



POLITICAL ECONOMY DYNAMICS OF REGIONAL ORGANISATIONS IN AFRICA

PEDRO

SADC Trade and transport policy: Consolidation and corridors¹

This paper sets out to better inform stakeholders about why the Southern African Development Community (SADC) and national level stakeholders operate as they do on regional trade and transport. It concludes with implications for support.²

Political traction, member states interests and potential

Trade and transport have long been central to the Southern African Development Community (SADC) integration agenda. The original SADC trade agenda was set out in the Protocol on Trade (1996), which mandated the removal of tariffs and nontariff barriers (NTBs) to intra-SADC trade and the establishment of a SADC Free Trade Area (FTA). The SADC Regional Indicative Strategic Development Plan (RISDP), adopted in 2003, emulated the European model of regional integration, by providing for the sequential establishment of a customs union by 2010, a common market by 2015 and a monetary union by 2016. In recent years, however, the objective of ever-deepening market integration has been set aside in favour of consolidating FTA implementation and promoting industrialisation in the region.

On transport, the SADC Protocol on Transport, Communications and Meteorology (Transport Protocol, 1996) established a framework for harmonising member states' transport policies, institutions and practices. Following South Africa's use of spatial development initiatives (SDIs) and the example of the Maputo Development Corridor, SADC adopted its Spatial Corridor Development Strategy in 2008. As a result, the SADC transport agenda now increasingly focuses on mobilising infrastructure investment and facilitating trade along the region's major transport corridors.

The SADC trade agenda has generated mixed results. The SADC FTA was launched in 2008 and thirteen of the fifteen SADC member states currently participate in it. However, progress on the removal of tariffs within SADC has been offset by the increased prevalence of non-tariff barriers to trade. Further, deadlines for establishing the customs union, common market and monetary union have all been missed. Such deeper integration is complicated by overlapping memberships with other regional groupings, such as the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Customs Union (SACU), and the

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² Other SADC related papers deal with industrialisation and energy, water, and peace and security.

incompatible goals of each of these groupings to form customs unions. The apparent ‘parking’ of SADC’s deeper trade and market integration agenda in favour of ‘consolidation’ of the SADC FTA reflects limited desire for deeper integration among SADC member states, who champion a ‘development integration’ approach that emphasises industrial development and cross-border infrastructure development.

This change of focus reflects the interests of the region’s hegemon, South Africa, which seeks to preserve its policy space to use trade measures to support industrial development. While at least one other influential SADC member state, Zimbabwe, shares this position, it is not clear if this is the case for all member states. Fear of South African dominance, especially in the economic and trade spheres, has also influenced the SADC agenda. This is illustrated by the asymmetric nature of tariff reductions under the SADC FTA, and the reluctance by other SADC member states to negotiate Economic Partnership Agreements with the European Union alongside South Africa.

Like the trade agenda, the SADC transport agenda has generated mixed results. Nonetheless, investments for transnational infrastructure along the region’s major transport corridors are now higher on the SADC agenda. Coastal countries in the region promote “their” corridors to landlocked countries as they stand to gain from investments in ports and related infrastructure. Landlocked countries too stand to benefit from business opportunities and lower trade costs. In addition, the corridor approach has been cheered by both private sector actors and donors.

However, competing interests at member state level hamper the full implementation of the regional transport agenda. Factors that have inhibited successful implementation of the corridor approach include the resistance of national regulators to transition from bilateral to multilateral permits (the former are a significant source of rents), a lack of coherent thinking in some member states on how to link trade and transport agendas, and a lack of coordination between border agencies. Moreover, SADC island member states and some of its smaller, less developed members, have much less to gain from a corridor approach. They therefore show limited commitment to this agenda.

The ability of the SADC Secretariat to drive both agendas is complicated by, amongst other things, its limited mandate and weak financial and human resource capacity. SADC directorates have struggled to coordinate with one another, resulting in a perception that the Secretariat operates in silos and does not communicate well internally. As a result, even the monitoring of member state domestication of SADC policies and decisions has been a challenging task. This state of affairs has frustrated some development partners who feel that the Secretariat is not taking responsibility for the SADC agenda. In light of these institutional challenges, and in response to demands from member states, the new SADC Executive Secretary has initiated a restructuring of the Secretariat, as well as a reflection on what needs to be done to create ‘the SADC we want’. In the meantime, however, the SADC Secretariat seems to have lost some support from donors (who are cutting back on embedded staff) and member states (who see the Secretariat as not providing value for money).

In spite of formal commitments to do so, SADC has been reluctant to fully engage with the private sector in the region. Instead, private sector actors have channelled their interests through member state governments, thus limiting the creation of regional private sector coalitions that could push the regional agenda forward. However, efforts are being made to address this issue, as is illustrated by the creation of Southern Africa Business Forum in 2015.

Implications for support

1. Adapt support strategies in support of trade and transport development to the emerging opportunities, the level of traction and changing incentive environment

- There is currently little political traction in the region for deeper economic integration through SADC, such as the establishment of a SADC Customs Union. The customs union has been set aside in favour of consolidating the Free Trade Agreement and promoting industrialisation.
- The regional industrialisation agenda, meanwhile, provides opportunities for addressing trade-related challenges in Southern Africa as a means to promote a more conducive environment for industrial development in the region.

- While political traction on SADC's transport agenda appears to be somewhat mixed, trade facilitation efforts along corridors are likely to find political traction where they can be framed as supporting the political objectives of the corridor related member states - including the industrial development agenda if there is one.

2. Support should aim to enhance private sector engagement at the regional level

- Private sector engagement at the regional level has been limited, with private sector actors channelling their interests through member state governments, thus limiting the creation of regional private sector coalitions that could push the regional agenda forward.
- Certain private sector stakeholders may want to push or support reforms to trade and trade facilitation - especially around transport corridors - but often face collective action problems. Hence the need to support public authorities and relevant regional organisations in their efforts to overcome such obstacles.
- The Southern Africa Business Forum may become an effective conduit for channelling such demands to policymakers at the regional level and for building coalitions for regional cooperation, including on trade, trade facilitation and the development of trade-related infrastructure.

Behind the formal structures of regional organisations is a messy world of regional power and politics. This messiness is often difficult to capture in the language of development cooperation and institutional development. Working with regional organisations and their programmes therefore implies engaging with complex, multi-level power and interest dynamics.

PEDRO, the Political Economy Dynamics of Regional Organisations, is an ECDPM project that looks at the politics behind regional organisations, and the structural factors, institutions and incentives that ultimately define the way in which countries and different stakeholders engage at a regional level. PEDRO covers 17 African regional organisations and 11 policy areas. For each of these, ECDPM has applied a political economy approach to help understand the dynamics and their effects in different regions and policy areas.

The studies are framed around three key questions: the first relates to the political traction of the regional organisation as this helps assess whether the regional organisation has enabled regional decision making and if it has contributed to implementation. The second focuses on the member state interests in engaging with the regional organisation, especially the more resourceful and powerful ones (the so-called 'swing states'). The third looks at the areas with most traction where regional and national level interests seem to be most aligned for regional outcomes.

The reports aim to present information and insights that can help regional stakeholders navigate the obstacles and better respond to reform opportunities. Rather than providing specific operational recommendations, the political economy approach encourages more reality-based discussions among practitioners and reformers about feasible ways to address regional challenges. It is hoped that this may help tailor the ambitions and approaches of donors and reformers and help identify ways to support national or regional champions or coalitions to take regional cooperation and integration forward.