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INDUSTRIAL POLICY IN AN ERA OF GLOBAL STRUCTURAL CHANGE: IMPLICATIONS FOR SOUTHERN AFRICA

TITLE: THE AFRICAN CONTINENTAL FREE TRADE AREA AND REGIONAL DEVELOPMENTALISM IN SOUTHERN AFRICA: TURNING POINT FOR TRANSFORMATIVE TRADE POLICY IN A TROUBLED REGION?

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Abstract

This paper examines the implications of the African Continental Free Trade Area (AfCFTA) for transformative trade policy through developmental regionalism in Southern Africa. Particularly, the paper examines the manner in and extent to which the continental free trade area's developmental approach serves as a framework for the transformation of trade policy in Southern Africa. To this end, the key question that this paper answers relates to extent to which the developmental regionalism approach, which is gaining traction through the AfCFTA, contributes to transformative trade policy in the region facing multiple developmental challenges. This is against the backdrop that the contributions of AfCFTA towards deepening cooperation on strengthening mutually beneficial trade integration, consolidating regional value chains, improving cross-border infrastructure investment and strengthening democratic warrants timeous academic and policy debates. While the potential impact of the AfCFTA has largely been explored from a holistic continental approach, academic and policy interrogations of the continental free trade's implications for Southern Africa's inclusive trade and development is still nascent. With this said, the aim of this paper is to generate knowledge on the continental free trade area by examining the extent to which it provides a new economic and political architecture appropriate for accelerating development in a region plagued by political economic realities inhibiting inclusive trade integration and development. Covering a market of 1.2 billion Africans with a combined Gross Domestic Product (GDP) of US\$2.5 trillion, the primary aim of the AfCFTA is to establish an African single market for goods and services which sets to increase intra-Africa trade by approximately 52.3 %. The World Bank (2020) estimates the full implementation of the free trade area to increase Africa's real income gains by 7% which is approximately US\$450 billion. Against this background, examining the concomitant implications of these milestone developments for transformative policy in Southern Africa constitutes the key objective of this paper. Hence, the epistemic significance of this paper lies in its contribution to the development and expansion of the much-needed knowledge on the trajectory of the AfCFTA trade integration towards consolidating trade performance, development and security in Southern Africa.

Key words: AfCFTA, developmental regionalism, trade integration, trade policy, Southern Africa.

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Abbreviations

ACBI	African Continental Free Trade Area Country Business Index
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
APRM	African Peer Review Mechanism
AU	African Union
DRC	Democratic Republic of Congo
EU	European Union
GDP	Gross Domestic Product
GVCs	Global Value Chains
IMF DOTS	International Monetary Fund Direction of Trade Statistics
MFN	Most Favoured Nations
NAFTA	North American Free Trade Area
RVCs	Regional Value Chains
SADC	Southern African Development Community
UNECA	United Nations Economic Commission for Africa
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
WTO	World Trade Organisation

1. Introduction

This paper examines the implications of the evolving trajectory of the AfCFTA for developmental regionalism in Southern African trade policy. Hence, the key question answered in this paper relates to how the AfCFTA shapes the trajectory of trade policy and integration in Southern Africa? The AfCFTA's implications for fair trade, trade balance, inclusive economic growth, development and security in Southern Africa constitutes the focus of this paper. Established in 2018 as the largest free trade area after the World Trade Organisation (WTO), the AfCFTA signals the dawn of new era primed towards the acceleration and transformation of African integration. This is attributable to the enormous opportunities the continental free trade area's developmental approach provides which, if harnessed and maximized, sets the stage for developmental regionalism not only in Southern Africa but the continent as a whole. For Southern Africa, a region characterized by multiple challenges militating against economic development, the AfCFTA sets the foundation for a new phase of integration towards developmental regionalism. Lack of infrastructure, poor political and economic governance, multiple integration arrangements, poor transport networks, heterogeneity of economies and unequal benefits of integration have continued to hinder integration in the region (Mlambo, 2019; Mlambo, 2018; Mude, 2018; Mapuva 2014; Chingono and Nakana, 2009 and Hartzenberg and Maasdorp, 1998). Furthermore, these shortcomings of integration and cooperation have for long served as stumbling blocks to sustainable and transformative trade policy in Southern Africa.

With the emergence of the AfCFTA embodying the turning point for African integration due to its developmental approach, it is crucial in these nascent stages of its implementation to pose critical questions aimed at reflecting on the significance of harnessing opportunities presented by the AfCFTA. This is because maximally harnessing the AfCFTA opportunities undoubtedly culminates in economic transformation, growth and development in Africa. As a result, the extent to which Southern African states, collective or individually, embrace the AfCFTA is an important factor. Since this paper focuses on Southern Africa, it is important to reflect on how and the extent to which the AfCFTA's developmental approach transforms integration and trade policy in the region. Therefore, this stage of the implementation of the AfCFTA is a timely moment for academic and policy analysis designed to inform regional leaders, policymakers and other political and economic stakeholders about the importance of AfCFTA trade policy for the region.

Having said the above, the question that can be posed at this juncture is: how does the continental free trade catalyse inclusive economic transformation, growth and development in Southern Africa? Subsequently, it also suffices to inquire into how AfCFTA trade and integration dynamics foster developmental regionalism in Southern Africa? Part of the explanation to answer these questions is premised on the foundational configurations of the AfCFTA, particularly its developmental approach to trade integration. Posing as well as pondering on answers these critical questions is instrumental in strengthening the environment upon which the AfCFTA is operating through the initiating debates on the enhancement of its capacity to catalyse transformative trade integration policy in Southern Africa.

The United Nations Conference on Trade and Development (UNCTAD) (2013) conceptualizes developmental regionalism as intensive cooperation between and among states in a wider scope transcending trade and trade facilitation, to encompass investment, research and development, as well as policies aimed at accelerating regional industrial development and regional infrastructure provision, such as the building of better networks of roads and railway. Drawing from this definition

and at the heart of the AfCFTA is a developmental approach that recognizes the need for trade liberalization to proceed, and at the same time, address supply capacities and promote structural transformation (UNECA, AU and AfDB, 2017), it can be argued that the AfCFTA marks the turning point for transformative trade policy in Southern Africa.

With studies illustrating that the AfCFTA creates a single market of 1.3 billion with a combined GDP of \$2.5 trillion, has the potential to boost intra-Africa trade by 40 percent and increases real income gains by 7 percent to approximately \$450 billion (UNECA, 2021; World Bank, 2020), it remains to be seen and ought to be interrogated what this means for trade and integration in Southern Africa. With this said, this paper constitutes an epistemic contribution to the AfCFTA discourse by examining the interventions and policy options the emerging dynamics of the AfCFTA provides necessary for the transformation of integration and trade policy and integration in Southern Africa.

This paper is organized into seven sections. The first section introduces the paper, and it is followed by a section on the exploration of the historical dimensions of trade policy and integration in Southern Africa. Third is a section on the theoretical foundations of the paper which is followed by a discussion of the methodological parameters of the paper. The fifth section discusses the findings of the paper and the conclusion as the last section. The next section historicizes the dynamics of integration in Southern Africa.

2. Historicizing dynamics of trade integration in Southern Africa

Despite Southern Africa embracing integration since the 1960s, slow progress has been made towards closing the gaps on cross-border infrastructure development, development of regional value chains, transformation of transport networks, inclusive economic development, fair trade, democratic governance and political stability. While the Southern African Development Community (SADC) was established in 2002 to advance development, security and economic growth, cooperation to solve common problems affecting the region has achieved slow progress. Lack of infrastructure, poor political and economic governance, multiple integration arrangements, poor transport networks, heterogeneity of economies and unequal benefits of integration have therefore continued to hinder transformative integration in the region (Mlambo, 2019; Mlambo, 2018; Mude, 2018; Mapuva 2014; Chingono and Nakana, 2009 and Hartzenberg and Maasdorp, 1998).

With the emergence of the AfCFTA, the critical question that arises pertains to the ways and extent to which the continental free trade area constitutes a turning point for transformative trade policy in Southern Africa. To prevent the AfCFTA from becoming new wine in old bottles, it also suffices to interrogate what Southern African countries ought to do to position themselves and rise to the occasion in harnessing the full potential and maximize the benefits of the AfCFTA. Therefore, whether the AfCFTA constitutes a turning point for transformative trade policy or new wine in old bottles in the Southern African context is a key question explored in this paper. Posing this critical questions is also instrumental in evaluating the environment upon which the AfCFTA is being implemented and consequently the instigation of academic and policy conversations on how to enhance its capacity to transform trade policy in Southern Africa.

It is important to indicate that these interrogations are intended not at vilifying the AfCFTA. Instead, they are an attempt to inform strengthening of its capacity the one hand and that of Southern Africa to harness the opportunities presented by the continental free trade area towards transforming

trade integration in the region. This is especially significant after the findings of the business perceptions of trading under the continental free trade area, through the AfCFTA Country Business Index (ACBI) conducted in eight states, identified cross-border trade constraints owing to shortcomings of the AfCFTA implementation dynamics (UNECA, 2022). The above is against the backdrop that the trade integration constructs and developmental contours of the AfCFTA are grounded in creation of a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration, trade liberalisation, inclusive socio-economic development, industrial development and regional value chain development among others (Agreement Establishing the AfCFTA, 2018).

Reflecting on these objectives of the AfCFTA, it is clear that the continental free trade area's developmental approach to trade integration constitutes a colossal development that is set to make history in Africa. Therefore, this paper reflects on what needs to be done in respect of strengthening Southern Africa's momentum, through the AfCFTA, towards catalysing a paradigm shift from existing fragile integration arrangements to an approach to trade integration that transforms the economies of the region inclusively. Hence, it can be argued that rising to the occasion by harnessing the opportunities presented by the AfCFTA enhances the capacity of Southern African states to deepen cooperation on four parallel and interconnected pillars of developmental regionalism.

These pillar of developmental regionalism as highlighted by Ismail (2020); UNECA, AU and AfDB (2017); UNCTAD, (2013) and Davies (1996) include fair trade which benefits all, cooperation on industrial development and upgrading in regional value chains, cooperation on investment in cross-border infrastructure and trade facilitation and cooperation on the building of democracy, good governance and peace and security. Due to the theoretical accumulation intention of this paper, these pillars of developmental regionalism are adopted in this paper as theoretical tenets of developmental regionalism. In view of the foregoing, this paper constitutes an epistemic contribution to the AfCFTA discourse by critically examining how the AfCFTA's developmental approach can be consummated, sustained and ultimately emancipate the region from political and economic quagmire towards transformative trade policy.

3. Theorising the AfCFTA and trade integration

The theoretical foundations of this paper are premised on accumulating pillars of developmental regionalism towards suggesting the development of the concept developmental regionalism into the 'theory of developmental regionalism'. Specifically, this paper adopts the four pillars of developmental regionalism as theoretical assumptions of developmental regionalism which are useful in the analysis of trade integration in the African context and beyond. Without claiming to have coined the concept developmental regionalism, the paper applies the four pillars of developmental regionalism outlined by UNCTAD (2013) and elaborated in Ismail (2020); UNECA, AU and AfDB (2017); UNCTAD, (2013) and Davies (1996). The paper therefore utilises these pillars as theoretical assumptions which can be employed in exploring the trajectory of trade integration from a developmental approach in Africa. The necessity to formulate the 'theory of developmental regionalism' is motivated by the dearth of African grown theoretical propositions for comprehending the dynamics of African integration towards providing African solutions for African problems.

The pillars of developmental regionalism namely cooperation on mutually beneficial trade, developing regional value chains, cross-border infrastructure investment and cooperation on strengthening democratic governance were transformed into tenets of the 'theory of developmental regionalism' used in analysing the AfCFTA's implications for trade integration in Southern Africa. A fifth tenet conceptualised as cooperation on decolonising the neo-liberal and neo-colonial tendencies inherent in trade integration was added towards initiating debates for strengthening the AfCFTA's autonomy from external interference in its quest for transforming African trade integration. Hence, it is also argued in this paper that the momentum of the AfCFTA and the efficacious harnessing of its opportunities by African countries partly depends on its independence and unrestrained operation; free from neo-liberal forces. Therefore, the tenet argues that the full scale Africanisation of the AfCFTA and future African integration arrangements is crucial for transformative integration and trade policy.

4. Methodological Note

The research for this paper assumed both quantitative and qualitative approaches as data for this paper were acquired from books, statistical reports, newspaper articles, journal articles, policy papers and reports. Quantitative research was appropriate for the purpose of obtaining data-based evidence relevant for corroborating arguments formulated and advanced in this paper. Databases and statistical indexes were consulted to extract quantitative data for this paper. Precisely, statistical information were obtained from the Afrobarometer, IMF DOTS, Mo Ibrahim Index of African Governance and IMF World Economic Outlook.

The grounded theory whose key principle is that theory is constructed from data was employed in the research for this paper. Through grounded theory, concepts and themes were developed from collected data and grouped into categories from which relationships between the categories were identified. Hence, abstract classifications on the AfCFTA's developmental regionalism approach and its implications for transformative trade policy were obtained from categorized data as the researcher inductively theorised and drew inferences about these dynamics. To avert the researcher's bias and in the interests of objectivity, bracketing and intuiting were utilised to set aside the author's pre-understanding and beliefs regarding the trajectory of the AfCFTA.

Thematic and quantitative analysis were used in the research for this paper. To this end, the review of literature and construction of data visualisation contexts were therefore aimed at developing inferences to answer key questions and generate theoretical views on the continental free trade area's implications for transforming trade integration in Southern Africa. Thematic analysis enabled the author to formulate the central arguments advanced in this paper. Since trade under AfCFTA was operationalised in January 2021, information on how and the extent to which the continental free trade area will transform intra-African trade towards strengthening integration and trade policies on the continent is still nascent. Therefore, this paper constitutes an epistemic contribution to knowledge on the AfCFTA's trajectory towards transformative trade policy in Southern Africa.

5. The AfCFTA and transformative trade policy

Does the evolving trade integration trajectory of the AfCFTA have the impetus to transform Southern Africa from trade integration quagmire towards transformative trade policy and subsequently economic development? In answering this question, this paper maintains that harnessing the AfCFTA's developmental approach to trade integration sets the foundation for Southern Africa to

accelerate the process of transformative trade policy through fair trade, industrial development, cross-border infrastructure development and democratic governance. In this regard, AfCFTA-oriented policy interventions and options within the context of the Southern African Development Community (SADC) and new trade arrangements can be exploited for trade policy transformation in the region. According to Adejumobi and Kreiter (2020: 24), “developmental regionalism constitutes a basic anchor and essence of regional institutions especially in developing countries”. Southern Africa comprises of 16 countries characterised by disparities in territorial, economic and population sizes which impact on their growth potential, trade development and cooperation.

With three small island states of all the four Southern African island countries, six land locked countries and six countries having access to seas, these variations require trade policy interventions to catalyse fair trade, even distribution of trade benefits and inclusive economic development. The same can also be said in respect of variations in natural resources wealth and human capital. Against this backdrop, this paper argues that the AfCFTA provides paramount opportunities for transformative trade policy in Southern Africa, particularly towards deterring trade deficit and addressing economic stagnation, cross-border challenges and their effects on trade as well as low productivity. Since developmental regionalism has gained traction in the context of the AfCFTA (Akinkugbe, 2020), Southern African countries could harness the continental free trade area’s developmental approach towards transforming the contours of the region’s trade policy and subsequent dealing with economic and political problems affecting the region.

5.1 The AfCFTA and Acceleration of Fair Trade in Southern Africa

A brief background analysis of trade performance in Southern Africa suffices to pinpoint the significance of adopting the AfCFTA’s developmental approach towards catalysing developmental regionalism in the region. A look at the dynamics of Southern Africa’s trade balance vis-à-vis intra-African trade and global trade suffices to argue for transformative trade policy, through the AfCFTA’s developmental approach, in the region. Except for Angola and Democratic Republic of Congo (DRC), all Southern African countries have since 2018 been experiencing trade deficit or negative trade balance in respect of trade with the world while South Africa and Zimbabwe have experienced sharp shifts from trade deficit to trade surplus with relative consistence (Table 1). In terms of intra-African trade, annual percentage change for trade balance in 2022 depicts positive change for DRC and South Africa only with the rest of Southern African countries experiencing trade deficit. Arguably, these are indications of economic distress.

DRC’s outstanding trade performance in both global and intra-African trade is attributable to her very large minerals resource base comparable to her counterparts. DRC’s export and growth prospects were further boosted by the launch of the Kamo-a-Kakula copper mine in mid-2021, with its ongoing phased expansion set to continue over 2022-23 (Economist Intelligence Unit, 2022). These dynamics illustrate that majority of Southern African countries are haunted by trade deficit, affecting states of the region disproportionately. Having made this observation, it can be argued that harnessing the opportunities of the AfCFTA towards deepening economic integration provides the best prospects from strengthening mutually beneficial trade. Cooperation to achieve mutually beneficial trade is the first tenet of developmental regionalism. Addressing these require harnessing the AfCFTA whose developmental approach could catalyse adoption of developmental regionalism which in turn could transform the trade policy in the region.

To begin with, it can be argued that the continental free trade area lays the foundation for developmental regionalism through the broad scope of trade integration it covers and the intensive

and diversified economic cooperation it champions. As underscored in Article 3(a) of the Agreement Establishing the AfCFTA (2018), the continental free trade area creates a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan African Vision of “An integrated, prosperous and peaceful Africa” enshrined in Agenda 2063. Furthermore, Article 3 (f) highlights the further objective of the AfCFTA to enhance the competitiveness of the economies of State Parties within the continent and the global market.

Moreover, Article 3 (g) outlines the aim to promote industrial development through diversification and regional value chain development, agricultural development and food security while Article 3 (h) underscores the objective to resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes. These objectives accentuate the AfCFTA’s developmental regionalism agenda. Therefore, the establishment of single market for goods and services constitutes an opportunity for Southern Africa’s attainment mutually beneficial trade integration, provided the region maximises their participation in AfCFTA trade and agreement. To accelerate fair trade, this would mean that Southern African adopt trade integration policies which accommodate diversified categories of countries including those that require what Ismail (2020) calls special attention and specific treatment to be rescued from trade deficit.

The above resonates with Article 5 (g) of the Agreement Establishing the AfCFTA (2018) which provides for the principle of Most-Favoured-Nation (MFN) Treatment governing the continental free trade area. Hence, adopting trade arrangements, under the auspices of the AfCFTA, which accommodate the diversity of economies of Southern Africa and recognising the necessity for special treatment for vulnerable countries will go a long way towards fairer outcomes, more balanced and mutually beneficial trade. This constitutes the first pillar of developmental regionalism. Therefore, to establish trade integration regimes which are inclusive and accomodative of the beneficial participation of vulnerable economies, Southern African countries ought to take the AfCFTA with the seriousness it deserves.

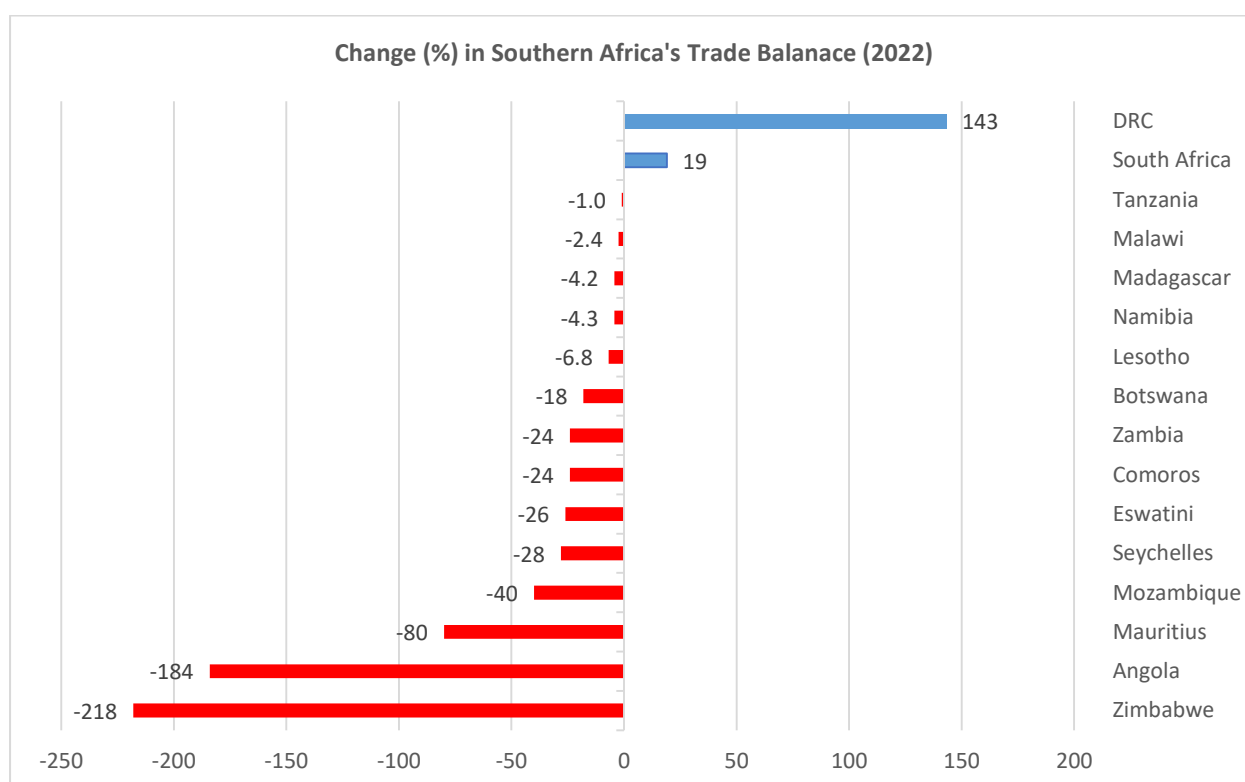
Table 1: Trade Balance - Southern Africa (Global Trade) (USD Millions) 2018-2022

	2018	2019	2020	2021	2022
Angola	26,687	20,659	11,704	23,592	35,217
Botswana	99	-1,371	-2,522	-745	282
Comoros	-183	-152	-246	-406	-344
DRC	1,052	242	1,924	12,690	23,003
Eswatini	-28	155	131	-78	-375
Lesotho	-673	-1,204	-846	-762	-746
Madagascar	-933	-1,182	-1,259	-1,661	-1,966
Malawi	-1,822	-2,024	-1,941	-2,460	-2,162
Mauritius	-3,679	-3,723	-2,856	-2,483	-3,134
Mozambique	-1,593	-2,920	-2,980	-3,517	-2,379
Namibia	195	-1,752	-1,179	-1,992	-2,934

Seychelles	-372	-727	-660	-215	-609
South Africa	-4,370	-3,410	13,196	23,915	6,119
Tanzania	-4,848	-4,293	-2,450	-4,521	-5,685
Zambia	-410	-177	2,498	4,045	2,604
Zimbabwe	-783	92	139	216	17

Source: Author, Constructed from IMF DOTS (2023)

Figure 1: Dynamics of Change in Southern Africa’s Trade Balance (2022)



Source: Author, Constructed from IMF DOTS (2023)

5.2 The AfCFTA and Development Regional Value Chains in Southern Africa

More so, it can be argued that trade liberalisation envisaged under the AfCFTA would also accelerate breakthrough towards more balanced trade in the context of total merchandise trade in Southern Africa. This is because the AfCFTA is a launchpad for uniting Southern Africa’s participation in the global economy. Since the continental free trade area endeavors to create a liberalised market for goods and services through successive rounds of negotiations (Agreement Establishing the AfCFTA, 2018), exploiting this opportunity would undoubtedly strengthen Southern Africa’s trade policies and practice. It can be argued that capitalising on the launch of trade under the AfCFTA to invest in building regional value chains (RVCs) in Southern Africa can close these gaps. Current trends in the value of imports and exports in respect of both global and intra-African trade leave a lot to be desired.

A comparative analysis of the value of exports as well as value of imports in intra-African and global trade in Southern Africa reveals an unprecedented gap in the region’s trade policy. In global trade,

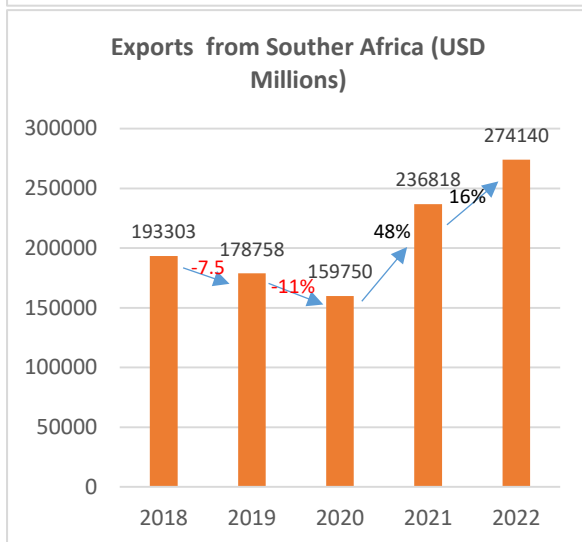
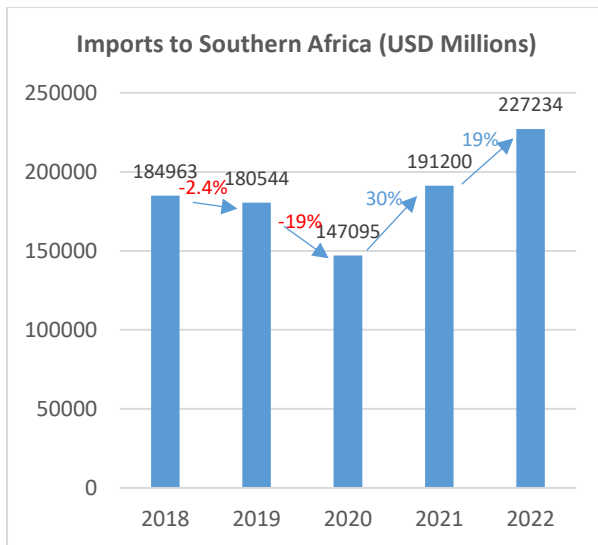
the trajectory annual percentage change in exports versus imports portrays an optimistic depiction of trade surplus in the region with 48% change in 2021 accompanied by 16% change in 2022 for exports as well as 30% for 2021 and 19% for 2022 (Figure 2). The value of exports stood at approximately \$274 billion in 2022 which constitutes a considerable increase from approximately \$236 billion in 2021 following a sharp increase from \$160 billion in 2020 (Figure 3) while imports stood at approximately \$227 billion in 2022, up from \$190 billion in 2021 (Figure 2). The pattern is different for the region's trade with fellow African counterparts. Although annual percentage for exports change moved from -2% in 2019 down to -14% in 2020 and increased sharply to 30% in 2021, imports, whose value of approximately \$48 billion in 2022 is lower than exports standing around \$59 billion in the same year, annual percentage for imports has always been lower than that of exports (Figure 4; Figure 5).

Nevertheless, this dichotomy in Southern Africa's trade performance with world counterparts versus African counterparts is an indication of underlying policy and practical challenges in the region. These pitfalls in Southern Africa's trade policy dynamics were explained in Ismail's (2020) observation that African countries are increasingly connected to the world economy through global value chains (GVCs) as suppliers of raw materials and other low-value manufactures and operate at the lowest rung of the ladder in GVCs. Studies by the African Development Bank (2018) also illustrate that intra-African trade appears the lowest of all global regions at approximately 15%, compared to 54% in the North American Free Trade Area (NAFTA), 70% within the European Union (EU) and 60% in Asia. The question that arises at this juncture pertains to how the AfCFTA could emancipate Southern Africa from this quagmire.

An answer to such an inquiry is associated with the continental free trade area's emancipatory potential vested in its developmental regionalism approach outlined in its framework, supported by projections of policy studies and which Southern Africa countries could exploit at this nascent implementation stage of the AfCFTA. Article 3 (g) states that the continental free trade area is committed to the promotion of industrial development through diversification and regional value chain development, agricultural development and food security. With this said, it can be argued that the AfCFTA has come at the right time for Southern Africa, at a moment efforts at transforming trade and industrial policy in the region takes center stage. Hence, the development of regional value chains, which constitute the second tenet of developmental regionalism, has the potential to address the peripheral access to the global economy of Southern African countries.

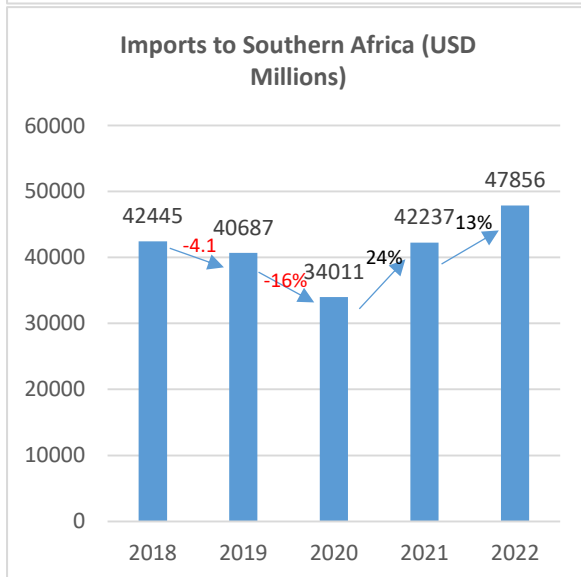
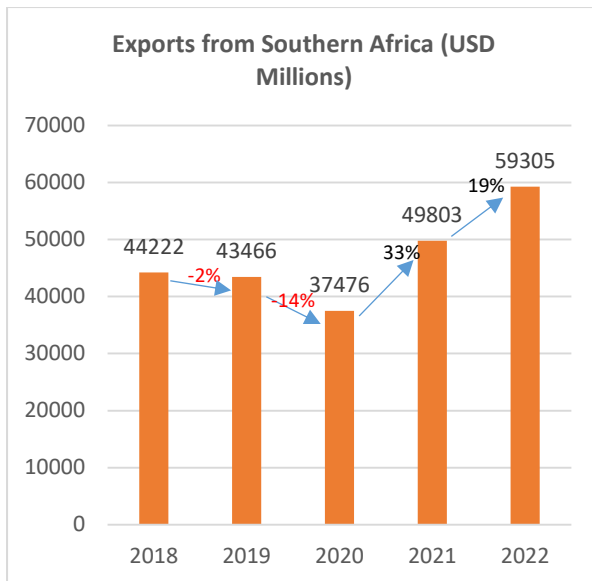
This is against the background that despite the bulk of them being raw materials, majority of exports from Southern African countries are largely made up of commodities to the world's economic powerhouses including the European Union (EU), United States of America (USA), China, India, Japan and United Kingdom. For instance, Swaziland exports scented mixtures, raw cane sugar, gold and industrial fatty acids while DRC exports gold, copper anodes and cobalt with Zimbabwe exporting fruits, beef, diamonds, lithium, gold and platinum among others (World Bank World Integrated Trade Solutions, 2022). Hence, tapping into the developmental approach and other opportunities presented by free trade under the AfCFTA would certainly contribute to the development of regional value chains and subsequently exploiting the promising composition of its intra-African trade which comprises of more technology-intensive manufactured products.

Figures 2 and 3: Southern African Trade Performance in Global Trade



Source: Author, Constructed from IMF DOTS (2023)

Figures 4 and 5: Southern African Trade Performance in Intra-African Trade



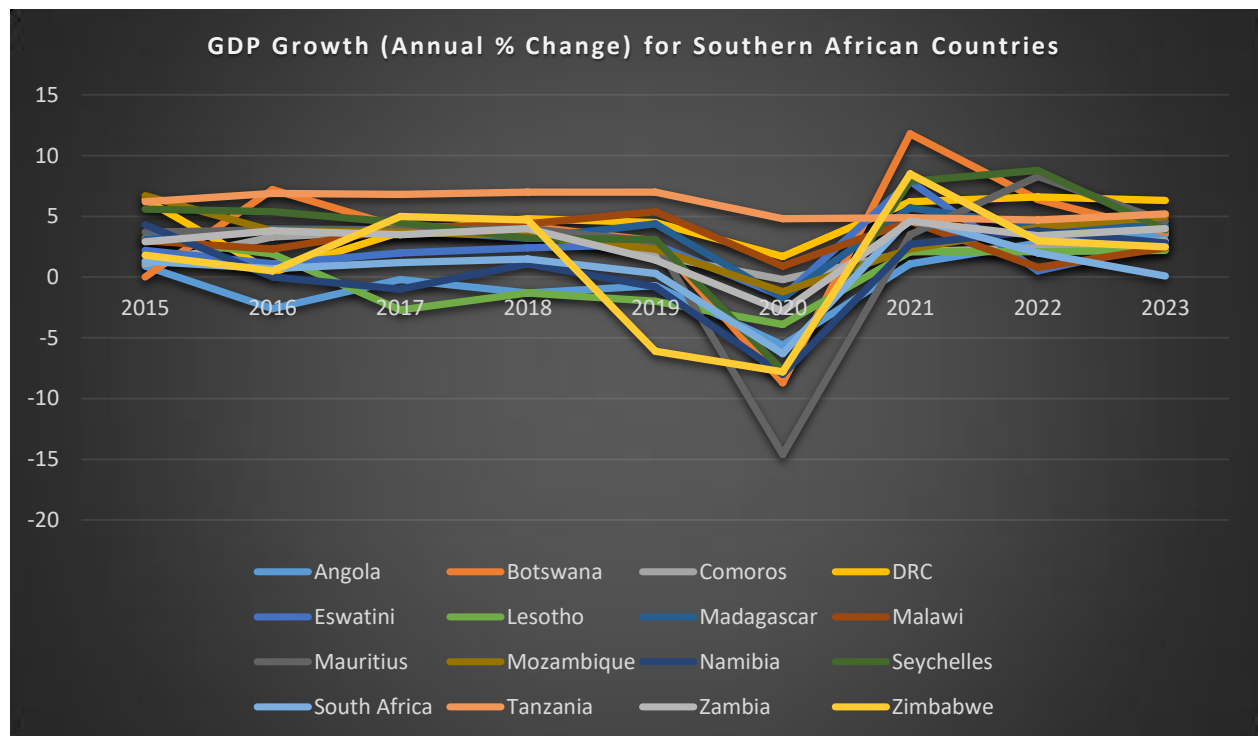
Source: Author, Constructed from IMF DOTS (2023)

Therefore, the transformation of Southern Africa’s trade policy through building regional value chains, incorporating them into global value chains and ensuing access to global economy will strengthen the region’s trade profile and accelerate economic growth and development. This is against the background that growth in Southern Africa is projected to decelerate by 1.1 percentage points, from an estimated 2.7 percent in 2022 to 1.6 percent in 2023 (African Development Bank, 2023). The African Development Bank went on to recommend that it takes the right policy interventions to foster growth recovery to 2.7 percent in 2024. More so, taking into account the dynamics of annual percentage change in GDP of individual Southern African countries illustrates the need for policy interventions to rescue the region from stagnation.

Between 2015 and 2023 which shows only Botswana recording a two digit figure of 11.8% only once in 2021 while the rest record below 10% throughout, there is no need for rocket science to emphasise the need for recalibrating the region’s development policy particular along industrial development and trade policy facets. This paper argues that part of these policy interventions include adapting and exploiting the developmental regionalism orientation of trade under the AfCFTA towards transformative trade policy aimed at reshaping Southern Africa’s growth trajectory.

Maximising the AfCFTA’s single market approach to accelerate public-private sector partnerships in developing regional value chains in the automotive, agro-processing, textile, pharmaceuticals and extractive industrial sectors constitutes a breakthrough in that regard. That will also solve growth challenges depicted below.

Figure 6: GDP Growth for Southern African Countries (Annual % Change)



Source: Author, Constructed from IMF World Economic Outlook (2023)

5.3 Developmental Regionalism and Infrastructural Development

The imbroglia of hard and soft infrastructural development challenges in Southern Africa could also be abated if the region utilises the AfCFTA’s developmental approach to transform the trajectory of trade integration policy towards stemming barriers to growth in Southern Africa. Cooperation of cross-border investment and development is the third tenet of developmental regionalism. According to Chibira (2021), border posts constitute one of the most significant nodes whose performance has an important bearing on corridor performance, efficiency of supply chains and trade competitiveness. Therefore, capitalising on the AfCFTA’s agenda to facilitate cooperation on customs issues and the implementation of trade facilitation measures in accordance with Article 4(e) of the Agreement Establishing the AfCFTA (2018), the region could improve cross-border infrastructure, harmonise cross-border transport systems and deepen connectedness towards transformative trade policy in the region. Furthermore, such cooperation could culminate in harmonisation of regional payment systems, reduction of roadblocks, reduction transit costs, mitigation custom clearance delays, addressing shortage of appropriate vehicle weighing machines, improve cooperation on transportation system and ultimately deepening Southern African integration.

Certainly, the operationalization of the Kazungula Bridge and One-Stop Border Post to expand regional integration and trade across Southern Africa and improve transportation along the North-South Corridor (African Development Bank, 2021) is one model the whole region could emulate and

develop under the auspices of the AfCFTA for trade facilitation. This is because, as Matsushita (ND: 226) maintained, “cross-border transport infrastructure is indispensable to economic activities in Africa...however the high cost of distribution due to limited capacity of infrastructure facilities and inefficient customs/cross-border formalities constraints economic and social development”. For Southern African countries with maritime access, making them accessible to world markets, efficiency of ports and assisting landlocked countries of the region with trade facilitation at these ports will lay a strong foundation for strengthening trade integration and subsequently stemming of economic growth challenges in the region.

5.4 Framing Good Governance, Peace and Security through the AfCFTA

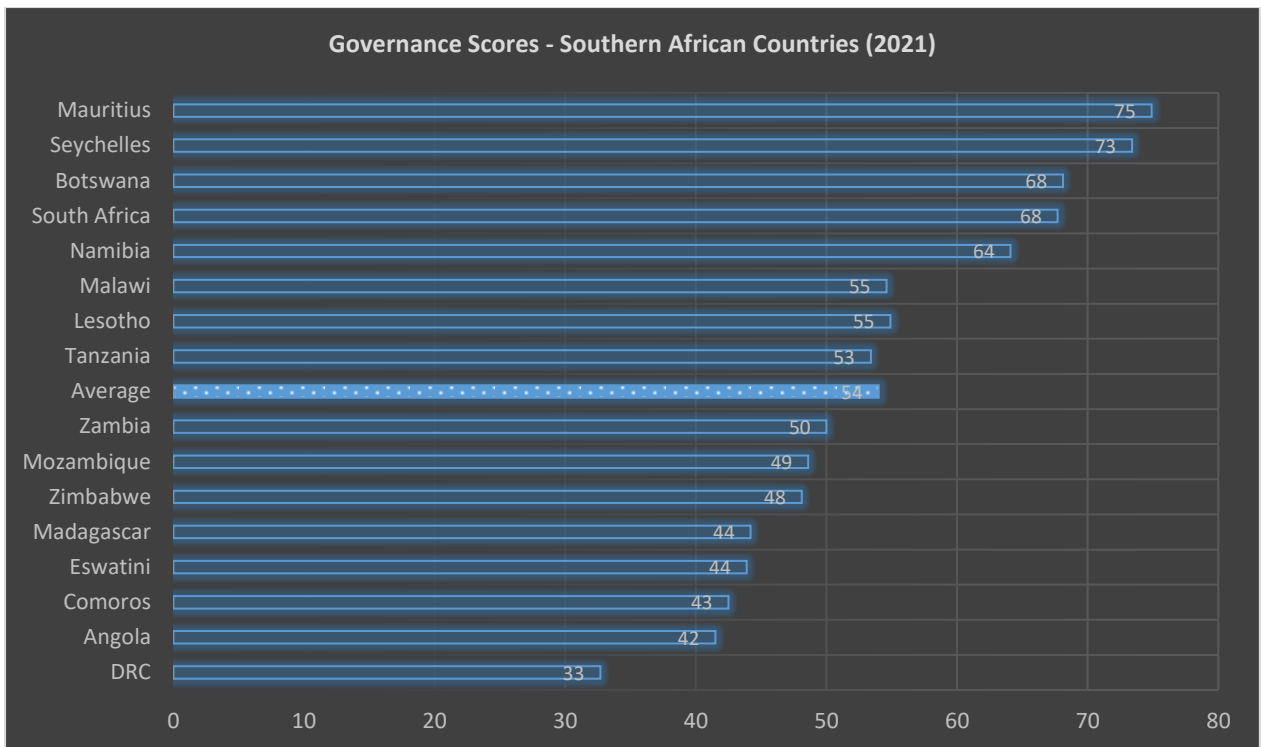
Does the trajectory of the AfCFTA has any significant implications for governance and stability in Southern Africa? The expansive interpretation of Article 3(a) of the AfCFTA Agreement partly answers this question. Even though the AfCFTA Agreement makes no explicit mention to issues of democratic governance, Article 3(a) appears to provide the foundational principles from which Southern African states could cooperate for and frame good governance, peace and security. According to Article 3(a), the continental free trade area establishes a single market for goods and services in accordance with the Pan African Vision of “An integrated, prosperous and peaceful Africa” enshrined in Agenda 2063 (Agreement Establishing the AfCFTA (2018)).

Cooperation on democracy, governance, peace and security constitute the fourth tenet of developmental regionalism. Hence, for a region characterised by democratic deficit, xenophobic and political violence, *coup de tats* and conflict among other political challenges, cooperation on addressing these common problems of concern to the region from the perspective of the AfCFTA developmental agenda boosts trade. Addressing governance and stability issues is fundamental growth and development for it is maintained that democracies attract foreign direct investment because they are transparent on their trade regimes and taxes and that trade is good peace while peace is good for trade (Krugman, 2022). While most of Southern African states have adopted multi-party democracy, the region hosts two monarchical governments in Eswatini and Lesotho. Furthermore, seven of the sixteen Southern African countries have their overall governance performance scores below 50 while the average of the whole region stands at a 54 (Figure 7). In addition, satisfaction with the dynamics of democracy in Southern Africa is low with an average of 40 (Figure 8).

The above figures reflect the unprecedented political outlook in the region. This inspired the observation by the Afrobarometer (2023) that Africans want more democracy, but their leaders are not listening. This resonates with Asunka, Gyimah-Boadi and Logan (2022), Asunka and Gyimah Boadi (2021) and Gyimah-Boadi, Logan and Sanny (2021)’s observations on the bad state of democracy in Africa despite citizens desiring it. Nevertheless, the good news is that Southern African countries could harness the integration opportunities presented by the AfCFTA to cooperate on addressing deep-rooted political problems in the region. This includes building on the African Peer Review Mechanism (APRM) governance review procedures and combine its framework with the integration framework of the AfCFTA to pool their efforts as a region towards the pursuit of good governance, peace and security. Good governance, peace and security are essential for sustainable economic growth and development

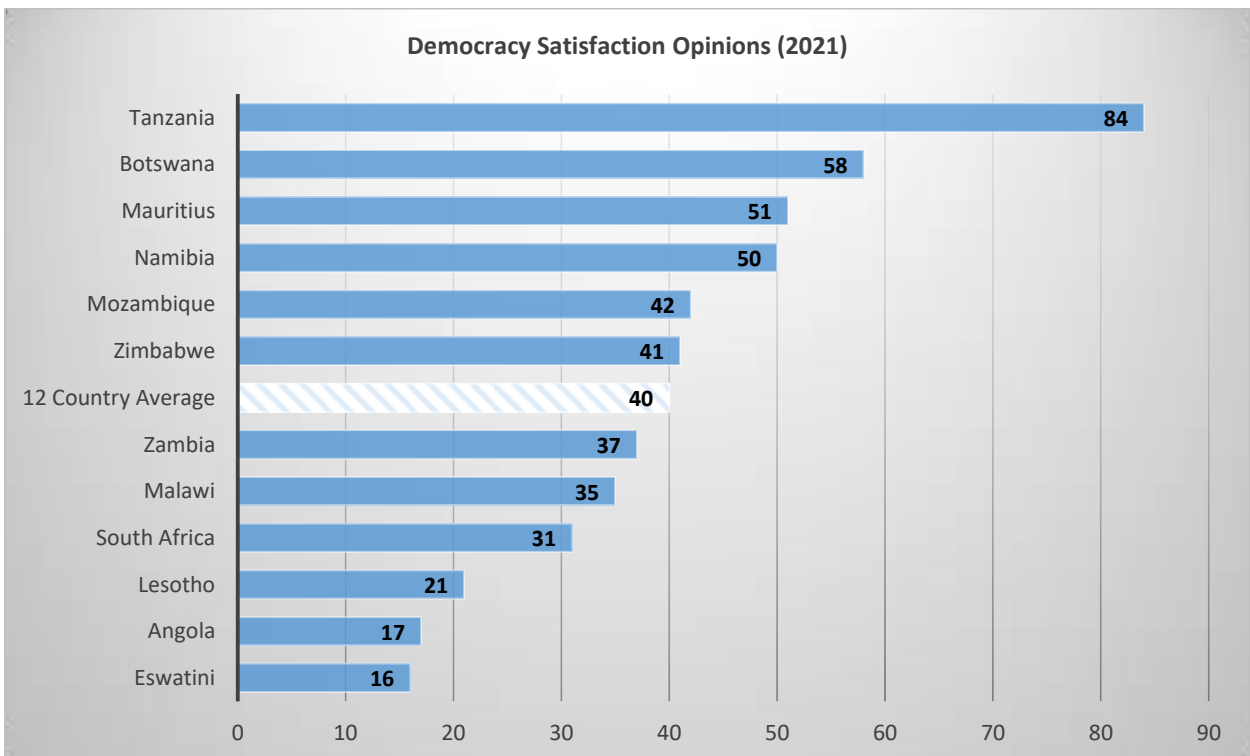
Figure 7: Overall Governance Scores – Southern African Countries (2021)

(*100 = High, 0 = Low)



Source: Author, Compiled from Ibrahim Index of African Governance (2023)

Figure 8: Democracy Satisfaction – Selected Southern African Countries (2021)
 (*100 = High, 0 = Low)



Source: Author, Constructed from Afrobarometer Data (2023)

The question of peace and security in the region is also of fundamental importance, particularly how threats to peace and security impact economic performance, trade and trade policy in the region.

For the past decade, Zimbabwe, Mozambique and DRC have appeared to be relatively consistent theatres of instability. Based on the World Bank Worldwide Governance Indicators (2022) political violence and absence of terrorism percentile ranking, these three countries have scored far below the average of 50% (Table 2). Countries such as Eswatini, Madagascar and Lesotho have also experience worrisome episodes of governance-related political violence. Xenophobic violence in South Africa is also a major concern. Even though the occurrence and recurrence of political instability, conflict and terrorism has continued to pose threats to peace and security in Southern Africa, the region still boasts for relative stability if compared with West, Central and East Africa.

Be that as it may, the mentioned threats to tranquillity and stability ought to be addressed and the question is how the AfCFTA can potentially advance as well as build peace and security in the region. Answering the question on the AfCFTA’s peacebuilding potential warrants consideration on the trade-peace nexus. While the identified hotspots of instability in Southern Africa have uncovered the pitfalls of existing integration, trade and collective security frameworks within SADC and other arrangements, it is anticipated that the AfCFTA offers distinct structural and normative frameworks which are compatible with reducing the scourges instability in the region. Hence, the tradition belief embraced in this paper is that trade particularly free trade lays the foundation for peace (Krugman, 2022). Moreover, Article 3 (a) of the AfCFTA Agreement (2018) clearly sets the tone of the key mandate of the agreement, which is to deepen economic integration of the African continent in accordance with the Pan Africanist vision of an integrated, prosperous and peaceful Africa.

Hence, it can be argued that the AfCFTA constitutes an epic foundation for catalysing peace and security in Southern Africa, with comparable magnitude that the Marshal Plan created stability in post-World War 2 European affairs. Arguably, the AfCFTA does so by uniting Southern Africa countries through improving economic cooperation. In addition, its trade integration contours serve as a platform that promotes continental peace by neutralising the foundations of domestic privilege–protective barriers to free trade, a traditional setup that enhances internal powers of societal groups that likely support conflict, aggressive foreign policy and potentially generate political support for war. This is against the background that Chapter 8 of the Charter of the United Nations (UN) recognises the role of regional institutions in advancing peace and security.

Table 2: Political Stability and Absence of Violence/Terrorism Ranking in 2022

(*Percentile rank ranges from 0=lowest to 100=highest).

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Zimbabwe	22	24	22	24	25	21	20	15	13	14	13
Mozambique	59	38	32	28	13	15	18	20	11	12	12
DRC	3	3	5	5	4	3	4	8	6	8	14

Source: Author, Compiled from World Bank Worldwide Governance Indicators (2022).

5.5 Decolonising the neo-imperialist foundations in the region

This paper suggests adding the decolonisation of the neo-imperialist agenda in the region’s trade policy as the fifth tenet of developmental regionalism. In this regard, the paper also advocates for

the decolonisation of the AfCFTA's foundations in these early stages of its implementation so as to maximise the benefits of the continental free trade area for Africans as well as to cure the dependency syndrome. Arguably, this will boost the emancipatory potential of the continental free trade area. This is against the background that the continental free trade area has already been hijacked by neo-imperialist forces including the EU under pretext of providing aid and development assistance for the implementation of the AfCFTA. Hence, occurrences such as the EU's funding of the AfCFTA's Guided Trade Initiative are disingenuous to developmental regionalism and trade policy in Southern Africa as well as Africa in general.

Therefore, for the AfCFTA to make an impact, change the course of Southern African history and catalyse transformative trade policy in the region, global power dynamics ought to be negotiated and settled with a view to eliminate global inequalities between the North and South that have continued to exist since the enforced incorporation through the colonial contract of Africa into the world economic system in the 19th century. Hence, looking into future, strategic structural change for the discontinuity of the colonial contract and the dependency syndrome that it breeds towards a decolonized Africa constitutes one of the preconditions for the thriving of the AfCFTA towards deeper integration and cooperation. Without rubberstamping the contribution of factors internal to Africa's integration conundrums, this paper attributes the slow progress made by African RECs towards transformative integration in Africa to the foundations of the colonial contract and its institutional backing. Institutionally, the five institutions of power that have facilitated the colonial contract are the global political system, global legal system, global economic system, Euro-North American moral and cultural systems.

Attempts at disentangling Africa from these systems through lobbying for reforms following the political liberation of the continent have not materialised. Arguably, this is attributable to the confrontational nature of the early efforts at extricating the continent from the colonial and neo-colonial shackles. To avoid moving in circles and to make the AfCFTA work, it is significant that the custodians of Africa encroach the domains of strategic structural change characterised by optimal calculation detached from radical and drastic approaches and policies that invite retaliation, confrontation and punishment from the complex capitalist system (Mude, 2020: 104). To achieve this, a political settlement approach suffices to level the global political and economic environment for the AfCFTA to drive and transform African integration.

6. Conclusion

Unquestionably, developmental regionalism which has gained traction the AfCFTA offers surmountable potential in respect of transforming trade policy and integration Southern Africa. Therefore, the conclusion drawn from this paper is that the evolving trade integration trajectory of the AfCFTA have the impetus to transform Southern Africa from trade integration quagmire towards transformative trade policy and subsequently economic development. The transformation of the region's trade policy is of paramount importance in addressing economic stagnation, poor trade performance, bad governance, infrastructural gaps and heterogeneity of economies among others problems facing Southern Africa. Therefore, policy options and interventions underpinned, consummated and sustained by the AfCFTA's developmental regionalism approach have the potential to emancipate Southern Africa from the underlying challenges it is facing. Hence, this paper maintains that developmental regionalism in the context of the unfolding trajectory of the AfCFTA has enormous potential to catalyse and accelerate trade integration, fair trade,

transformative industrial development, cross-border infrastructure development, good governance, security and decolonisation in Southern Africa.

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