiring countries to implement programs that vary in intensity, schedule and effect on national policies, which can be a source of conflict.\(^4\)

In addition customs documents and procedures continue to hinder smooth regional trade despite agreements at the regional level within COMESA including specific instruments to facilitate regional trade. This is due to a low level of implementation of the decisions resulting from lack of capacity for the implementation of the decisions and the fact that the regional agreements also suffer from a lack of visibility as traders involved in cross-border trade are

\(^{4}\) Interview of researcher with the Deputy Chief Economist, Ministry of Trade, on 28\(^{b}\) July 2009 in his office in Nairobi.

unaware of the advantage the regional agreement offers them, a fact that has already been pointed out by respondents in an earlier issue.

The problem above is compounded further by suspicions which 60% of the respondents felt are a challenge as there exists fear of domination by perceived 'big states', including lack of harmony between regional and national drives, also caused by different developmental levels and therefore the integration process among states is not uniform, thus creating disharmony in negotiations. An official in the Trade Ministry during the interview stated that the issue of mistrust by some member states has delayed implementation of programmes and is very evident this time during the on-going common market protocol negotiations. Therefore, though Africa continues to embrace regional integration, for COMESA, given its membership problems, lack of harmonization of policies and poor infrastructure, coupled with volatile region in which it operates, it is imperative that the issues raised above be addressed in order for it to make progress in its integrative pursuit.

The research findings by 50% of the respondents revealed that there is lack of regional infrastructure facilities for linkage to spur integration. This connectivity lacks on land, air, and sea thus making communication expensive, and where movement is possible there is no freedom to move on paper. Further dependency on single products, the continued export of semi processed goods and products and reliance on traditional western markets and inability to pull away from this. The focus is to go beyond trade and concentrate on how to competently use their

Interviewee, Senior Economist, Ministry of Trade Kenya on 28th July 2009
institutional frameworks to attract the required investments and stimulate a rational distribution of these across countries.\textsuperscript{46}

One issue that strongly emerges also is that because of the obstacles mentioned, states find it easier to pursue trade individually than as a bloc and even earn higher than intra region trade. Could it suggest therefore that due to the advent of globalization and multilateralism the need for regional blocs is slowly being eroded? This would suggest that in order for COMESA and indeed regional blocs to justify their existence, there is urgent need to review their mandate and objectives and other structural constraints,\textsuperscript{4} such as overlapping membership, poor infrastructure and insecure environment and commitment in the light of increased liberalization in trade both bilaterally and multilaterally, as discussed in chapter two in new approaches and the need for change of strategy as proposed by the European Commission report.\textsuperscript{48}

About 30\% of the respondents felt that internal conflicts such as the Somali crisis and Dafur conflict in Sudan serve to divert regional attention from regional issues, as also recently evidenced by the Kenya post election crisis in 2008 where trade was diverted or stopped altogether. In a related subject an interviewee pointed out the recent misunderstanding between Kenya and Uganda over the Migingo Island as an important factor that affected trade and even led to Uganda exploring the possibility of alternative routes which would then affect Kenya not

\textsuperscript{4} Z Iqbal, M S. Khan \textit{Trade reform and regional integration in Africa} International Monetary Fund, African Economic Research Consortium p.421

On debates on alternative approaches to regional integration see Chapter Two.

\textsuperscript{1} J M Brabant \textit{Economic Integration among Developing Countries -Toward a New Paradigm} in N Bourenane \textit{Economic Cooperation and Regional Integration in Africa} (Nairobi African Academy of Sciences (1996) p.23

86
only in trade but also in regional relations. These challenges are real and need active participation of member states and commitment in order to overcome them.

An interesting challenge is the conflict of interest in trade matters from the development partners and former colonialists and which are a challenge to the body as member states are torn between bilateral engagement vis-a-vis the blocs engagement. One respondent also raised this issue and went further to the tensions of the North and South and the continued desire by the North to dominate so that the existing trade laws seem unfavourable to Africa in a level playing field. Hence the appropriateness of the developmental integration theory which places a premium on political cooperation at the start of the integration process, and tries to secure an equitable distribution of the benefits from regional integration as it requires planned regional industrial development that favours the less developed countries.

Interview of researcher with the Senior Economist, Ministry of Trade on 28th July 2009 in his office in Nairobi.

K C Dunn & T M Shaw Africa’s Challenge To International Relations Theory (London, Palgrave Ltd.2001) p. 195

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Table 3.3: Sub-Saharan merchandise exports within blocs: percentage of total bloc exports

Source: World Bank *World Development Indicators* (2005, 2006). Exports within bloc are the sum of exports by members of a trade bloc to other members of the bloc.
Table 3.3 shows the total trade blocs which indicate COMESA's fluctuating trade figures which dropped in 2002 and 2004 but are now picking again and is also reflective of the period after FTA came to operation and where trade amongst its own members increased.

3.4 Prospects for COMESA

As pointed out earlier, Regional Trade Areas can play an important role in addressing the above mentioned hindrances to trade by addressing concerns over policy credibility through locking in domestically implemented trade liberalization and functioning as an agency of restraint and by strengthening Africa's bargaining power in the multilateral negotiations. Regional cooperation can further address weaknesses in infrastructure, and harmonization of standards and customs procedures. It can be observed that this has been achieved in the European Union though their challenges would not be compared to those facing Africa and the region largely due to underdevelopment. Lawrence supports this stating that regional integration can be a means to achieve deep integration which includes integration of national regulatory systems and policies, competition policies and investment rules. Deep integration is viewed as having the potential to create an open and credible policy environment to encourage foreign direct investment and export oriented growth.

5 A. Oyejide "Trade Policy and Regional Integration in Sub-Saharan Africa," in Trade Reform and Regional Integration in Africa, ed. by Z. Iqbal and M. Khan, (Washington: International Monetary Fund 1997)

In relation to the above research findings indicated that there was need to address mechanism and policy issues that would speed wealth creation among members. These include the amalgamation of some of the regional blocks, and the need to make COMESA internationally recognized regional body such as G77 rather than a lobby organization.\textsuperscript{54} It was suggested that programmes be intensified to harmonize policies with SADC and EAC since already the COMESA, SADC and EAC tripartite launched in Kampala in 2008 is addressing the issue multiple membership and member states should agree on a convergence formula that would make the policies of COMESA to be acceptable to all.\textsuperscript{55}

Most respondents also proposed that COMESA should become more competitive and all members to have commitment and not sideline COMESA for other bodies, and that there should be liberalization of individual country’s trade policies in addition to economic reforms, coupled with political modernization and harmonization of monetary, financial and fiscal policies. Lastly there should be non reliance on 3\textsuperscript{rd} parties to direct regional policy through funding. The views of the respondents could be seen as a leaning towards the arguments for multilateralism as discussed in chapter two\textsuperscript{56} which argue for the promotion of welfare-enhancing trade reforms by creating larger political economy units that can bargain more effectively in international forums and by increasing

\textsuperscript{54} Interview of researcher with the \textit{Assistant Director External Trade}, Ministry of Foreign Affairs on 24\textsuperscript{th} July 2009 in his office in Nairobi.

\textsuperscript{55} Ibid 24\textsuperscript{th}July 2009

\textsuperscript{56} On alternative forms of integration see Chapter Two.
competition in domestic markets, lowering prices, improving quality, and making products that are more competitive in global markets.57

In terms of development the respondents recommended that there be development of regional infrastructural facilities and the completion of the North-South corridor road project; and the issue of value addition of goods. This view is supported by Schiff and Winters whose position in chapter two on the debate on industrialisation argued for industrialisation positing that regional trading arrangements would enhance developing countries' efforts to industrialize.58 Chauvin and Gaulier, however, point out the need for structural changes in order to expand trade potential in the region,59 a concern that COMESA appears to have in its agenda since it has placed more emphasis on harmonization of standards and customs procedures and trade facilitation. Khandelwal argues that the lack of political commitment has afflicted COMESA thus impeding progress in implementing its vision and is also reflected in the fact that the larger economies of the region, Kenya, and Egypt have not taken on active roles as champions of regional integration and liberalization. It is important that COMESA become an effective vehicle for nondiscriminatory tariff liberalization as well as addressing weaknesses in infrastructure, harmonization of standards and customs procedures.60 It can be argued that indeed the leadership in COMESA has no choice but to fully cooperate in
order to survive the onslaught of competition from other blocs and to forestall the exit of her members for other blocs.

Research findings augment this view proposing that to deal with the challenge of competition there should be elimination of interstate competition and conflicts, and that there should be increased political support from member countries and that COMESA should deepen integration process through civil awareness programmes\(^{61}\) and the private sector to solicit their support and agreement; harmonization of initiatives across various regional blocks.\(^{62}\)

Indeed it is believed that regional integration in COMESA can deliver important benefits to the region if it commits to a low Common External Tariff in a Customs Union to provide policy credibility and locking in tariff liberalization and harmonization on a multilateral basis. While great disparities exist in the restrictiveness of trade regimes across the region, the more developed countries such as Egypt and Kenya have not played a leadership role in trade liberalization in the region. The more restrictive the trade regime in a country such as in Burundi, Comoros, or Seychelles, the greater the preferential margin granted to partner countries in the FTA.\(^{63}\) Therefore, the potential for welfare losses due to trade diversion is the greatest for these countries. In this regard, the RTA should be viewed as an opportunity to lower tariffs on an MFN basis to gain from the policy credibility of the regional commitment.

\(^{61}\) Interview of researcher with the Assistant Director External Trade, Ministry of Foreign Affairs, on 24\(^{b}\) July 2009 in Nairobi.

\(^{62}\) Questionnaire of an officer in Kenyan Embassy in Lusaka Zambia completed on 28\(^{b}\) July 2009

In terms of the Common External Tariff on Tariff Structures, its implementation is based on the classification of raw materials, intermediates, capital and finished goods will imply substantial changes in the tariff structure in all countries. Tariffs on a number of lines will go down, and on a number of lines will go up which may hurt some sectors and benefit others in each country. Both COMESA and EAC for example are facing tremendous difficulty in agreeing on the classification of goods since an input for one country may be a finished good for another.\textsuperscript{64} However it is important to note that negotiations are already underway in the tripartite meeting of COMESA-SADC-EAC launched in 2008 to address harmonization issues in the three blocs.

Khandelwal argues that while there may be a great deal of temptation to protect domestic industries by negotiating for a suitable classification of goods, countries in the region should bear in mind that this will only serve to highlight their lack of commitment to true liberalization and will cause delays in agreement and implementation problems. To the extent that their goal is to liberalize and gain policy credibility, protracted negotiations in this area are likely to be counterproductive. Another issue with agreeing on a CET is that there may be a conflict with tariff bindings at the WTO because when countries bind their tariffs at the WTO, they put a ceiling on their applied tariff rates, which may get violated if the bound rates are lower than the corresponding rates under the CET.\textsuperscript{65}

In a related area an interviewee from Lusaka informed that COMESA has adopted the yellow card scheme called the camep. Normally when goods are transported through

\textsuperscript{64} Ibid p.22
\textsuperscript{65} Ibid p.26
countries the transporters deposits money at custom points. However 'carnep' which is a pilot scheme now enables the transportation of goods through several countries without depositing money which enhances movements of goods and services and also enables COMESA dispose off what it has produced. This trade instrument increases efficiency and cost effectiveness in transport and promotes trade in the region. These address some of the challenges discussed in chapter Two.

Concerning the negotiations with the EU on EPAs, it should be noted that the outcome of these negotiations will have a significant impact given that the EU is an important trade partner in respect of both imports and exports for countries in the region. All member countries of COMESA and SADC except Egypt and South Africa have been recipients of unilateral preferences into the EU market under the Lome conventions. These preferences have provided them with important market access for agricultural and other exports, but are however incompatible with WTO rules—since the "Enabling Clause" in the GATT does not allow unilateral preferences that discriminate between groups of developing countries, except in favor of Least Developed Countries (LCDs). Since preferences granted to the ACP countries are neither available to all developing countries, nor restricted to just LDCs, the Cotonou agreement, concluded in 2000, requires all ACP countries to negotiate WTO-compatible EPAs with the EU to replace unilateral preferential arrangements. The EPAs will involve reciprocal market access into

" Telephone Interview of researcher with the Trade Adviser, COMESA, Lusaka, Zambia 27th July 2009
See debate on challenges and need for new approaches to regional integration in chapter Two. 94
the ACP countries for the EU with a possible transition period of 10-12 years for the phasing out of trade barriers between the parties/8

In addressing the critical issue of overlapping memberships the EU’s plan to push the formation of customs unions is a particularly beneficial aspect of the EPAs in that they will require a long-overdue rationalization in the membership of COMESA and SADC, since it is technically impossible for a country to be a member of more than one customs union. One option, albeit unlikely, may be that COMESA and SADC decide to harmonize their tariff structures and form one large customs union, which would also be in line with the goals of the African Union. Alternatively, countries in the region would have to choose the RTA they wish to be a member of.69 This view which will further be examined in chapter four is supported by an interviewee who states that an option is a FTA with SADC, COMESA and EAC because of the unique challenges but which may take a long time.70

While still on prospects and opportunities of regional integration in COMESA, it should be noted that the EPAs agreements are widely thought to act as a mechanism to lock in trade reforms and gain credibility for liberalization policies, and trade-related governance and institutions. Though the negotiations envisage technical assistance in the area of standards and liberalization of services, both of which are critical areas in Africa, the EPAs might impede the process of liberalization in many African countries and create incentives against multilateral reform which has been discussed in chapter as an

69 Ibid p. 28
 Interview of researcher with the Deputy Chief Economist, Ministry of Trade on 28th July 2009 in his office in Nairobi.
alternative or new approach to regional integration.\textsuperscript{71} This is particularly due to high tariff barriers and dependence on trade taxes in a number of countries in the region, and with the EU’s stated desire to push for the formation of customs unions, it is likely that the agreed common external tariff will be high and increase the average degree of protection in the more liberal countries in the region and make it impossible for individual countries to pursue unilateral tariff reductions.\textsuperscript{72} However according to the Deputy Chief Economist in the Ministry of Trade negotiating EPA as a region is a challenge because of the large membership that causes difficulties in arriving on a consensus.\textsuperscript{73}

It can be stated that the timely establishment of COMESA’s various institutions portend organization and good management in dealing with its members. One of the COMESA institutions The COMESA Court of Justice was established in 1994 by the 1994 Treaty establishing the Market for Eastern and Southern Africa (COMESA) as one of the independent organs of the Common Market and which will ensure the maintenance of the Rule of Law within the Common Market through the just resolution of disputes and thereby facilitate and strengthen economic integration that would augur well for the enhancement of trade efficiency, cost-effectiveness and resultant general socio-economic well being of the region.\textsuperscript{74}

In addition several institutions have been created to promote sub-regional co-operation and development. These include the COMESA Trade and Development Bank in Nairobi, Kenya in 1985; The COMESA Clearing House in Harare, Zimbabwe; The

\textsuperscript{1} See debate on alternative forms of regional integration in Chapter Two.
\textsuperscript{72} P Khandelwal, (2004) opcit p.31
\textsuperscript{5} Interview of Deputy Chief Economist, opcit July 2009
COMESA Association of Commercial Banks in Harare, Zimbabwe; The COMESA Leather Institute in Ethiopia; and the COMESA Re-Insurance Company (ZEP-RE) in Nairobi, Kenya in November 1990. The Clearing House facilitates regional payments and delivers electronic financial services while the development bank and reinsurance company are steps towards the realisation of a joint system of banking supervisions and regulation." It is said that these institutions have the potential to become commonly owned institutions not only for the regional organizations in eastern and southern Africa, but for the African continent as a whole as they are already providing services to the private sector not only in COMESA and Africa, but also in South East Asia.

This is in line with what Carmignani rightly contends, that deeper trade integration in COMESA can be achieved with economic growth and stronger regional cooperation on the realization of infrastructures the harmonization of policies and rules and the development of financial systems. According to an interviewee these and particularly the harmonization of policies are already being addressed through the tripartite meetings of COMESA-EAC-SADC by the member states that were launched in 2008, and by the mentioned institutions in place.

The chapter has discussed COMESA as a case study and the challenges faced both from the perspective of the secondary data and the primary data which has revealed that COMESA has options as discussed in the various debates on alternative and new

75 http://www.africa-union.org/root/Au/Recs/Comesa.htm#Institutions
   http://about.comesa.int/attachments/165_Comesa_Annual_Report_2008_web.pdf p.20
78 F Carmignani. Opctp.234
   Interviewee, Deputy Chief Economist Ministry of Trade, Nairobi Kenya on 28th July 2009
approaches in regional integration and also the need to review its strategy and mandate to be more effective and also address the numerous challenges it faces.
4.0 Chapter Four: A Critical Analysis of Challenges of Regional Integration: A Case Study of COMESA

4.1 Introduction

The central investigation in this study was to find out the challenges of regional integration in Africa with COMESA as a case study, and recommend ways in which these could be addressed to improve its effectiveness as a regional integration bloc. From the ensuing research findings and discussion in chapter three, this chapter further discusses and analyses the main themes and debates emanating from both secondary and primary data on this subject. These include the effectiveness of COMESA, with sub-themes on intra regional versus inter-regional trade, alternative forms of integrations, functions and the challenges and prospects of the body.

4.2 The effectiveness of COMESA in regional integration vis a vis alternative forms of integration

The aims and objectives of COMESA which was established in 1994 in Lusaka, Zambia, replacing the Preferential Trade Area (PTA) established in 1982, with a 20 countries strong membership, are wide ranging covering economic development issues, cooperation of states and promotion of peace and security among the member states, key of which are to attain sustainable growth and development of the member States by promoting a more balanced and harmonious development of its production and marketing structures; and to promote 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 people and to foster closer relations among its member States.

Out of the twenty member states 9 participate in a free trade area (FTA) formed in October 2000 in a bid to open regionalism, while others trade on preferential terms. COMESA planned for the establishment of a custom union by 2004 and of a monetary union by the year 2025. The custom union protocol was launched in 2007. These efforts at establishing FTA in 2000 and a Customs Union enabled it achieve its first objective.

While this may be commendable it can be argued that it was slow. As discussed in previous chapters, the issue of political will is critical in integration. Haas has defined integration in chapter one as the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states. From the research findings which are supported by literature member-states are reluctant to shift their loyalties due to the existing mistrust and suspicions. Yet as Farrell and Quattara’s argue, in chapter two, the reluctance of most African governments towards effective transfers of sovereignty and their inability to enforce commonly agreed policies stimulate debilitating patterns of regionalisation,

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1 P KhandeUal COMESA and SADC: Prospects and Challenges for Regional Trade Integration UNU-CRIS OCCASIONAL PAPERS0-2005/1 p.6
* On conceptual literature on regional integration see chapter One.
3 E Haas The Uniting of Europe .Political social and Economic Forces, 7930-7957 (Stanford, Calif: Stanford University Press (1958) p.16
4 On challenges of regional integration see Chapter Two
which proceed from a re-composition of state-society interactions that negates the aggregative ambitions assigned to regionalism. 7

This scenario is contrary to one of the fundamental principles of COMESA as provided in article 6 of the treaty of equality and inter-dependence of the member States and the one on solidarity and collective self-reliance among Member States. 8 Indeed the overlapping memberships and ensuing complexities in harmonising the same are also against the principle of inter-state co-operation, harmonisation of policies and integration of programmes among the Member States. While efforts are made to address the issue through the creation of the tripartite as discussed in chapter three, without political will then multiplicity of memberships will always be a factor. 9 As discussed in chapter two, proponents of regional trade blocs further argue that coordinating and harmonizing national policies and strategies is more manageable in smaller groups, and where issues that cause deadlock in multilateral negotiations are resolved by political pressure and diplomacy at the regional level. 10 The interviews revealed that the size of the bloc resulted in inability to arrive at a consensus thus making negotiations ineffective

Another fundamental principle of COMESA is peaceful settlement of disputes among the member states, the active co-operation between neighbouring countries and the promotion of a peaceful environment as a pre-requisite for their economic

A.D. Quattara Regional Integration in Africa: An important Step Toward Global Integration. Statement from Deputy Director International Monetary Fund, at the first conference of Ministers of Economy and Finance of Franco-phone, Monaco, April 1999
1 Treaty establishing The Common Market for Eastern and Southern Africa of 5th November 1993, Kampala, Uganda
9 On prospects of COMESA see Chapter Three
development. In line with this principle COMESA has created instruments to further its activities and objectives, where as discussed in the previous chapters the Clearing House facilitates regional payments and delivers electronic financial services while the Development Bank and Reinsurance Company are steps towards the realisation of a joint system of banking supervisions and regulation."

It is said that these institutions have the potential to become commonly owned institutions not only for the regional organizations in Eastern and Southern Africa, but for the African continent as a whole as they are already providing services to the private sector not only in COMESA and Africa, but also in South East Asia. This new phenomenon could support the debate on diversification and multilateralism because the scope of engagement has widened to non-COMESA members. The Economic Commission for Africa report as debated in chapter two propounds that Africa needs multilateralism as well as regionalism and which can be promoted through promotion of foreign investment, human capital, technological development, and making products that are more competitive in global markets.¹³

While this is the case, there are those of the view that regional integration has to be re-defined with serious consideration to reviving Pan-African consciousness and broad involvement of the African peoples in the processes of regional integration.¹⁴ The two arguments would require a middle ground so that benefits are derived from both positions.

² http://about.comesa.int/attachments/165 Comesa Annual Report 2008 web.pdf p.20
³ See debate of alternative forms of integration in Africa in Chapter Two.
¹ J de Melo New Dimensions in Regional Integration: The Journal of Modern African Studies, Vol. 34, No. 3 (Sep., 1996), pp. 523-525 Published by: Cambridge University Press p.4
because it is possible as indicated in chapter two to have both regionalism and multilateralism.

The areas where COMESA has made good progress have been noted in chapter three. However what emerges is that there is no awareness of the benefits to the public despite having 47 computerized focal points in 20, Member States, which provide information on all export and import opportunities available in each country including trade flow analyses, company registers. This emerged from the research findings both from respondents in Kenya and Lusaka. Yet for effectiveness of a bloc its mandate and objectives ought to be in the public domain for there to be complete integration. Stolper in chapter three argued that the lack of clarity regarding the functions, responsibilities and powers of the different organs involved in various regional integration arrangements, weakens the entire arrangement since the central body often lacks authority and resources to act on its own initiative while there are often no focal points at the national level with responsibility to act, which results in the failure to fully take into account the initial conditions and structural characteristics of African economies thus leading to poor performance of regional bodies. These are attributed to the low incomes in the region and not on policy issues which would imply that the existing low economic levels impact on the effectiveness of the bloc. Hence the developmental theory is appropriate in this study as it lays emphasis on development as a basis for actual integration to develop and be effective.

15 On COMESA’s functions and achievements see chapter Three.
17 On COMESA’s functions and achievements see chapter Three.
18 Fine, J and S. Yeo (1997), "Regional Integration in Sub-Saharan Africa: Dead End or a Fresh Start?", in Oyejide, A. et al (eds) p.433
As discussed in Chapter three intra-regional trade has expanded within COMESA at an average annual rate of 18.8 percent since the creation of the FTA in 2000 with total exports from the COMESA region growing at a healthy pace of almost 10 percent in recent years though it is not clear whether this is due to economies of scale, the competitive effect\textsuperscript{19}, or due to unilateral liberalization undertaken by several member states in recent years.\textsuperscript{20} The subject of intra trade and its performance drew contradictory responses, where some scholars and respondents from the research maintained that there was expansion.

According to Oyejide however the overall intra-African trade is lower than that of any region in the rest of the world and that intra-group trade for the PTA/COMESA, CEAO/UEMOA, and SACU is typically higher than the intra-African trade ratio but that the intra-group trade of the PTA/COMESA has actually been lower in the 1990s than it was before the PTA started off in 1984.\textsuperscript{21} Despite the differences what is emerging is that there is increased intra regional trade though the total inter-regional trade is still higher.

4.3 Challenges of COMESA in regional integration

The case of withdrawals as discussed earlier also reflects on the political will/leadership and also interests of states. COMESA has been affected by the withdrawal of Namibia, Mozambique and Tanzania for SADC membership. In addition not all

\textsuperscript{19} On COMESA's increased intra regional trade see chapter Three.


members have signed the FTA launched in 2000." While this may be so, one argument from respondents has been that the large size of the bloc hinders negotiations and progress, meaning that focus should be on harmonization of policies across the blocs and not on withdrawals. The problem of overlapping membership and the rivalry it generates are well illustrated by the relationship between PTA/COMESA and SADC where there is divided loyalty and poor funding due to inadequate resources for the several organizations, which impacts negatively on all the above and the decision making process, as covered in chapter two.

However on a positive note, the reason for this multiple membership as given by Ngwenya, the Secretary General of COMESA is that not only does it secure access to different regional markets, especially where regional blocs show protectionist tendencies against non-members, but it also provides trade diversification and investment linkages in order to reduce their dependence on major trading partners. Finally, multiple memberships might be a way to bring regionalism in line with multilateralism.

Though trading with non-member states has been a problem the entry into force of the COMESA free trade agreement has nonetheless seen an increase in intra regional trade between 1997 and 2005 as already discussed above.

The asymmetrical implementation of trade rules in COMESA has negatively affected the growth of intra-regional trade by complicating the conduct of business

23 Ibid p. 10
See debate on challenges in Chapter Two.
" S. Ngwenya Regional integration in COMESA Paper by the Secretary General, COMESA 2008.
through legal means, and therefore "informal Non Trade Barriers such as non-acceptance of rules of origin certificates, cumbersome bureaucratic procedures, and restrictive standards are some common problems.\textsuperscript{2}\textsuperscript{26} As debated in chapter two and three, this was attributed to lack of regional level monitoring of the implementation of decisions, apparent unwillingness of governments of member countries to cede authority to the regional bodies,\textsuperscript{27} and the consequent lack of resources and power by the regional secretariats to take initiative and promote regional perspectives.\textsuperscript{28}

The debate on peculiarities of the sub-Saharan region was well depicted in chapter two\textsuperscript{29}. This can be extended to the type of environment in which the bloc operates and most importantly the leadership styles and governance. Clapham argued in chapter two that one of the guiding principles of states in Africa is that of the regime survival and a common feature in the policies is their attachment to state sovereignty, due to both historical and economic reasons thus unwilling to transfer any kind of sovereign powers to another level of governance where their decisional power might be reduced.\textsuperscript{30} This is compounded further by the challenge of landlocked countries, concentration of narrow range of commodities, and the fact that African countries facing the challenge of reversing economic failure have lacked significant role models within the continent, that while the binding constraint upon Africa's growth may have been externally-oriented policies in the past, those policies have now been softened indicating that the chief

\textsuperscript{26} P Khandelwal, (2004) opcit p. 10
\textsuperscript{27} On peculiarities of regional integration in sub-Saharan Africa see Chapter Two.
\textsuperscript{28} See discussion on functions, design and implementation of the regional bodies in Chapter Two.
\textsuperscript{29} See peculiarities of regional integration in sub-Saharan Africa.
\textsuperscript{30} Clapham, \textit{Africa and the International system}, (Cambridge: Cambridge University Press 1996) p.56
problem today is poor delivery of public services. 31 Though respondents were of the view that integration was being achieved other scholars such as Mistry, as discussed in chapter 1. underscored factors that slow integration as lack of commitment and political will by the leaders. 32

In addition though majority of the respondents were of the view that through harmonised policies and infrastructure COMESA would promote balanced economic growth by capitalizing on synergies to achieve higher efficiency of market and become more competitive globally through integration- towards realization of the objectives of African economic community, this would only be achieved when the member states commit to the bloc and integration because only then will the free trade agreement be effective, since regional integration as defined by Haas meant also that members are persuaded to shift their loyalties, expectations and political activities towards a new larger centre whose institutions possess or demand jurisdiction over existing nation states. 33

As indicated in chapters two and three, trading with non-member states remains a major problem in COMESA. A study undertaken by UNCTAD in 2001, UNECA in 2006 and a research paper of the World Bank revealed that lack of harmonized instruments governing trade and market integration meant that each regional economic community has its own rules of origins and certification process, limiting trade among communities, making it is much easier to import goods from outside the continent than

1 P Collier and J W Gunning Why Has Africa Grown Slowly?: The Journal of Economic Perspectives, Vol. 13, No. 3 (Summer, 1999), pp. 3-22 Published by: American Economic Association p.20
On literature on COMESA and challenges faced see Chapter One.
from within/ considering too that costs faced by African countries are almost twice as high as the world average, particularly relevant for the landlocked countries of Eastern Africa. This has been discussed under challenges from primary data in Chapter three.

This could explain the debate in chapter 2 on alternative forms of integration where for example multilateralism is preferred to regional integration as it has larger scope of engagement and not tied to the bloc alone.

Other challenges including suspicions amongst states due to perceived different levels of development; Interstate conflicts; Multiple membership to the regional blocks and the resultant conflicts; The slow pace of the implementation of the agreements; Most countries have seemingly homogeneous production sectors which do not facilitate expansion of trade capacity based on comparative advantage; political instability; proliferation of regional blocks; slow - financial commitments to the regional blocks-lack of commitment to adapt and implement harmonized policies and continual application of national policies; and finally lack of capacity to value add- continued export of commodities.

Regarding the above scholars argue that there is inadequate sanctioning authority, so that states regard the cost of not implementing the treaty to be less than the benefits of doing so; Non implementation of harmonisation provisions; Lack of political commitment: Unclear perceptions about gains; Inequalities in the distribution of gains in

\[34\] On inter regional vis à vis intra regional trade see discussion in Two.
\[35\] UNCTAD Transit System of Land locked and Transit Developing Countries, United Nations Conference on Trade And Development (UNCTAD, Geneva 2001)
\[36\] See challenges of COMESA in regional integration in Chapter Three.
\[37\] On alternative forms of regional integration see Chapter Two.
\[38\] On challenges of COMESA in regional integration see Chapter Three.
the integration; Inadequate compensation mechanisms; and stringent trade liberalisation schemes." These peculiarities for example could explain the continued cases of overlapping memberships in Africa as member states try to grapple with the mentioned issues.

In addition Bach in a further contention in the debate of overlapping membership and problems within states that withdrawal from an already existing regional arrangement can be interpreted by the states as being costly even more so than adopting a strategy to resist the push for deeper integration, which explains why only a few of the decisions made at the regional level are ratified and implemented by the national institutions is because states are unwilling to introduce legal provisions that would curtail their already weak power or control over the national economy.40 This would appear ironical since among the problems also facing blocs is the non payment of dues by member states as indicated in Chapter three.41

The above seems to be in line with the theory of development which focuses on development of the state through participation in the regional blocs and which are largely economic based. However as posited by Clapham in chapter 2 the multiplicity and overlapping memberships can be attributed to one of the guiding principles of states in Africa which is that of the regime survival and a common feature in the policies is their attachment to state sovereignty, due to both historical and economic reasons thus unwilling to transfer any kind of sovereign powers to another level of governance where

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1 Z Iqbal & M S. Khan *Trade reform and Regional Integration in Africa* International Monetary Fund, African Economic Research Consortium p.410
341 See challenges of regional integration in COMESA in chapter Three.
their decisional power might be reduced. Indeed the success or failure of a regional arrangement can be highly dependent on the advantages it can offer to the leaders themselves and whether it can increase the legitimacy of a head of state. The reluctance then to shift loyalties and sovereignty as a key requirement in the definition of integration seems to be the critical challenge to integration efforts, and hence the slow speed.

55% of the respondents felt that policy and overlapping membership are among the major challenges of COMESA's regional integration efforts, where it was difficult to harmonize due to different policies and economic systems-and priorities of States such as Tanzania-EAC/SADC; Kenya EAC/COMESA. This supports Braude's argument that 'The overlap of membership between regional integration arrangements in the wider southern and eastern African region is without parallel anywhere else in the world'. The lack of harmonisation therefore defeats the objectives of promoting trade and development in the region. Farrell and Quattara argue that the reluctance of most African governments towards effective transfers of sovereignty and their inability to enforce commonly agreed policies stimulate debilitating patterns of regionalisation, which proceed from a re-composition of state-society interactions that negates the aggregative ambitions assigned to regionalism. In order to be meaningful, regional institution-

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4 See Challenges of COMESA in regional integration in chapter Three
44 W Braude, 'SADC, COMESA & the EAC: Conflicting regional & Trade agendas' (Midrand: IGD. Occasional paper #57 2008)
45 A.D.Quattara *Regional Integration in Africa: An important Step Toward Global Integration*. Statement from Deputy Director International Monetary Fund, at the first conference of Ministers of Economy and Finance of Franco-phone, Monaco, April 1999.
building demands capacity-building which would develop appropriate policies independent of national interests.46

Most respondents felt that for COMESA, negotiating EPA as a region is a challenge because of its big membership and the difficulty of reaching a common position.4 This view is supported by proponents of regional trade blocs who argue that coordinating and harmonizing national policies and strategies is more manageable in smaller groups, and in valuable arenas for tackling volatile trade issues such as agricultural subsidies and trade in services, and where issues that cause deadlock in multilateral negotiations are resolved by political pressure and diplomacy at the regional level.48 This was the reason advanced by Namibia when she was leaving the bloc for SADC.

60% of the respondents felt suspicions are a challenge as there exists fear of domination by perceived 'big states', including lack of harmony between regional and national drives, also caused by different developmental levels. According to the research findings mistrust by some member states has delayed implementation of programmes, and evident in the on-going common market protocol negotiations. According to Ojo, States and organisations engaged in economic integration when successful bring greater unity and development.49 This would imply that COMESA is not yet successful since greater unity is lacking which would have forestalled the existing suspicions.

See Chapter Three.
4.4 Prospects and new approaches to regional integration and cooperation in COMESA

The new thinking in regional integration "reflects a general desire to break the confines of the nation-state, a denial of all that divides the region, including the multiple barriers to the free movement of goods and services, people and capital among countries, and differences in legal, governmental and educational structures.\textsuperscript{50} The focus is to go beyond trade and concentrate on how to competently use their institutional frameworks to attract the required investments and stimulate a rational distribution of these across countries in a credible manner.\textsuperscript{51}

According to the respondents there was conflict of interest from the development partners and former colonialists and which pose a challenge to regional integration. Khandelwal argues that while there may be a great deal of temptation to protect domestic industries by negotiating for a suitable classification of goods, this will only serve to highlight their lack of commitment to true liberalization and will cause delays in agreement and implementation problems. To the extent that their goal is to liberalize and gain policy credibility, protracted negotiations in this area are likely to be counterproductive.\textsuperscript{53} Indeed it can be argued that liberalization and globalization may be the undoing of effective regional blocs as individual member states are not bound to

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\textsuperscript{1} Z. Iqbal, M S. Khan \textit{Trade reform and regional integration in Africa} International Monetary Fund, African Economic Research Consortium 1998 p.421
\textsuperscript{50} See discussion on COMESA's prospects in Chapter Three.
\textsuperscript{51} See discussion on COMESA's prospects in Chapter Three.
specific regions. In addition it is argued that development partners continue with these policies for extraction purposes at the expense of the region's development.

Khandelwal further posited in chapter 3, that EPAs agreements are widely thought to act as a mechanism to lock in trade reforms and gain credibility for liberalization policies, and trade-related governance and institutions and though the negotiations envisage technical assistance in the area of standards and liberalization of services, both of which are critical areas in Africa, the EPAs might impede the process of liberalization in many African countries and create incentives against multilateral reform.54

While embracing an enlarged scope one concern is that ACP countries and/or the EU will have secured market access and will have incentives to oppose and undermine future multilateral liberalization given that the size of the preferential arrangements being envisaged—with 77 ACP countries and the EU participating, these account for around half of the total WTO membership. Whether EPAs will be welfare-enhancing or not will be determined by the actual scope of the liberalization commitments undertaken and their implementation, hence the need for the EPAs to adopt a low and uniform Common External Tariff.55

Proliferation of regional blocs with different stages of development and varying interests though viewed as a challenge, actually offers opportunities and prospects to COMESA. As discussed in chapter 2,56 multiple memberships secure access to different regional markets, especially where regional blocs show protectionist tendencies against

54 On prospects of COMESA see Chapter Three
   See debates on the contribution of regional integration in Chapter Two.
non-members. It further provides trade diversification and investment linkages in order to reduce their dependence on major trading partners. Finally, multiple memberships might be a way to bring regionalism in line with multilateralism.\textsuperscript{57} This scenario implies that the phenomena is here to stay, given the strong justification and hence the need to appreciate it and focus on how to benefit from the given situation.

The seeming hitches in negotiations may be deliberate given the notion by scholars that in Africa, states avoid the cost of participating by choosing to take part in regional integration processes that are less constraining.\textsuperscript{8} On the institutional side, states prefer a strictly inter-governmental regional organization, where all the decisional power is concentrated in the hands of the heads of state and government with the secretariats and commissions are always limited to the implementation of the decisions made at a higher level.\textsuperscript{59} The reference back to headquarter during negotiations and the slow speed of adopting policies are explained by the issue of sovereignty and regime survival. This would further explain the slow development of Africa which is ironical given that despite the collective tools at their disposal states remain inward looking and hence it can be argued as in the development theory that unless states address issues of development domestically then new prospects and adoption of new approaches may be a challenge.

At functional level challenges of COMESA as given by the respondents include Capacity to negotiate is a challenge yet a key asset in negotiations is the need to be competent. Oyejide argues that ability to fully understand and internalize the contents, implications of agreements is important; to identify and take advantage of trade and

S. Ngwenya \textit{Regional integration in COMESA} paper by the Secretary General, COMESA 2008.
On debates relating to challenges of Regional Integration in Africa see chapter Three, \textit{opcit} p.56
trade-related opportunities made available under these agreements; and to fulfill the obligations that they impose.\textsuperscript{60} This can be an opportunity for COMESA to source for a skilled negotiator to strengthen its position in such forums and as related to discussion on the problem of functions and implementation of regional blocs.\textsuperscript{61}

Helleiner in chapter 2 posited that one of the important lessons that is beyond debate is that new approaches to regionalism should focus on broader cooperation in economic issues and not merely preferential trade arrangements among groups of African countries since no significant economic gains can be expected from access to larger African regional markets especially because African exports are not significant imports in African countries.\textsuperscript{62} This was clearly evident in the data and discussions presented in this study on intra and inter regional trade figures of COMESA member states.

The many challenges in regional integration could suggest the need for new approaches and re-examination of objectives of the AEC and Abuja declaration to study unravel the challenges so that those willing to forge ahead may have a mechanism that would enable this and therefore have effective blocs. The efforts to bring the tripartite COMESA-EAC-SADC to discuss harmonisation of policies is indicative of the direction of the new regionalism- what should be included is the expansion and diversity in other non economic areas.


See discussion on the controversy of functions and implementation of blocs in Chapter Two.

4.5 Areas that COMESA needs to address.

Most respondents were also of the view that COMESA, apart from performing well in trade, should be active even in security and peace so as to have stability in region, where sea transportation for example is a problem, and where the problem of piracy in Somalia waters needs to be addressed. The Migingo Island dispute between Kenya and Uganda is also a factor that could hinder trade since Uganda for example is now exploring the possibility of an alternative route through Tanzania in which Kenya will lose heavily since Uganda is her biggest trading partner.

A few felt that COMESA was still far from being recognized as a strong body and making notable achievements and that compared to EAC, COMESA’s integration has been slow, though on the other hand this has given members time and opportunity to review positions before adopting them. That the large number of membership has made it difficult to harmonize policies and programmes due to differing positions, geographical positions and differential development levels.

The opening up thorough infrastructure development is commendable since it will enable penetration into hitherto unreached areas thus expanding the market. A reason why the development theory is apt for this study is that it explains the situation in Africa where the single rail inherited at independence has never been increased and therefore development is indeed a major factor in the integration process.

See discussions on COMESA in Chapter Three.
~ See debate on the various regional integration theories in Chapter Two.
The chapter has discussed issues that are pertinent to COMESA and her role and effectiveness in regional integration. One thing that stalls progress is the seeming lack of sanctions to member states which do not accede to the various levels of integration such as those who are yet to be members of the FTA. On the other issue of the large size frustrating negotiations due to lack of a consensus it can be argued that consensus should not be treated as unanimity so that the speed of the slowest member should not be the determinant- a position that has been adopted by the EAC.

Some challenges however include how COMESA can be benchmarked and rated and what tangible indicators would be used to do this. From this study it is evident that integration is the way to go for both the developed and developing countries and therefore efforts must be increased to strengthen and address the many primary and secondary data. What emerges from the discussion is the view that even in the midst of the many challenges integration remains the vehicle through which third world and indeed COMESA will forge ahead with better leverage in the international system.
5.0 Chapter Five: Conclusions and Recommendations

5.1 Introduction

This study set out to examine the challenges of regional integration in Africa and COMESA as a case study within the period 1994 to 2008. The study focused on factors that hinder integration and the reasons for the slow growth of integration. The overall objective of the study was to investigate the challenges of Regional integration in Africa and specifically in COMESA. The sub-objectives were:

Firstly, to examine the role of Regional bodies in furthering integration in Africa;

Secondly, to investigate factors that challenges the growth of regional integration in Africa;

Thirdly, to identify the challenges that faces COMESA at regional integration and the prospects therein.

In addressing these objectives, Chapter One laid out the problem and through the literature review provided a background and justification of the research. It identified development theory as relevant to explain the study and which indeed has been appropriate. The methodology, using both primary and secondary data while employing questionnaires and interviews as instruments of data collection, was explained. The state of regional integration in Africa revealed that despite the numerous blocs, progress of the integration is beleaguered with many challenges which remain unresolved and hence the justification of the study.
In Chapter Two, the study focused on debates of regional integration in Africa. The first debate was on whether regional integration's contributions were effective; this emerged positive despite the numerous challenges faced. It remains the only vehicle for growth and this applies even to the developed world. The second debate was on regional economic integration vis-a-vis alternative forms of integration in Africa which was related to another debate on new approaches to integration and regional approaches in Africa. What emerged is that there are indeed other forms of co-operation such as Multilateralism and Regionalism which widen the scope for integration to include other aspects besides trade. There is also need to review earlier strategy as set out in AEC and Abuja treaty on integration in Africa so that its mandate would be able to cope and withstand contemporary challenges in a globalised world. The debate on challenges facing regional integration brought out numerous issues though the main one would be overlapping membership and its resultant hiccups on harmonisation of policies.

Chapter Three comprised the case study of COMESA in which the discussion was based upon the primary and the secondary data collected by the researcher. Using these, the chapter addressed COMESA's functions, achievements, challenges and prospects and arrived at a verdict that, COMESA was not fairing badly as literature portends; having already launched an FTA in 2000 and CU protocol in 2007. However, the challenges require to be addressed which the discussion on new approaches to regional integration provides available options.

In Chapter four the study provided a critical analysis of the challenges of regional integration in Africa with COMESA as a case study. The broad themes build on the earlier discussions in the previous chapters on the effectiveness of COMESA in regional
integration vis-a-vis alternative forms of integration, the challenges it faces and the prospects and new approaches that it can address and which form part of the recommendations in Chapter Five.

The objectives of this study, the main one being the challenges of regional integration in Africa, and COMESA as a case study, have been adequately addressed in the mentioned chapters.

On the first objective which focused on the role of regional bodies in furthering integration in Africa, it emerged that, despite the challenges, the blocs provide the integration needed and remains attractive for the regions huge market and synergies that would improve individual countries development and standing, especially for landlocked countries.

On the second objective, investigating the factors that challenge the growth of regional integration in Africa in chapters one, the debates in chapter two, and the analysis in chapters three and four, identify these and the areas that need to be addressed and further gives alternative approaches to address the problem as discussed by scholars and which relate to the COMESA circumstances. An interesting phenomenon though, is that not all challenges are negative as some indeed are positive and form part of the new paradigm shift in the new approaches to regional integration.

On the third objective it emerged that overlapping memberships by COMESA member states impedes its effective regional integration.

From the results of the research, the hypotheses of the study have been adequately addressed. The first was that pursuit of national interests has been a major challenge
against growth of regional integration in Africa; Secondly, leadership has been a constraint to regional integration in Africa and this has been corroborated by lack of harmonisation of policies, a factor that suggests the need for diversification and opening up of markets through multilateralism and regionalism that would increase competitiveness and remove complacency.

Regarding the third hypothesis, that overlapping memberships by COMESA member impedes its effective regional integration, the study found this as the major challenge it currently faces. This has led to the formation of tripartite of COMESA-EAC-SADC to address the issue as it is threatening to stall any further progress.

What has emerged is that indeed, challenges are numerous and are based on what the hypothesis forecasted. What is clear is that Africa has numerous regional blocs which are, however, ineffective. The reasons for this are as varied as they are many, with the main ones being lack of political will. This is evident in the slow pace of implementation, overlapping membership that complicates policies in the region, prominent levels of poverty, while perceptions on different levels of development give rise to suspicions and reluctance to commit.

The key factor which emerged in COMESA is the feeling of insecurity brought about by poverty and, hence, the unwillingness by leaders to relinquish some sovereignty. This is replicated in the continent where total trade is higher than intra-trade in the blocs. The multiplicity of groups while being a pointer to a search for a perfect fit is also a factor in the fragmented nature of African relations and hence ineffective integration. COMESA, despite her slow growth, within the period of study 1994-2008, can be said to
be on the right path of integration given her progress and achievements enumerated in chapters 3 and 4 - albeit slow and, the creation of instruments to facilitate her functions. However, her speed of integration is slow since her inter regional trade is higher than the intra regional trade. What should be pointed out though is that despite this, intra regional trade is actually on the rise. On the other hand, it can be argued that either the benefits accruing from COMESA are not as much as compared to those from without or member states are just bandwagoning.

The study has therefore shown that COMESA is making good progress. This is contrary to what scholars have depicted about regional integration in Africa as whole, as being poor performers, probably comparing it with the EU model. For Africa, the development theory aptly explains the circumstances pertaining to the region and, therefore, with an injection of public awareness and political will, the challenges which hinge on development will be addressed.

COMESA established a FTA in 2000 and protocol for Customs Union was launched in 2007. The slow speed is attributed to lack of political will and mistrust amongst member countries due to the disparities in levels of development and engagement in multiplicity of blocs whose policies are not harmonised hence, stalling any meaningful progress. The region which has COMESA overlapping with SADC and EAC, has jointly made efforts to address the ensuing contradictions through holding the first tripartite summit of the Three Blocs in October 18-22, 2008 in Kampala. The study posits that the tripartite will only succeed if there is political will.
5.2 Recommendations

The recommendations provided below mainly address the challenges raised in the study and are therefore aimed at ensuring regional integration in Africa, particularly in COMESA, to enable it become more effective and competitive.

The first recommendation is that COMESA need to adopt the new approaches to regional integration which include regionalism and multilateralism, in which the scope of engagement is widened outside of trade, and also opens states to more access in international system through WTO. This recommendation will address what the study identified as the need to strengthen COMESA's negotiating capacity and presence in the international fora. COMESA has to review the AEC Objectives and the Abuja Treaty to adapt and be responsive to emerging trends in the changing environment.

Secondly COMESA has to embark on the amalgamation of some of the regional blocks, to make itself an internationally recognized regional body such as G77, rather than a lobby organization.

Thirdly, and key, COMESA has to form a regional level organ for monitoring the implementation of decisions which will serve to effectively address weaknesses in functions and policy. This will focus on harmonization of policies, implementation of decisions, creation of public awareness and visibility of the Bloc, for maximum benefits for all in the region. Since, currently it suffers from a lack of visibility as traders involved in cross-border trade are unaware of the advantage the regional agreement offers them. This organ will further address the seeming lethargic approach of issues in Africa, where even with the existing mechanisms, as in the case of COMESA, efforts to aggressively
sell the idea of integration by reaching deeper in society is lacking and instead mistrust and suspicions abound.

Fourthly, the study recommends diversification in its economic and developmental arena, which is a multidimensional process that implies, next to economic cooperation, dimensions of politics, diplomacy, security, and culture among others are integrated. This is in line with the study findings which highlighted peace and security as being critical to integration ahead of investment. While these portend the need to open up scope, the implications therein should be factored in when decisions are made.

Fifthly the study recommends the adoption of the new regionalism to address some of the challenges enumerated in this study including fears and suspicions of member states in the Bloc. This strategy in the new approaches for regional integration would be a departure from the vision of regional integration that is articulated in the Lagos Plan of Action which envisaged a rigid structure. This alternative allows African countries to move increasingly to more heterogeneous strategies in the design and implementation of regional integration arrangements, that are more pragmatic and incremental and which permits integration to proceed on the basis of progressive steps, allowing smaller sub-groups to move faster than the whole group and provides that many decisions can be made by majority rather than by consensus.

The adoption of new regionalism will address COMESA’s challenges such as the reluctance of some members to join the FTA. It allows those willing to proceed on to move on so that the whole body is not held hostage by a few hesitant members who thrive on the consensus clause. Though this may cause disquiet, it would nonetheless be a
wake up call to the states to fully commit and participate, or be left out in the pursuit for a
more effective integration that would benefit the bloc as envisioned in its objectives.
Appendix one

General interview and questionnaire schedule

Questions asked:

Questions were asked to gauge the effectiveness of regional integration in Africa:

- What is the role of regional integration in Africa?
- Is the role being achieved?
- If yes how?
- If no why?
- What are some of the factors that challenge the growth of regional integration in Africa?

COMESA

Questions were asked to assess the challenges that COMESA faces as a regional body:

- What are some of the challenges facing COMESA?
- at policy level and;
- functional levels respectively
- What factors contribute to the existing scenario?
- What would you recommend as ways of addressing these challenges?
- Is the COMESA-EAC-SADC tripartite the solution in terms of policy harmonisation?

Achievements of COMESA

To find out about the achievements of COMESA as a regional body, the following questions were asked:

- What would you say to be the achievements of COMESA?
• In comparison to other regional bodies, what would you say about COMESA’s achievements?
• What are the prospects in COMESA?

Follow up questions for interviews:

**Deputy Chief Economist, Ministry of Trade:**

• What are the advantages of regional integration in wider competition with other regional blocs?
• What role does policy and infrastructure play in COMESA’s development?
• Does the trade pattern of Kenya for example as a member country indicate improved intra-regional trade in COMESA?
• How do national interests of member states present as challenges in COMESA?
• What are some of the options in addressing the lack of harmonization of policies in the region?

**Senior Economist, Ministry of Trade:**

• How does COMESA contribute to development of various sectors of the economy?
• What fundamental differences in the individual member policies hinder convergence in trade decisions?
• What factors most hinder implementation of COMESA programmes?
• Did the recent political crisis in Kenya affect trade relations in the region?

**Assistant Director of External Trade, Ministry of Foreign Affairs:**

• What challenges does COMESA face in terms of competition in the wider economic environment?
• What are some of the contradictions in the existing SADC, COMESA, and EAC overlap?
• Does the general public have information on the functions and subsequent benefits that can accrue from participation in COMESA?

**Trade Advisor, COMESA, Lusaka Zambia:**

• Are the COMESA instruments and agencies functioning and benefiting member states?
• What are some of the measures taken by COMESA to improve movement of goods in the bloc?
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