Understanding the SADC trade and transport agendas

Consolidation and corridors

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This background paper is part of a series on the Political Economy Dynamics of Regional Organisations (PEDRO). It was prepared in March 2017. In line with ECDPM's mission to inform and facilitate EU-Africa policy dialogue, and financed by the Federal Ministry for Economic Cooperation and Development, BMZ, the studies analyse key policy areas of seventeen regional organisations in Sub-Saharan Africa. In doing so they address three broad questions: What is the political traction of the organisations around different policy areas? What are the key member state interests in the regional agenda? What are the areas with most future traction for regional organisations to promote cooperation and integration around specific areas? The studies aim to advance thinking on how regional policies play out in practice, and ways to promote politically feasible and adaptive approaches to regional cooperation and integration. Further information can be found at www.ecdpm.org/pedro.

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Table of contents

1. Introduction

Trade and transport have been central to the regional integration agenda of the Southern African Development Community (SADC) since its inception. The SADC Treaty provides for SADC member states to conclude protocols in areas of cooperation necessary to achieve its objectives and two of the earliest protocols adopted were on Trade (1996), amended in 2000, and on Transport, Communications and Meteorology (1996). Later SADC would develop and adopt a Protocol on Trade in Services (2012).[1]

Through the Trade Protocol, member states agree to reduce tariffs and other barriers to trade within the region, and to establish a free trade area (FTA) among themselves. The Transport Protocol, meanwhile, commits member states to cooperate on a transport network aimed at ensuring the free movement of people and goods through the region, particularly from landlocked member states to seaports located in coastal member states and vice-versa. It also calls for the creation of Corridor Planning Committees to focus on specific strategies for development along the region's key corridors.

SADC's 2003 Regional Indicative Strategic Development Plan (RISDP), which sets out a 15-year roadmap for regional integration in SADC, recognises trade and economic integration as one of the four priority areas of SADC integration, along with politics, defence, peace and security; regional infrastructure and services; and special programmes such as food security, HIV/Aids and gender equality (Hartzenberg & Kalenga, 2015). The RISDP envisages a sequential (linear) process of economic integration, starting with the establishment of a free trade area (FTA) by 2008, followed by a customs union by 2010, a common market by 2015 and a monetary union by 2016. While the SADC FTA was launched in 2008, not all SADC member states are currently participating in the arrangement. The deadlines for the customs union, common market and monetary union have all been missed.

Under the priority area of regional infrastructure and services, the RISDP seeks to ensure, among other things, liberalised regional transport markets and harmonised transport rules, standards and policies by 2008, and the removal of avoidable barriers to the cross border movements of persons, goods and services by 2015. It also seeks to promote regional development corridors as a tool to concentrate resources for maximum benefit. Transport is also one of the six pillars of the 2012 Regional Infrastructure Development Master Plan (RIDMP), SADC's strategic framework guiding infrastructure development in Southern Africa. The RIDMP identifies corridor development as a key strategy for improving the performance of transport in the region to serve both intraregional and overseas trade.

This report tries to uncover some of the key actors and factors that affect the trade and transport agendas and their implementation by addressing three main questions: What is the political traction of SADC in promoting the trade and transport agendas? What are the principal member state interests in engaging with SADC around these issues? And given those answers, what are the areas with most potential traction for further integration?

The study is based on primary and secondary data collected from desk research (legal documents, existing studies on the subject, official websites, etc.) and primary data collected through a series of interviews with relevant stakeholders.

[1] Unless otherwise specified, the focus in this paper is on the SADC trade in goods agenda.

2. The political traction of SADC on trade and transport

2.1. Structural drivers and obstacles

A number of historical, geographical and socio-economic factors influenced the design of the original SADC trade and transport agendas - and continue to influence the evolution and implementation of these agendas. The Southern African Development Coordination Conference, the precursor to SADC, sought to build regional self-reliance among SADCC member states to reduce their dependence on South Africa as (i) a focus of transport and communication and (ii) as an exporter of goods and services and importer of goods and cheap labour. The 1980 Lusaka Declaration ("Southern Africa: Towards Economic Liberation") that formalised the establishment of SADCC, noted that "the dominance of the Republic of South Africa [had] been reinforced and strengthened by its transport system" and that the SADCC member states had been, to varying degrees, "deliberately incorporated by metropolitan powers, colonial rulers and large corporations into the colonial and sub-colonial structures centreing in general on the Republic of South Africa," and that the "welfare of the peoples of southern Africa [had] played no part in [this] economic integration strategy".

To address this, SADCC member states were to identify areas of cooperation that would help them produce the goods and services that were coming from South Africa and thereby "weave a fabric of regional cooperation and development". Transport was key to this strategy. To address South Africa's dominance in regional transport networks, the member states agreed to create a Southern African Transport and Communications Commission to "coordinate the use of existing systems and the planning and financing of additional regional facilities". This would include the development of the region's ports and coordination of transport facilities to serve the region's landlocked countries (LLCs). On trade, the SADCC member states noted the room for "substantial increases in trade among ourselves," and agreed to look into mechanisms to achieve this. Thus regional cooperation on trade and transport were priority areas of regional cooperation in Southern Africa, even before the establishment of SADC in 1992.

However, whereas SADCC deliberately avoided a traditional trade and market-integration agenda in favour of "dirigiste import substitution industrialisation coupled with the equitable distribution of costs and benefits," this was not the case for SADC (Soderbaum, 2004). By the end of the 1980s, the impact of structural adjustment programmes was threatening to complicate some Southern African countries' ability to service their debt obligations. The end of the Cold War had also led to uncertainty about donors' continued willingness to support regional cooperation and integration efforts (Linz, 2011). In this context, the region's policymakers decided to orient the SADC agenda firmly towards economic integration in order to counter the region's potential marginalisation (Linz, 2011). In doing so, they adopted the European Union-style linear model of market integration.

This shift has been attributed to the influence of the European Communities (EC) - later to become the European Union (EU) - and European donors (see Linz, 2011). The Windhoek Treaty, adopted at the Summit in 1992, used EC terminology in describing SADC's objective of "the progressive elimination of obstacles of the free movement of capital and labour, goods and services, and of the peoples of the region generally". It also set out a list of coordinated policies similar to those foreseen in the EC's Treaty of Rome (Linz, 2011). The influence of EC/EU and European donors on SADC's regional agenda would also later reappear when fears that SADC risked losing the support of donors, on whom it depended for the majority of its funding, led to a substantial restructuring of SADC institutions and the adoption of the RISDP, which "essentially emulates the [EC's] Maastricht Treaty" in detailing the move from an FTA via a customs union towards a common market, a monetary union and finally the adoption of a common currency (Linz, 2011). Similarly, the RISDP's chapter on transport also sets out a plan to "liberalise regional transport markets" and "harmonise transport rules, standards and policies' as well as to remove 'avoidable hindrances and impediments to the cross border movement of persons, goods and services," emulating the wording and spirit of EU policy integration (Linz, 2011).

While Apartheid South Africa influenced and indeed motivated SADCC cooperation, the role of post-Apartheid South Africa as Southern Africa's regional power and industrial, economic, trade and transport hub, has continued to influence the development of the SADC trade and transport agendas, and how these agendas have played out. There has long been a concern in the region that South Africa, with its powerful and diversified economy, would dominate SADC, especially in the economic and trade sphere. This fear, which is not totally unfounded - South Africa accounts for 17.3% of intra-SADC imports and a massive 65.7% of intra-SADC exports, meaning that more than four-fifths of all intra-SADC trade represents goods either being exported to or imported from South Africa - has contributed to, among other things, the asymmetric nature of tariff reductions under the SADC FTA, and a reluctance by other SADC member states to negotiate economic partnership agreements (with the EU) alongside South Africa.

Similarly, disparities in the quality and extent of transport infrastructure (roads, rails, ports, etc.) between South Africa and the rest of the region - a legacy of South Africa's mining boom at the end of the 19th century and subsequent industrial development coupled with the underdevelopment of other countries in the region - have also influenced the SADC agenda. Outside of South Africa, roads and rail are often in a poor state. As a result, land transport is slow and costly, inhibiting intra-regional (and extra-regional) trade and hampering investment and employment creation (Byiers & Vanheukelom, 2014). This has resulted in a strong focus in the regional transport agenda on providing a supportive framework for developing and improving transport infrastructure, including infrastructure linking landlocked member states to seaports in coastal member states through development corridors (Byiers & Vanheukelom, 2014).

SADC is also marked by a diversity of countries in terms of, among other things, colonial histories (affecting language and administrative regimes), land size, population size, domestic markets, per capita income, level of industrial development and exposure to global markets. SADC also contains a number of landlocked, coastal and island states. Different levels of economic and industrial development in SADC have been cited as an impediment to regional economic integration, as smaller member states have voiced concerns that larger SADC economies stand to benefit more from such integration (SADC Today, 2012).

In addition, SADC member states differ greatly in terms of how big a share customs duties represent in their fiscal revenues, and therefore how willing they are to undertake tariff liberalisation. Political regimes also differ substantially, with varying degrees of stability and development trajectories. These and other factors shaping member state interests affect levels of member state engagement. Angola participates very little in SADC processes, the DRC is racked by internal conflict, resulting in little priority being given to the regional agenda, and Madagascar was sanctioned after an unconstitutional transfer of power and has only recently been reinstated as a SADC member state.

Another structural factor affecting the implementation (and impact) of the SADC trade agenda is the structure of SADC member state economies. Historically, most SADC member states have been dependent on the production of primary products such as minerals and agricultural products and the export of these products to markets outside the region. Such production structures mean limited trade complementarity between SADC member states, and thus limited opportunities for intra-regional trade. In the absence of significant industrial diversification in the region, this situation largely persists. In 2014, intra-regional trade accounted for only around one-fifth of total SADC trade. While this share is not particularly low by the standard of African RECs, it is distorted by South Africa's dominance of intra-regional trade. Once South Africa is removed from the equation, intra-SADC trade represents only 7% of total SADC trade. The fact that the share of intra-SADC trade has grown only slightly since the establishment of the SADC FTA, suggests that trade complementarities have yet to be developed.

A final (quasi-)structural factor that is often cited as impeding the implementation of the SADC trade and market integration agenda is the overlapping memberships between regional economic communities (RECs) in Eastern and Southern Africa. SADC member states have a variety of affiliations to other RECs, such as the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), and to other regional groupings such as the Southern African Customs Union (SACU). While these overlapping affiliations are part of political economy considerations at a broader level, they have created challenges for the formal SADC economic integration agenda. For example, under the RISDP, SADC set the objective of becoming a customs union by 2010. The EAC has already achieved this objective. Given that it is impossible for a single state to be party to two different customs unions, this means that Tanzania, a member of the EAC, would not be able to participate in a SADC customs union. Similar complications occur for SADC member states that are also members of COMESA (e.g. DRC, Madagascar, Mauritius, Malawi, Seychelles, Swaziland, Zambia and Zimbabwe), as COMESA too seeks to become a customs union on the way to becoming a common market.

2.2. Expanding agendas and implementation challenges

Trade

The SADC Protocol on Trade set the original SADC trade agenda, which had the objective of removing tariffs and nontariff barriers (NTBs) to intra-SADC trade, and establishing a SADC FTA. The RISDP then set out a roadmap for deeper market integration in SADC, envisaging the establishment of a customs union by 2010, a common market by 2015 and a monetary union by 2016. The launch in 2011 of the negotiations towards a COMESA-EAC-SADC Tripartite Free Trade Area added yet another layer to the SADC trade agenda. The SADC Secretariat, through the Trade, Industry, Finance and Investment (TIFI) Directorate and its Trade Unit and Customs Unit, has provided support to member states in the implementation of the SADC trade agenda, but ultimate responsibility for implementing the agenda rests with SADC member states.

In this regard, there has been some success, but also some challenges. The SADC FTA was launched in 2008 and thirteen of the fifteen SADC member states are participating in it (Angola, and DRC remain outside the agreement but have indicated a desire to accede at a later date). While a number of products are excluded from liberalisation under the FTA, tariffs on trade between the participating member states have been substantially reduced. However, progress on the removal of tariffs has been offset by rising NTBs such as discriminatory charges, onerous customs procedures, restrictive rules of origin and various SPS and other regulatory barriers. This reflects the increasing use by some member states of policies and regulatory measures intended to support domestic industries from regional integration (Hartzenberg & Kalenga, 2015). On top of rising NTBs, the deadlines for establishing the customs union, common market and monetary union have all been missed. A number of reasons have been cited for this failure, including the difficulties inherent in overlapping memberships of RECs, the dependence of a number of countries in the region on customs revenues and differences in trade and industrial policy interests between member states.

Since the establishment of the FTA in 2008, there has been a gradual but unmistakable shift in the SADC trade agenda, partly stimulated by debate around the customs union, which revealed little desire for deeper integration among SADC member states. Although the goal of establishing a customs union is still occasionally referenced, the rhetoric of member state officials now emphasises the need to ‘consolidate’ the FTA, ensure full implementation of Protocol on Trade and FTA by all member states, and address NTBs, customs and trade facilitation and overlapping REC memberships before progressing towards a SADC Customs Union. The RISDP roadmap for deeper integration has been, if not abandoned, then at least temporarily set aside in favour of a new 'development integration' approach with an emphasis on cross-border infrastructure development and, in particular, industrialisation. This shift is reflected in the fact that whereas the RISPD prioritised "Trade, Economic Liberalisation and Development," the revised RISDP (2015-2020) speaks of "Industrial Development and Market Integration", and in the directive of the 2014 SADC Summit, that industrialisation should take centre stage in SADC's regional integration agenda.

This shift in focus from trade liberalisation to industrialisation reflects a perception that trade liberalisation under the FTA has not generated significant welfare gains. SADC member states are also more interested in industrial development than in trade liberalisation or deeper integration per se. This is particularly true of Zimbabwe who has been credited with pushing the industrialisation agenda and influencing the the 2014 Summit directive, partly to deflect attention from its failure to fully comply with the SADC Trade Protocol, and partly to preserve domestic policy space to address the deindustrialisation that has occurred in the country (Vanheukelom & Bertelsmann-Scott, 2016).

The increased focus on industrialisation does not mean, however, that the SADC trade agenda is dead. Regional integration is a core pillar of the SADC Industrialisation Strategy and Roadmap, which describes deeper regional integration as a "sine qua non for collective development". The Strategy calls on member state to "embrace and internalise the spirit and the letter of FTA rules in their trade and industrial policies" and to "redouble their efforts to tackle "behind the border" obstacles to intra-regional trade". Furthermore, the draft Action Plan for the implementation of the Strategy emphasises regional value chain development. In so doing it repackages a lot of what is in other SADC protocols and policies, including trade-related ones. The Action Plan calls for the implementation of a Simplified Trade Regime by 2020, for rules of origin to be reviewed and reformed, for NTBs to be removed and for the eventual establishment of the SADC Customs Union. It also introduces trade facilitation as a crucial element for supporting regional value chain development. All of this suggests that while SADC's formal agenda for deeper market integration may have been parked, there may still be scope for trade-led integration through SADC, albeit in the guise of supporting regional industrialisation efforts.

Transport

In the area of transport, SADCC sought to promote cooperation between member states to reduce dependence on Apartheid South Africa by developing alternative transport routes (ECA, 2008). The overarching focus was to mobilise funding through donor support to rebuild infrastructure destroyed by liberation wars. With the transformation to SADC, the emphasis of the regional transport agenda shifted towards deeper integration of member states' transport infrastructure and operations, including those of South Africa, which accounts for a significant proportion of the region's existing transport infrastructure (ECA, 2008). The SADC Protocol on Transport, Communications and Meteorology (Transport Protocol) established a framework which binds SADC member states to harmonise their transport policies, institutions and practices. It also provided for the establishment of elaborate institutional structures to guide implementation of the Protocol, consisting of, among other things, National Protocol Implementation Teams, Core (sub-sectoral) Groups bringing together public and private stakeholders and Corridor Planning Committees to focus on specific strategies for development along the region's key corridors (ECA, 2008).

The RISDP identifies a number of strategic goals in the transport sector, including better planning, policy formulation and regulation of transport operations and delivery; adequate funding of infrastructure maintenance; ensuring public safety; widening access to infrastructure services and liberalising transport markets. In 2012, the RIDMP, which follows the Programme for Infrastructure Development in Africa (PIDA), introduced a blueprint guiding the implementation of cross-border infrastructure projects in SADC. In the area of transport infrastructure, it identifies a number of projects for road infrastructure and transport, mostly concentrated around SADC's three priority transport corridors: the North-South Corridor, the Maputo Corridor and the Dar-es-Salaam Corridor.

Following South Africa's adoption and use of the Spatial Development Initiative (SDI) model, and the perceived success of the Maputo Corridor developed by South African and Mozambican actors, SADC has adopted a spatial corridor development strategy which has resulted in the region's transport agenda being increasingly focused on mobilising investment in transport infrastructure along the region's major transport corridors and addressing trade facilitation along these corridors. This corridors approach seeks to link the SADC trade and transport agendas, as well-functioning corridors are crucial for the trade prospects of SADC's numerous landlocked countries. It is also seen as a way to consolidate social dimensions of the regional integration process (Byiers & Vanheukelom, 2014).

The approach also addresses demand from the private sector in the region (the SABF has a working group dedicated to transport corridors), and is supported by donors, who appreciate its holistic nature. Indeed, donors have provided significant support to the corridor approach through vehicles such as the discontinued TradeMark Southern Africa (TMSA) partnership, supported by the United Kingdom's Department for International Development (DfID), and the EU's Transit and Transportation Facilitation Programme. Recently, the corridor approach has also been incorporated into SADC's increasingly important industrialisation agenda. The SADC Industrialisation Strategy notes that "the efficiency of the present transport corridors should therefore receive particular priority to enhance trade facilitation and open up alternative transport links," while the draft Industrialisation Action Plan spells out the need to "develop priority transport corridors by improving hard and soft infrastructure".

While SADC's transport agenda, and its focus on corridors, has contributed positively to investment in infrastructure upgrading along the region's major transport corridors, slow and uneven implementation of elements of the agenda mean the benefits of such investments are not yet being fully realised. While SADC provides strategic support to member states on roads and road transport development, railway infrastructure, port development and transport corridors and spatial development initiatives (through its Transport Unit within the Infrastructure and Services Directorate), challenges at member state level hamper implementation of SADC's trade facilitation efforts which are meant to complement investments in hard infrastructure and thereby maximise the benefits of a corridor approach for regional trade.

The development of the region's corridors is championed - at least at the level of rhetoric - by those landlocked SADC member states that are most disadvantaged by the region's economic geography, such as Zambia, as they stand to benefit the most from a) reduced transport costs and b) more business opportunities for their transport operators more business opportunities. In practice, however, competing interests at the domestic level mean that this rhetoric is not always translated into corresponding action. SADC's coastal states for whom corridor development will bring significant investment in ports and related infrastructure, such as Namibia and Mozambique, also champion the corridor approach. Indeed, the transport agenda in SADC right now is characterised by increasing competition between these coastal states to promote 'their' corridors. Other SADC member states, however, such as SADC's island member states and some of its smaller, less developed states, have much less to gain form a corridor approach, and therefore do not see what is in the SADC transport agenda for them.

South Africa, which potentially does stand to benefit greatly from, e.g. the North-South Corridor, has, perhaps surprisingly, played a blocking role in relation to the corridor, partly due to domestic political factors. Officially, South Africa is a designated 'champion' of the North-South Corridor under the PIDA process, but the country has dragged its feet on signing a memorandum of understanding (MoU) with Zimbabwe, and had previously blocked the establishment of the North South Corridor Management Institution (NSCMI). South Africa's blocking was due to, among other things, the fact that the user pays principle that was being envisaged for the Corridor was the subject of political and legal challenge in South Africa in the context of the country's own road infrastructure development plans.

Other factors which have inhibited the successful implementation of SADC's corridor approach, include the resistance of national government 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 uncoordinated border agencies.

2.3. Institutional challenges and current reforms

The SADC Treaty established the Secretariat as the principal executive institution of SADC, responsible for, among other things, strategic planning, coordination and management of SADC programmes and implementation of decisions of SADC policy and institutions such as the Summit, the Troikas and the Council of Ministers.[2] However, in practice, the Secretariat's role is understood to be technical and administrative, and it has no supranational authority to, for example, pursue member states that do not implement SADC policies or decisions. Furthermore, the Executive Secretary is appointed by the Summit and does not have guaranteed tenure. As such, the Secretariat is not an implementation body, and its ability to drive the implementation of regional trade and transport agendas, indeed of the SADC agenda as a whole - is limited. It can only act with the full cooperation of member states, whose governments are the real determinants of the pace and extent of regional integration through SADC. Even the monitoring of member state domestication of SADC policies and decisions has proved to be a challenging task for the Secretariat.

This state of affairs has frustrated some development partners who feel that the Secretariat is not taking responsibility for the SADC agenda, and that in focusing only on collecting and disseminating data, rather than pushing for peer review, the Secretariat is misunderstanding its role in supporting implementation of the SADC agenda. Other observers bemoan the fact that current SADC structures are not the most appropriate vehicles for supporting 'bottom up' regional cooperation and integration, as they place too much emphasis on notions of solidarity and on formal political processes. As a result, functional issues such as trade and transport end up being debated in largely political fora. In terms of promoting functional cooperation, SADC's specialised institutions are said to work better.

On top of this, the financial and human resources capacity of the Secretariat appears to be in a strange place currently. The Secretariat appears somewhat stretched by the large number of items currently on the SADC agenda. For example, the Trade Unit complains that negotiations on the Tripartite Free Trade Area alone take up a significant portion of their resources. Most directorates have also struggled with human resource deployment and coordination between directorates, resulting in a perception that the Secretariat operates in silos and does not communicate well internally. In addition, the Secretariat is struggling to attract resources. Donors are cutting back on embedded staff, with EUR80m in support for staff positions being reduced to just EUR5m. But the SADC's absorption capacity is low and it has underutilised the donor funding that it has received (one interviewee claimed that only about 25% of such funding is utilised by SADC), due, among other things, to a lack of staff capacity at the Secretariat. Despite this, strengthening the Secretariat's human resource and financial capacity is said to not be a priority of member states, as their perception is apparently that the Secretariat is overstaffed and does not provide value for money. Instead member states advocate for more donor support for SADC.

SADC's dependence on international partners is already high though. While member state contributions are generally paid on time and in full, these cover less than half of SADC's annual budget, with donors providing the balance (in 2015/16, donors accounted for US$42.6m of SADC's

[2] http://www.sadc.int/about-sadc/sadc-institutions/secretariat/.

US$80.8m annual budget). In addition, several donors provide additional off-budget financing. Germany and the EU are the two biggest contributors to SADC. Donors also support a number of programmes in the region that are aligned with the objectives of SADC's trade and transport agendas. This includes two EU-funded programmes, the Regional Integration Support Programme (REIS), implemented by SADC's Trade, Industry, Finance and Investment Directorate to address, among other issues, trade in services, the EU-SADC economic partnership agreements and technical barriers to trade and sanitary and phytosanitary standards (SPS); and the Tripartite Trade and Transport Facilitation Programme (TTTFP), which seeks to harmonise road transport laws and regulations, initially in 8 countries and 5 corridors in the region.

In light of these institutional challenges, as well as demands from member states for a restructuring of the Secretariat, the new SADC Executive Secretary has initiated something of a shake-up, by, among other things, ensuring that term-limits on Senior positions are adhered to. One of the results has been a high number of staff, including senior staff, leaving the Secretariat. A consultancy was hired to devise a template for a new internal structure, but this was not well received. In 2017, work is ongoing on the restructuring of the Secretariat, and a proposal was meant to have been submitted in March 2017. In early 2017, the SADC Secretariat has also facilitated processes of reflection by SADC member state senior officials and ministers on what needs to be done to create 'the SADC we want'.

2.4. Engaging the private sector

While SADC is undergoing internal restructuring at the Secretariat and reflecting on how it can more effectively attain its regional vision, efforts are also underway in the region to encourage private sector participation in the SADC agenda. Although the SADC Treaty enshrines the principle of participation by non-state actors, and although SADC claims to encourage the participation of civil society and the private sector in SADC processes, in practice there has been a reluctance by SADC to fully engage with the private sector in the region. SADC requirements on non-state actors to obtain observer status or formal invitations before being permitted to engage with SADC policy organs has disincentivised private sector engagement in SADC policy dialogues (Vanheukelom & Bertelsmann-Scott, 2016). This has limited the ability of the business community in SADC to engage with the SADC trade and transport agendas directly.

Furthermore, unlike other RECs, such as the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC), SADC not have an apex regional business organisation or business council to act as a common voice of the private sector in the region. Instead, private sector actors in the region have channeled their interests through member state governments, a fact "bemoaned by senior representatives of the SADC Secretariat" due to a "perception that the consultations take place nationally and rarely result in real commitments by the business community to regional objectives and plans" (Vanheukelom & Bertelsmann-Scott, 2016). This pursuit of interests at the national level might also explain why it is difficult to identify any notable coalitions of private sector actors pushing the regional agenda in SADC.

In 2015, however, attempts were made to rectify this situation with the inauguration of the Southern Africa Business Forum (SABF) on the margins of the 36th SADC Summit. SABF is a donor-funded private sector-led platform for engaging the SADC Secretariat and SADC Member States on the creation of an enabling business environment in the region in order to enhance regional industrialisation. Given the unsuccessful nature of past attempts to engage private sector chamber networks in SADC, SABF represents, something of a 'last attempt' to try and establish a regional private sector platform to engage SADC. The intention for SABF is that it is open to all interested private sector actors and that it should develop concrete projects and requests for action and channel these to the relevant SADC structures. While its focus is very much on SADC's emerging industrialisation agenda, given the linkages between industrialisation, trade and transport infrastructure, it could become a useful forum for private sector engagement in SADC's trade and transportation agendas as well.

In summary

Structural factors such as the dominance of South Africa in the region's trade and transport infrastructure strongly influenced the design of the SADC trade and transport agendas and continue to affect the implementation of these agendas. SADC's trade agenda initially sought to emulate the European Union experience of deep integration, but, perceiving little tangible benefit from the implementation of the SADC FTA, and having no desire to undertake the politically complex task of establishing a customs union or common market, SADC member states have pushed the focus of SADC's regional integration agenda away from trade liberalisation and towards industrialisation. On transport the agenda has centred around the development of the region's transport corridors. While this has brought benefits in terms of investments in infrastructure, the full benefits of corridor development are not yet being realised, partly due to challenges in relation to trade facilitation along these corridors. SADC's ability to drive both agendas is complicated by its limited mandate, insufficient monitoring of member state implementation and institutional challenges at the Secretariat relating to, among other things, staffing and ability to mobilise funding. For now donor funding remains crucial for SADC and its programmes. Private sector engagement in SADC processes has also been suboptimal, although efforts are being made once again to address this.

3. The political interests of SADC member states in relation to the SADC trade and transport agendas: the role of South Africa as regional hegemon

Trade

SADC's trade agenda has been strongly influenced by the behaviour and interests of the regional hegemon - South Africa. South Africa is a strong proponent of a "developmental" path to regional integration, which complements market integration - at the level of FTAs) - with a strong focus on productive capacity and infrastructure. South Africa's trade unions have a particularly powerful voice in domestic politics (Vanheukelom & Bertelsmann-Scott, 2016). In response to trade union pressures and a strong focus on promoting labour intensive manufacturing industries as a way to address chronic high levels of unemployment in the country, South Africa's main economic policies all put industrial development at the forefront, by promoting a more strategic use of trade and tariffs (Vickers, 2014). Indeed, trade policy is seen by the South African government as a tool to promote industrial development objectives, and, in particular, to protect infant manufacturing industries.

The upshot of these interests on the SADC trade agenda are reflected in South Africa's support for the shift in focus from deep integration to consolidating the FTA and complementing this with efforts to expand the FTA through the Tripartite Free Trade Area and to complement these efforts with a strong focus on industrialisation and infrastructure. For South Africa, a large regional market is attractive to its regionally powerful firms, but efforts to deepen the integration of this regional market would involve a reduction in domestic policy space and thereby inhibit its ability to use trade and industrial policies to promote its domestic manufacturing industries. South Africa's influence is also seen in the restrictive rules of origin used in SADC, which serve to protect the South African market from goods produced in the region using substantial foreign inputs.

Attitudes of SADC member states towards the regional trade agenda appear somewhat divided. Some member states largely follow the South African approach. Countries like Namibia and Angola prioritise policy space for interventions, and have adopted a more interventionist trade policy (Murray-Evans, 2015). Likewise, Zimbabwe was the main driver behind SADC's increasing focus on industrialisation, as the country sought to address deindustrialisation and deflect attention from its poor implementation of the SADC FTA (Vanheukelom & Bertelsmann-Scott, 2016). On the other hand, Botswana, Lesotho, Mozambique and Swaziland hold a more positive attitude towards liberalised trade with the outside world, as is proven by their ambitious positions in the EPA negotiations with the EU (Murray-Evans, 2015).[3] Contrary to the South African perspective, these countries view greater liberalisation of external trade as a way to source the cheapest inputs from around the world and thereby improve the competitiveness of their own nascent manufacturing industries. This is particularly the case for countries like Lesotho, which has developed an export-oriented garment industry that is reliant on imported inputs from Asia.

Transport

In the transport sector, as in trade, the influence of South Africa on the regional agenda is significant. Landlocked SADC member states such as Botswana, Lesotho, Malawi, Swaziland, Zambia and Zimbabwe are highly dependent on South African ports, roads and railways, especially for their imports and exports (UNCTAD, 2010). Politically, South Africa has played a pivotal role in the prioritisation of transport infrastructure in the region and the adoption of the SDI model which the country had pioneered. Starting out nationally, the SDI programme soon attained a regional dimension. In 2000, the regional SDI unit in the South African Department of Trade and Industry was moved to the Development Bank of Southern Africa (Sequeira, Hartmann & Kunaka, 2014, p. 12).

Of all of the regional SDIs, the Maputo Development Corridor is arguably the most successful,[4] largely because it responded to common interests between the member states involved (Byiers & Vanheukelom, 2014). The Corridor was of great symbolic importance for the two key players, post-apartheid South Africa and post-civil war Mozambique. For Mozambique, it signalled the country's political and economic stability, while for South Africa, it served as a symbol of post-apartheid regional relations (ibid.: ix; 2). Economically, the Maputo Corridor was important for reviving trade between the two landlocked provinces Gauteng and Mpumalanga in South Africa and coastal Mozambique.

In other cases, however, SADC member states interests in corridors are not so clearly defined in practice. This is the case for the North-South Corridor, for example. For reasons that are not entirely clear, South Africa has played a blocking role in this Corridor by dragging its feet on the establishment of necessary institutions to support the Corridor. This is despite the fact that, officially, at least, South Africa is the PIDA-designated 'champion' of the North-South Corridor. Similarly, while the Corridor has great potential for "unlocking" access to landlocked countries such as Zambia, and on a rhetorical level, Zambia commits to rehabilitating road links "under various regional corridors, such as the North-South and Nacala Corridors", in practice, the country seems to prioritise its domestic road network, somewhat "neglecting" the regional dimension (Government of Zambia, 2011, in: Byiers & Vanheukelom, 2014, p. 9).

On the "soft side" of transport, SADC regulations on the harmonisation of standards and procedures in the SADC Protocol on Transport, Communications and Meteorology have only been partially implemented by member states (Monyepao, 2015). Although discussions on the liberalisation of transport services are ongoing,[5] SADC member states do not seem to be prepared to open up their

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[3] Botswana, Lesotho, Mozambique and Swaziland were in favour of the inclusion of a chapter on trade in services, which was later on blocked by South Africa. Interestingly enough, these positions do not necessarily coincide with the country's dependency on the European market, leading to the conclusion that, at least in the case of SADC, materialist factors are not sufficient to explaining member state interests (Murray-Evans, 2015).

[4] See http://www.sadc.int/themes/infrastructure/transport/transport-corridors-spatial-development-initiatives/.

[5] See https://tis.sadc.int/english/tis/trade-in-services-negotiation-in-sadc/negotiations-among-sadc-member-states/.

markets to foreign competition yet. While some market aspects differ between member states (for example, Zimbabwe restricts the entry of new firms, both local and international, while Tanzania has no such restrictions, UNCTAD, 2010), in general, freight transport is hindered by differences in regulations, and various domestic rules and provisions directly limit competition by foreign providers. This is illustrated by the strict rules on cabotage[6] among many member states, which shield domestic operators from competition (Ncube, Roberts & Vilakazi, 2015). The enforcement of such restrictions is often heavily lobbied for by trucking groups (Nleya, 2014).

In summary

SADC is characterised by somewhat diverging interests in both trade and transport. South Africa, the regional hegemon has had significant influence on both agendas. On trade, South Africa seeks to preserve its domestic policy space so as to be able to use trade policy as an instrument to pursue industrial development objectives. In this regard it has influenced the shift in the focus of the SADC trade agenda away from deep integration and towards consolidation of the FTA complemented by cooperation on industrialisation and infrastructure. While this reflects the interests of some other member states as well, notably Zimbabwe, it is not clear that it reflects the interests of all SADC member states. On transport, the focus of the SADC transport agenda reflects the interests of those states who seek to benefit most, including coastal states (who will benefit from investment in port and related infrastructure) and landlocked states (who will benefit from business opportunities and lower trade costs. Nonetheless, while some coastal countries appear to be strongly championing this agenda, to the point where the region is characterised by increasing competition between corridors, other SADC member states do not always exhibit such commitment to this agenda in practice. This largely reflects domestic political machinations and/or the interests of certain domestic actors.

4. The areas with most potential traction for SADC trade and transport agendas

This report has surveyed key factors and actors affecting SADC’s trade and transport agendas and the implementation of these agendas. In the case of trade it has shown that the original SADC agenda of deep integration has been set aside in favour of consolidating implementation of the FTA (and establishing the Tripartite FTA) and promoting industrialisation to improve the manufacturing capacity of the region’s countries. This change of focus directly reflects the interests of the region’s hegemon, South Africa, and at least one other influential SADC member state, Zimbabwe. On transport, meanwhile, the SADC agenda has centred on promoting investment in transport infrastructure along the region’s major transport corridors and introducing trade facilitation reforms along these corridors to ensure that they serve to boost intra-regional trade. Formal commitment to this focus has not consistently been translated into action by COMESA member states, however, as domestic political interests have occasionally hampered the implementation of corridor-focused reforms.

What is clear from this analysis is that there is currently little political traction in the region for deeper economic integration through SADC, such as the establishment of a SADC Customs Union. Instead, political traction on SADC’s trade agenda is likely to be found where regional trade reforms and initiatives are framed as supporting industrialisation, the demonstrated interest of most, if not all, SADC member states. Similarly, while political traction on SADC’s transport agenda appears to be somewhat mixed, reflecting differing interests and incentives between and within SADC member states, trade facilitation efforts along corridors are likely to find political traction where they can be framed as supporting the industrial development objectives of the member states involved in the

[6] Cabotage is the transportation of goods or passengers between two countries by an operator from a third country.

relevant corridor. Conversely, however, where such efforts are perceived to threaten domestic industrial development objectives, they are likely to meet resistance from member state governments.

In this regard it is important to note that both the SADC Industrialisation Strategy, and the draft Action Plan for implementing this Strategy, highlight the importance of trade and trade facilitation in supporting industrial development, and, in particular promoting the development of regional value chains. Indeed, the development of regional value chains has gained prominence as a way to promote industrialisation at the regional level in SADC. It is likely that trade reform and trade facilitation will have an important role to play in such efforts to build regional value chains in SADC. Moreover, the development of regional value chains will necessitate enhanced private sector engagement in the regional agenda. Such engagement might provide a way for trade-related issues to be (re)emphasised at the SADC level, as private sector actors in the region are likely to have numerous trade-related demands, including demands for enhanced trade facilitation along corridors. The hope is that the SABF becomes 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.

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