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Progress and Challenges Towards the Attainment of a Free Trade Area and a Customs Union in Southern Africa

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Executive Summary

This report presents the results of an evaluation of progress made by the Southern Africa region towards the attainment of a Free Trade Area in SADC, and a Customs Union in COMESA. In addition to progress, the report identifies key challenges facing the region in the process of deepening regional integration and provides recommendations on the way forward.

The COMESA Treaty and the SADC Treaty are the principal legal instruments guiding regional integration in the sub region. COMESA and SADC have made significant progress to attain the next milestones in their integration agenda, the Customs Union and the Free Trade Area respectively despite the variable geometry.

COMESA member States have made progress in implementation of trade facilitation measures including development of regional transport routes through the corridor concept as well as the one-stop border posts concept. Similarly, SADC member States have made progress in implementing the Protocol on trade although challenges with the rules of origin still remain a major drawback. Harmonizing of trade facilitation measures between the two organizations will be key to deepening trade.

The challenges faced by the sub region in pursuit of regional integration include; the multiple memberships of regional economic communities by member States, problems in the implementation of the complementary free movement of persons, inadequate information flows to enhance regional business opportunities and trade, the lack of an effective institutional framework to facilitate the implementation of agreements, limited productive capacity to take advantage of opportunities for further trade, human and financial capacity and the lack of mechanisms to compensate for losses in revenues due to integration.

The study shows that SADC and COMESA are on course to the milestones set for 2008 even though challenges remain in some areas including anticipated losses of tax revenues. In light of this, member States need to develop alternative means of raising state revenues to trade taxes. The Regional Economic Communities must work with International Cooperating Partners to enhance regional support and compensation mechanisms through their respective development Funds. Further, member States should devise mechanisms to ensure that benefits of regional integration accrue to all, including the least developed member States and small economies.

On macroeconomic convergence, the targets are achievable for 2008 for most member States. However, these achievements are threatened by the global crisis relating to oil and food prices and supplies. SADC and COMESA must encourage and recognize independent regional integration monitoring mechanisms in addition to strengthening the official monitoring and evaluation units.

The on-going institutional restructuring of SADC and COMESA must be geared towards the elimination of administrative constraints to quicken decision-making and ensure faster implementation of infrastructure projects and trade facilitation instruments. Further, the issue of supranational authority in SADC and COMESA must be widely debated.

The idea of a wider FTA should be pursued only after SADC and COMESA have consolidated their respective positions within each grouping.

I . INTRODUCTION

1. The report is an evaluation of the progress made towards the attainment of a Free Trade Area (FTA) by members States of the Southern African Development Community (SADC) and towards a Customs Union (CU) by member States of the Common Market for Eastern and Southern Africa (COMESA). As an evaluation of progress in deepening regional integration this report aims to;

a. profile the status of progress towards the regional integration milestones, an FTA and CU;

b. highlight challenges faced at both national and sub regional levels; and

c. recommend strategies towards accelerating the process focusing on the next stages of regional integration.

A. THE ROAD MAPS FOR SADC FTA/CU AND COMESA CU

2. The principal legal instruments establishing the COMESA CU and SADC FTA/CU are the COMESA Treaty, the SADC Treaty, the SADC Protocol on Trade (SADC, 1996) and the Regional Indicative Strategic Development Plan (RISDP). According the to the integration milestones, SADC will attain full FTA status and COMESA will become a CU, both in 2008.

A.1 The COMESA Customs Union Road Map

3. The COMESA FTA, which came into force in 2000, is scheduled to become a Customs Union by December 2008. The creation of the Customs Union will be a step further in COMESA's quest to achieve economic growth and prosperity through dismantling trade barriers and opening markets, hopefully leading to production, trade efficiency and welfare gains for the majority of the region’s citizens.

BOX 1: COMESA CU ROAD MAP

(a) Common External Tariff
- (i) Agree on a Common External Tariff structure that minimizes conflict with other regional trading arrangements;
- (ii) Implement a programme to have member State tariff rates aligned with CET target rates;
- (iii) Develop budgetary assistance measures to minimize revenue gaps arising from implementation of CET rates;
- (iv) Develop measures to assist industries to successfully compete under a CET/CU environment;
- (v) Complete work on the Common Tariff Nomenclature with agreed categorization of goods; and
- **(vi)** Improve Rules of Origin

(b) Customs Procedures and Legislation
- (i) Develop programmes to simplify and harmonize customs procedures and legislation; and
- (ii) Develop anti-dumping, countervailing duty regulations and other trade remedy measures for the CU.
- (iii) Legal and Administrative Structure
- (iv) Develop a legal and administrative framework for the CET/CU;
- (v) Constitute the Common Tariff Nomenclature Committee; and
- (vi) Establish Customs Union Liaison Offices in member States

Source: Strategic Plan 2007-2011, COMESA

4. From the COMESA road map in Box 1, the main elements towards a CU include a common external tariff, customs legislation and procedures, as well as supportive institutional (legal and administrative) structures.

A.2 The SADC FTA and CU Road Map

5. SADC plans for its Free Trade Area and Customs Union are included as part of the integration road map outlined in the RISDP. Accordingly, the sub region has adopted the following economic strategies and tasks for member States as critical for the realization of the Free Trade Area;

- gradual elimination of intra-regional tariffs[1] to zero by 2008;
- elimination of non-tariff barriers to trade;
- adoption of common rules of origin;
- attainment of internationally acceptable standards, quality, accreditation and metrology;
- harmonisation of customs rules and procedures;
- harmonisation of sanitary and phyto-sanitary measures; and
- liberalisation of trade in services

6. Beyond the FTA, SADC's overall regional integration road map also includes - completion of negotiations for a Customs Union by 2010; completion of negotiations for a Common Market by 2015; and establishment of a Monetary Union by 2016 and a regional Central Bank with a common currency by 2018.

7. Although SADC member States are yet to establish the FTA and being cognizant of variable geometry, discussions on the creation of a SADC Customs Union by 2010 have already started including development of model legislation for the CU. The most critical issue in that phase will be negotiations for the adoption of a common external tariff. The challenge will be to ensure that all member states are participating in the free trade area before the conclusion of CET negotiations.

B. STATUS OF IMPLEMENTATION

B.1 Treaty Provisions on Trade: COMESA

9. The COMESA free trade area has been in existence for seven years, but faces the danger of structural rigidities restricting the growth of intra-regional trade. The low levels of product complementarities, low levels of innovation and poorly developed technological and human resources capacity are a major impediment to growth in trade within COMESA.

10. The degree of compliance with COMESA decisions in Southern Africa is low and calls for more effort on the part of member states. Malawi Zambia and Zimbabwe have a compliance level of about 72% whilst others are below 50%. This could be an indicator of the challenges associated with multiple memberships of regional economic communities.

[1] On substantially all trade (or 85% of trade) as provided for under article XXIV of the WTO

11. The COMESA member States have agreed to implement the CET, the basis of the Customs Union by December 2008. The adopted CET has rates ranging from 0% for capital goods to 25% for finished products.

12. The CET rates as adopted by COMESA will yield an estimated simple average tariff of 12%. Under current operating conditions, this means that the implementation of the CET will result in temporary adjustment costs for producers in Zimbabwe, Mauritius and Madagascar, member states that have significantly higher protection at present. The CET will not have a negative impact on Zambia's trade tax revenue since the current average tariff is actually lower than the COMESA CET simple average. Malawi's average tariff is low and the direct impact will be negligible.

B.1a Revenue sharing

13. COMESA member states have accepted that initially, individual member countries of the Customs Union will collect revenues on non-CU products at national boundaries as being the initial stage. The implication is that member states might not realize the expected trade efficiency gains from the COMESA Customs Union.

B.1b Standards

14. According to the 2007-2010 Strategic Plan, COMESA has successfully adopted 204 quality standards and 100 new standards are under consideration in various production areas including food and fishery products; building and construction materials; electrical accessories; textiles and leather products; and timber and timber products.**B.2 Protocol on Trade: SADC**

15. SADC has made some progress in the implementation of the Trade Protocol especially in the areas of customs operations, Standards, Quality, Accreditation and Metrology and related trade measures. The SADC Trade Negotiation Forum has focused on the reduction of customs duties on intra-SADC trade and the adoption of common rules of origin. However, most trade in the sub region still takes place under bilateral arrangements as well as under COMESA FTA arrangements for those SADC member States who are also members of the COMESA FTA, as the SADC rules of origin are still considered rather restrictive.

B.2a SADC Tariff Phase-down

16. Table 1 shows that the prospects for SADC launching the SADC FTA in August 2008 are good, with ten member states likely to be fully participating, two likely to fully participate later, and two other member states are yet to clarify their possible participation.

B.2b Implementation of Trade Facilitation Instruments in SADC

17. There is need for a high degree of commitment by member states to the implementation of SADC trade facilitation instruments as shown in Table 2 as critical trade facilitation instruments such as completion of the SADC customs documentation and the SADC transit regulations have not yet been implemented.

Table 1: Progress in Implementing SADC Tariff Phase-down schedules

Country	Description of Progress in Implementing Tariff Phase-down
Angola	Not yet participating
Madagascar	Acceded in 2004 required to meet the target of 85% of trade at 0% tariff by 2012
Malawi	Has only implemented 2 reductions - 2001 and 2004 (implemented in 2007); Probability of not meeting the 2008 FTA deadline is high
Mauritius	On course for FTA, but has introduced specific duties in place of ad-valorem for some sensitive products (category C)
Mozambique	Gazetted whole schedule one time, on course for FTA, but needs to deal with some applied rates being higher than indicated on offer, result of unilateral MFN tariff reductions
SACU	Implemented all 2008 commitments
Tanzania	Has complied, but introduced complications with a 2% levy on goods into Zanzibar
Zambia	Implemented reductions for 2008, on course for FTA
Zimbabwe	Implemented general offer (to S Africa) and differential offer (to all SADC countries except South Africa) in 2008, some mistakes made these are still to be corrected, on course for FTA

Sources: Compiled from report by The Services Group and BIDPA interviews with SADC Secretariat staff

Table 2: Status of Implementation of SADC Trade Facilitation Instruments

	Bot	Les	Mal	Maur	Moz	Nam	Saf	Swaz	Tan	Zam	Zim
WTO Valuation Agreement	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
HS Coding System schedule of concessions migration to 2007	Y On-going	Y Y	Y On-going	Y Y	Y N	Y Y	Y Y	Y On-going	Y Y	Y Y	Y Y
SADC Certificate of Origin	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Regulations on SADC RoO*	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
SADC Single Administrative Document	SAD500	SAD500	n/a	n/a	n/a	SAD500	SAD500	SAD500	n/a	n/a	n/a
Guidelines for completion of SADC Customs Documentation	Y	N	N	N	N	N	N	N	N	N	N
SADC Transit Regulations	N	N	N	N	N	N	N	N	N	N	N
SADC Transit Customs Bond Guarantee	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MOU for SADC Customs Administrations	Y	Y	Y	N	Y	N	Y	Y	Y	Y	Y

Source: The Services Group, Audit of the Implementation of the SADC Protocol on Trade, 2007
* RoO – Rules of Origin
n/a – not yet applying

B.3 Progress to date on Transport

18. SADC is in the process of facilitating corridor infrastructure development as well as transport and trade facilitation along the corridor borders. The Corridor Strategy being developed by the SADC Secretariat in consultation with member States will facilitate movement along these corridors. In addition, SADC has adopted a number of facilitation measures including; the adoption of the one-stop-border concept, credit card size drivers licence, regional driver training manuals; standardised road traffic signs; standards and specifications for roads and bridges; guideline for the provision of low volume sealed roads; most Member States have also carried out reforms to establish road funds and autonomous road authorities.

19. COMESA has made substantial progress in policy and regulatory harmonisation and other trade facilitation instruments such as in the area of customs bond guarantee, the carrier's licence and harmonized transit charges. Table 3 summarises the state of implementation of the facilitation instruments by Member States.

Table 3: Implementation of COMESA Transport Schemes in Southern Africa

Country	Madagascar *	Malawi	Mauritius	Swaziland	Zambia	Zimbabwe
Customs Bond Guarantee	n/a	Yes	n/a	n/a	Yes	Yes
Harmonised Road Transit Charges	n/a	yes	n/a	n/a	Yes	Yes
Carrier's licence	n/a	Yes	n/a	Yes	Yes	Yes
Yellow card Scheme	n/a	Yes	n/a	Yes	Yes	Yes

Source: *COMESA in Brief*, COMESA

20. Despite progress in the implementation of the transport protocol and treaty provisions to smoothen trade and transport, the sub region continues to face challenges including; high transport costs, inefficiency at border posts, policy and institutional constraints at member State level and financial constraints for infrastructure development.

B.4 Macroeconomic Convergence

21. SADC's Finance and Investment Protocol outlines the region's key macroeconomic convergence targets. It is envisaged that the achievement of convergence will contribute to sustainability of growth, effectiveness of growth oriented policies, and better spread of the benefits of regional integration to all member states.

22. Based on projections in Table 4, D R Congo, Swaziland and Angola, will just miss the less than 9.5% inflation target for 2008, with the three expected to record 10%. Zimbabwe continues to be in a hyper-inflationary environment. The other countries are projected to meet the inflation target with South Africa on the borderline at 9.4%. Most regional countries, except Angola, Madagascar and Zimbabwe, are projected to achieve the SADC fiscal deficit target for 2008 of <5% of GDP. Five SADC countries benefited from debt forgiveness under the HIPC initiative (DRC, Madagascar, Mozambique, Tanzania and Zambia). As a result, only Zimbabwe is projected to remain an outlier with public debt projected at 130% of GDP in 2008. Madagascar is projected to be the only country to miss the 2008 SADC balance on current account target. Economic growth prospects for 2008, as measured by the GDP, are

projected to be better than in 2007. Six countries (Botswana, Mauritius, Nambia, Swaziland, South Africa and Zimbabwe) are projected to achieve growth rates less than the SADC target of 7%, with Zimbabwe continuing to be in decline. Other Southern African countries are expected to achieve at least the 7% growth rate with Angola projected to grow by 16.2%. Sound macroeconomic policies and structural reforms are the chief growth drivers for Malawi, Tanzania and Mozambique. Good performance by sectors such as manufacturing, services, agriculture, construction, and tourism helped propel growth in the other countries. On the whole, some country specific and global challenges continue to threaten the achievement by Southern African countries on macroeconomic convergence targets, but current achievements are commendable.

Table 4: Prospects for attainment of 2008 Macroeconomic Convergence Targets in SADC

	Real GDP Growth Rates (%) (2008)	Inflation (%) (2008)	Fiscal deficit / GDP% 2008	Public Debt/GDP% 2008	Current Account / GDP% 2008
Angola	16.2	10.0	-8.6	n/a	12.2
Botswana	5.0	8.4	4.2	5.6	13.4
D.R.C.	8.8	10.1	-1.2	57.0	-3.7
Lesotho	7.0	7.5	-3	36.0	-2.1
Madagascar	7.3	7.0	-9.1	n/a	-10.0
Malawi	7.1	6.9	0	41.6	-1.1
Mauritius	5.9	9.0	-3.8	54.5	0.1
Mozambique	7.0	5.5	-6.2	n/a	-8.5
Namibia	4.7	7.0	0.6	34.8	8.4
South Africa	*3.8	9.4	1	23.7	-5.6
Swaziland	2.8	10.0	-1.5	34.3	-3.1
Tanzania	7.5	5.0	3.2	57.5	-8.2
Zambia	7.0	7.0	-1.9	n/a	-5.9
Zimbabwe	..	>100,000	>-25.0.	130.0	-0.5
SADC 2008 Target	>7.0	<9.5	<5	<60.0	<9.0

23. However, debate has arisen over the approach used to measure macroeconomic convergence in Southern Africa. Specifically, questions have centred on whether what ought to be measured is the policy variable (and hence actions by member state governments) or the outcomes (which is a response). This is important because the economies of the region are starting from different socio-economic backgrounds, levels of economic development, and factor endowments etc. For example, the same monetary policy instrument such as the bank rate is likely to have different outcomes in countries as diverse as Mozambique and South Africa because of structural differences in the monetary banking structures in the two member states. Questions have also arisen over whether these macroeconomic convergence targets are optimal for deeper regional integration. Questions arise such as; “Is inflation level of less than 3% consistent with or desirable for economic growth levels of 7% or more given the stage of development of Southern African countries?” The practicality of pursuing all regional macroeconomic policies for convergence purposes is also questionable as various countries have different policy objectives. The challenge is to carry out in-depth studies on these

methodological and theoretical underpinnings so that the macroeconomic convergence programmes in the region are better understood.

24. In addition to these questions, other challenges include; weak economic structures with high dependence on primary sector activities and little diversification expose vulnerability of most member states to unfavourable trade terms and droughts, weak taxation bases and the resultant dependence on donor assistance for development expenditure means the attainments of fiscal targets may face challenges of sustainability for countries such as Mozambique, Zambia, and Tanzania, and the lack of up-to-date data for the tracking of Macroeconomic convergence.

25. Despite these challenges, member States are committed to macroeconomic convergence as part of the integration of the economies.

B.4 Financing Regional Integration

26. The low levels of investment in the region negatively impact on the regional integration momentum. External financial support is therefore imperative to finance some of infrastructure requirements. The region's macroeconomic convergence programmes are a way of enhancing the flows of foreign direct investment. Current patterns of investment flows show that they are likely to go to the more developed countries of the region or to sectors where the rate of return is very high. Much of the potential in the region can be tapped with investment in infrastructure hence the emphasis on the same by both SADC and COMESA.

27. SADC and COMESA need to strengthen their cooperation with International Cooperating Partners (ICPs), especially through enhanced capacities within the secretariats. It has been observed that major donors are very supportive of regional integration efforts by SADC and COMESA. However, the inadequate capacity by regional bodies to implement projects and absorb donor funds has led to reduced financial support from ICPs. The effectiveness of donor support has also been compromised by the limited harmonization of donor assistance. SADC and the ICPs recently developed thematic groups, each with a lead cooperating partner to coordinate donor support in regional integration. However, the approach needs further strengthening.

28. The Establishment of a sustainable regional development fund would an important first towards financing regional integration. Cooperating partners indicated their preparedness to further assist regional countries implement poverty reduction programmes during the SADC International Conference on Poverty and Development held in Mauritius. This is in addition to support already advanced to regional programmes such as institutional development, capacity building and research.

C. CHALLENGES FOR THE FTA AND CUSTOMS UNION

29. Despite its variable geometry, Southern Africa has made considerable progress in deepening regional integration. However, the sub region faces many challenges at both national and member State levels in ensuring adherence to agreed targets.

C.1 Weak Enforcement Mechanisms

30. Mechanisms to enforce adherence to agreements are weak hence the lack of conformity and compliance with decisions by member States. Both SADC and COMESA need to deal with the problems of lack of conformity with agreed positions, such as the tariff phase-down schedules. SADC's protocol on trade calls for sanctions against member states that fail to live up to their membership obligations. Instead of relying on moral suasion, member States have to be made to see regional integration through the eyes of the economic benefits it brings the region and to individual countries. Although structures such as the COMESA Court of Justice and the SADC tribunal are both in place and to an extent oversee the implementation of the regional integration in their respective areas of jurisdiction, these have not had a role to play so far. Thus, the development of fully-fledged monitoring and evaluation units with the two RECs to keep track of the implementation of commitments at both the Secretariats and member State levels is imperative.

31. It has been suggested that one effective way of ensuring compliance with regional decisions is to have strict entry criteria in the more substantive phases of the regional integration process. Member States that do not meet the criteria would not be allowed to participate at the deeper levels. This draws from the success of the European Union in enforcing adherence to macroeconomic stability enhancing policies by its member States.

32. The current institutional setups governing the regional integration process for both SADC and COMESA (which are very similar in form and function) allow for consensus building at the various levels. Theoretically, and politically, reaching decisions by consensus makes implementation of agreements or collective decisions easier.

33. However, the setup makes decision-making quite time consuming and not quickly responsive to economic policy issues. In addition, regional institutions do not have supra-national authority over member states. This means the envisioned political union of both SADC and COMESA is currently not set to advance to a depth that compares favourably with the proposed economic union. This is despite that the African Union agenda call for deeper union at the continental level, which goal is accepted by all (though the mechanisms for achieving it are hotly contested by various regional groupings). The secretariats in both regional integration communities remain mere administrators and coordinators of implementation of regional agreements.

C.2 Multiple Memberships of Regional Economic Communities

34. Multiple country memberships of RECs pose problems in the implementation of agreements focused on deeper integration. Some SADC member states will become members of the COMESA Customs Union in December 2008. Zimbabwe, Zambia, Malawi, Madagascar and Mauritius, who all have multiple memberships, will have to make a decision by December 2008. SADC and COMESA member states will therefore have to agree on mechanisms by which they relate with member states that will only be members of the Free Trade Area, but not the Customs Union or will still be in the preferential trade area phase. In the long run, this could be overcome through harmonization of the programmes of the two RECs.

C.3 Loss of Tariff Revenue

35. The potential effect of trade liberalization on tax revenues has always been a concern in regional integration, especially for those economies highly dependent on these taxes as a

major source of government revenue. A sudden drop in customs revenue for SADC countries that have back-loaded their tariff reduction programmes, including Malawi, Mozambique and Zambia is likely to occur. The Services Group (2007) reports that in relative terms and given the pattern of trade in Southern Africa, loss of tariff revenue by SADC member states in achieving the FTA tariff thresholds is minimal (not greater than 5% of Revenue). However, in absolute terms, the reduction may be significant for the affected countries.

36. Thus, as regional integration proceeds the development of compensatory mechanisms for those countries that will lose from trade liberalization in the short term should be prioritised. Although in the long term, however, and coupled with fair transparent and rule based compensatory mechanisms, regional integration benefits all, the lack of compensation mechanisms for the short-term losers is a contributor to the slow progress in regional integration.

C.4 Harmonisation of Customs Regulations and Procedures

37. The SADC business community considers the lack of harmonised customs regulations and procedures among member States as a major non-tariff barrier to deeper trade integration. SADC Ministers have not yet adopted the regional model Customs Act, negotiated by regional customs administrators. SADC Ministers are also yet to make a decision on the Single Customs Document and the Regional Goods Transit System, and the SADC Customs Bond Guarantee Scheme.

38. The harmonization of customs procedures should also deal with non-tariff barriers, which remain a big obstacle to increased intra-regional trade. Eliminating tariffs is an important step in growing intra-regional trade, but it is not sufficient to achieve it. The region needs to address issues of industrial competitiveness, capacity issues, structural changes in economies including economic diversification and environmental concerns.

39. The adoption of model customs legislation will be a big boost for harmonisation of customs procedures and will facilitate smoother trade. Stakeholders currently view the different customs and immigration procedures as non-tariff barriers. Further, the speedy and wider implementation of the one-stop border concept by COMESA and SADC would enhance trade.

C.5 Human Capacity Constraints

40. The failure to achieve some integration targets has been blamed on inadequate human resources capacity at both the secretariat and member State levels. The multiplicity of trade regimes that have not yet been harmonised remains a perennial challenge for Customs Authorities and border personnel. The Regional Trade Facilitation Project has developed a training programme for the private sector and other stakeholders who interface with customs. There was institutional restructuring at SADC from 2001, which resulted in the creation of directorates at SADC Secretariat headquarters in Gaborone. Over the years, it has been clear that even this was inadequate and as a result, another round of restructuring at the secretariat level was approved for implementation in February 2008. A related challenge is the resourcing and empowering of SADC National Committees.

C.6 Free Movement of Persons

41. The signing of SADC Draft Protocol on Facilitation of Movement of Persons, meant to enable citizens of the community "to enjoy freedom of movement of persons, namely visa-free entry, residence and establishment in the territories of Member States" is yet to be implemented. Similarly COMESA has developed the Protocol on Free Movement of Persons, Labour, Services, the Right of Establishment and Residence whose implementation remains a challenge.

C.7 IT and Regional Integration

42. Ensuring compatibility between the different IT systems used by different Customs authorities remains a challenge. Most COMESA member states, however, use the ASYCUDA system whilst the non-COMESA SADC countries use a variety of systems. Another important IT issue relates to the availability of information for traders/producers as part of the region's trade facilitation programme.

C.8 Threats from Global Oil and Food Price Increases

43. The achievements of Southern African countries in the area of macroeconomic convergence are threatened by global oil and food crisis, especially as regards inflation, as retail food prices and oil prices have risen sharply in recent months in most Southern African States.

C.9 Inadequate Resources to Support Regional Integration

44. The region's ability to raise resources for sustainability of the region's integration process remains a challenge. There is need for increasing domestic resource mobilization in light of the delays experienced in the implementation of existing support instruments. There is urgent need to reduce the gap between signing and implementation of these instruments. Furthermore, governments can create an enabling environment for private sector development to facilitate the sector's participation in transport infrastructure and services provision. This will in turn facilitate regional integration, as the sector will be able to play an active role in the provision of infrastructure. Financial constraints, especially the lack of sustainable funding, have been at the core of slow progress in implementation of 'one-stop-border-posts' and have to be resolved.

45. Notwithstanding the challenges in both trade development and transport, Southern Africa has made considerable progress in its pursuit of regional integration as the region moves towards the FTA and CU milestones. The existence of functioning regional integration Secretariats with mechanisms to coordinate regional integration programmes and a good measure of political will indicate the commitment of the sub region to regional integration. The modest increases in intra-regional trade are a demonstration of deepening regional integration in Southern Africa. The efforts to ensure that the different regional integration initiatives are coordinated demonstrate the commitment of the sub region to regional integration. The RECs are streamlining trade agendas, harmonizing trade policies including developing common documents for cross-border clearance of cargo, vehicles, and business people and investment codes, and removing unnecessary programme duplication. Thus, the

implementation of the SADC RISDP and the COMESA priority investment programme will be critical for the acceleration of regional integration as envisaged in the African Union Vision.

D. RECOMMENDATIONS FOR ACCELERATING REGIONAL INTEGRATION

46. It is critical that from a fiscal perspective and to ensure sustainability of the integration effort, alternative means of raising state revenues need to be developed by each member state. International Cooperating Partners could assist in meeting the resultant temporary resource gap brought about by this short-term fall in revenues.

47. SADC and COMESA must develop regional mechanisms to accommodate small economies and to ensure that benefits of freeing trade in the region accrue to all. The region can identify actions which negatively impact on small economies and work on compensation mechanisms.

48. Regional Economic Communities must seek partnerships to tackle capacity issues such as technology, finance and human resources amongst producers/traders. Inadequate capacity limits the ability to innovate, diversify and to produce non-traditional goods in order to access new markets in the region and beyond.

49. SADC and COMESA must enhance their cooperation and harmonization activities to enable regional member states to make choices that do not result in them losing ties with other regional countries. There is a possibility that far from becoming a major obstacle to integration, the complications resulting from multiple memberships of RECs may turn out to be the catalyst for wider free trade in Africa

50. SADC should seek external support from cooperating partners to quicken the implementation of SADC's proposed poverty observatory and regional food reserve, in view of the rising international food crisis.

51. Regional member states should put more effort in helping Zimbabwe resolve its problems so that the region is not weighed down in its achievement of macroeconomic convergence targets.

52. The creation of a multi-stakeholder constituency for regional integration in member countries is important for the process to proceed. The study alluded to absence of an active private sector participation in the sub region to bridge the resources gap, which the public sector faces. Further, government has also suffered from lack of capacity to carry out the necessary reforms on its own to establish a conducive environment for enhanced private sector development and involvement in the transport sector. Thus, a business constituency for regional integration has to be nurtured and developed to facilitate the evolution of private-public-partnerships in the integration process.

53. At national level, member States should set up a regional integration management system to coordinate all matters related to regional integration, including requirements to; domesticate protocols and agreements and ensure their implementation; nurture all-inclusive regional integration constituencies that participate in integration debates, monitor, evaluate

and lobby for the integration process; and provide adequate resources, both financial and human resources, to ensure that the regional integration process proceeds as planned.

54. The Regional Economic Communities should encourage countries to create the political will to accept ceding of national sovereignty as the need arises; and adopt a holistic approach in dealing with trade development and transport issues in order to accelerate regional integration. Further, SADC and COMESA should enhance the powers of the SADC Tribunal and the COMESA Court of Justice to enable them to perform enforcer roles for respective SADC and COMESA protocols and agreements. This could be aided by the development of strict criteria for entry into deeper integration initiatives such as the monetary union. This will put pressure on member states to adhere to implement appropriate convergence policies.

55. Strengthening of Secretariats in terms of adequate human and financial resources and streamlining of decision making are critical components in deepening regional integration and ought to be carried out expeditiously. The issue of supra-national authority must be debated amongst regional citizens. Further, the implementation of mechanisms agreed at EAC, SADC and COMESA tri-partite meetings should be enforced to boost regional trade.