



Regional Integration and Amalgamation

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Abstract

The SADC Treaty sought to, among other things; enhance regional integration within the SADC region. The eventual thrust has been on coming up with a common market, common monetary union and a common currency that would facilitate trade within the region. Equally important has been the desire to form a bulwark against stronger economies from other regional groupings. On the other hand, while SACU has harboured the desire to facilitate the establishment and operationalisation of a customs union within the Southern African region. It has been argued that such a development cannot avoid the need for a common currency, common market as well as a monetary union to counter the strong trade current coming from other regional groupings, such as the East African Community, taking cognisance of the meteoric economic rise of Kenya as well as the post-genocide economic reform of Rwanda. This paper examines the history of regional integration in Africa, what has motivated it, the different initiatives by way of RECs and well as the nature of the integration process, and the current challenges such as duplication of functions and overlap within SADC and SACU. The paper also put forward the need to collapse SADC and SACU by harmonising their operations and the attendant regulatory framework governing the two RECs.

Keywords: Regional integration, amalgamation, SADC, SACU

INTRODUCTION

Regional integration is seen as a rational response to the difficulties faced by a continent with many small national markets and landlocked countries. As a result, African governments have concluded a very large number of regional integration arrangements, several of which have significant membership overlap. While characterized by ambitious targets, they have a dismally poor implementation record. Part of the problem may lie in the paradigm of linear market integration, marked by stepwise integration of goods, labour and capital markets, and eventually monetary and fiscal integration. This tends to focus on border measures such as the import tariff. However, supply-side constraints may be more important. A deeper integration agenda that includes services, investment, competition policy and other behind-the-border issues can address the national-level supply-side constraints far more effectively than an agenda which focuses almost exclusively on border measures. The geo-political environment in which the Southern African Development Community (SADC) and the Southern African Customs Union (SACU) operate has raised debates about the need to collapse the two institutions, especially given

the amount of duplicity and overlap of membership. Such a merger would see the creation of a more encompassing and comprehensive regional grouping that would double both as a regional customs union as well as a socio-political regional bloc. Such a merger would be able to focus on socio-economic and political dynamics of the Southern African region. However this discussion cannot be pursued without establishing the objectives and set up of each of the two institutions as well as their involvement in the EPAs. There are several advantages and disadvantages in the collapsing the two institutions which are discussed below. Theory of Regional Integration It has been acclaimed that early theorising related to the European integration process emphasised the procedural nature of the phenomenon of regional integration. The most renowned scholar of regional integration, Ernst Haas, has defined integration as follows: "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 pre-existing national states. The end result of a process of political integration is a new political community, superimposed over the pre-existing ones." Consequently, it

can therefore be argued that theorising related to regional integration started as an attempt to explore the optimal way of implementing the process of integration. In other words, for example, theories of economic integration were mainly interested in what would produce the most beneficial outcome in economic terms. However, these theories were developed alongside with other social sciences, and also regional integration gained more scientific rigour and new models were developed as the social sciences in general advanced. Among these models are such classical theories of political integration as federalism, transactionalism and most importantly functionalism / neofunctionalism. These were all dominant in the discussion related to the European integration process whereas in the African context theories of economic integration had more importance. However, this paper does not intend to delve into the intricacies theoretical framework on regional integration, but focuses on the practicalities of the phenomenon thereof. There no more exist clear-cut models and schools of regional integration, as most of these have since gone into oblivion due mostly to globalisation. This therefore follows that in the case of theoretical models or regional integration the division into two distinct waves is not possible as is the case with the empirical phenomenon. The theoretical discussion related to integration has naturally continued throughout the 1970s and 1980s and was mostly related to European integration. In the case of European integration there no longer nowadays exist such clear-cut schools or models of regional integration as during the first wave of the 1970s. And instead the discussion has proliferated in various directions. In the case of the developing countries, also theoretical discussion faded away with the demise of the first generation of regional organisations. Regional integration in developing countries experienced resurgence both as an empirical phenomenon as well as an object of academic interest in the beginning of the 1990s. However, theorising related to regional integration among developing countries has been quite limited recently and academic discussion has concentrated mainly on the relationship between globalisation and regionalisation and theories of regionalisation, leaving discussions on regional integration to place second fiddle. Raging current debates have presented economic cooperation between countries as occurring on three levels, namely coordination, harmonisation and integration. Coordination is the lowest level of economic

cooperation. It usually involves the voluntary alignment of national policies and investments in certain sectors of the economy. Harmonisation is a higher level of cooperation, and it usually involves harmonisation of national legislation or the adoption of common legislation. On this level, all legislation is still national, and all policies and instruments are nationally controlled and implemented, although they might be regionally agreed. Integration is the highest level of economic cooperation. In a regionally integrated market, some of the traditional decision making powers of nation states have been handedover to the regional level, and regional rules and decisions supersede national legislation. Furthermore, at least some economic policies are formulated on the regional level. Integration can thus refer both to the process as a whole, but also to certain advanced level of cooperation between and among countries usually in the same geographical region or location.

Economic Partnership Agreements (EPAs)

The influence of the European Union within SADC and SACU has been visible through economic partnership agreements (EPA) negotiations. From 2002, the EU commenced EPA negotiations with the SADC. The SACU member states negotiated the EPAs as an appendage of SADC. The fact that EU undertook EPA negotiations with SACU being under SADC umbrella shows the affinity between SADC and SACU. Equally important is the fact that major players in SACU wield the same (or more) power in SADC, which would imply that SADC decisions and agreements with other regional groupings can affect and impact on the operations of SACU. However, it remains to be seen whether the SADC could make decisions on behalf of SACU. In the EPA negotiations by SADC and SACU, South Africa played a pivotal role because it is found in both SADC and SACU and is a dominate member in each of the bodies. Given that South Africa plays an important part in both institutions, collapsing the two institutions would strengthen the position of South Africa on the new consolidated body. The fact that SADC and SACU negotiated for EPAs as two distinct but symbiotic and interdependent institutions has shown that the process of negotiating for the EPAs would have been made less cumbersome if the two regional bodies had set up a joint team to negotiate for both SADC and SACU. Therefore there was overlapping and duplication of tasks for the two regional bodies to engage the EU separately.