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The Role of Regional Economic Communities as building blocks for the sustainable implementation of the African Continental Free Trade Area: The Case of the Southern African Development Community (SADC)

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ABSTRACT: The African Continental Free Trade Area (AfCFTA) represents a giant step in changing the global perception of the continent as an insignificant economic player in international trade. Opportunities abound to challenge archaic narratives about the continent. Africa can no longer be seen through the prism of geo-politics but as a strategic partner that can take its rightful place at the table of global affairs. With the implementation of the AfCFTA having started in January 2021, questions can be posed regarding measures necessary to ensure more sustainable pathways to its success without reinventing the wheel. In this discourse, the role of Regional Economic Communities as building blocks of the AfCFTA becomes critical, especially given the differential levels of development among countries of the African continent. The AfCFTA agreement itself recognises the principality of the intra-REC trade arrangements already in place as these are the nucleus of the steady rise in trade among member states of the various African sub-regions. The paper focuses on the Southern African Development Community (SADC) as one of the African Union RECs, examining institutional and capacity dynamics that can be leveraged upon for the successful implementation of AfCFTA. The paper concludes by sharing reflections on how the framework of China-Africa Cooperation could give impetus to the new trade regime, building on the structural mechanisms provided by the RECs, beyond the bilateral route, to more positively influence Africa's global ascent. With the AfCFTA implementation underway, the dream of an African renaissance is once more truly alive, with many possibilities.

Introduction

Trade in Africa still follows the routes along the former colonial metropolises with much of that in the low value extractive sector commodities which makes up 75 percent of total exports outside the continent. The Economic Commission for Africa (ECA) argues that at average tariffs of 6.1 percent, businesses currently face higher tariffs when they export within Africa than when they export outside of the continent. It will require pragmatism to break from this kind of a pattern.

The African Continental Free Trade area, whose implementation began in January 2021 seeks to reverse the narrative. The AfCFTA creates a market of 1.2 billion people, with a gross domestic product of US\$2.5 trillion spread over the 55 member states of the African Union.

Further, ECA estimates that AfCFTA has the potential both to boost intra-African trade by 52.3 percent by eliminating import duties, and to double this trade if non-tariff barriers are also reduced. With an already low manufacturing capacity, Africa's industrial exports are forecast to benefit most from AfCFTA. This is important for diversifying Africa's trade and encouraging a move away from extractive commodities, such as oil and minerals, which have

traditionally accounted for most of Africa's exports, and move towards a more balanced and sustainable export base.

Role of Regional Economic Communities

The Southern African Development Community (SADC), like other Regional Economic Communities (RECs) is already in the process of establishing a Free Trade Area with trade among the member states currently constituting a fifth of total trade. Still low, but gradually rising from when the FTA was established in 2008, at about five percent. The AfCFTA is therefore expected to build on the progress made by SADC and other RECs, rather than starting from ground zero. This is already a big step forward as the focus can now be on harmonising trade regimes already agreed in the sub-regions, while also deepening them. Further negotiations can continue by region rather than collapsing back into the 55 individual states which will simply further complicate things while prolonging the process. Although the individual states would still maintain their sovereign right to negotiate, the RECs FTA such as the SADC FTA have already provided the basis and should continue as the reference points for further negotiations in building common regional positions.

There is strength in numbers. As individual states, most African countries simply lack the capacity and rigour needed to engage in complex trade negotiations. This becomes even more important when dealing with the external world, whether in the East or West. Only when Africa begins to speak with one voice will the global North take notice. Perhaps we are not there yet with the African Union, but there certainly is more clear defined coherence at the sub-regional levels whether it is SADC, the East African Community (ECA), Economic Community of West African States (ECOWAS), or any other AU REC for that matter.

What can be done to put the AfCFTA on a sustainable path of growth and job creation, while at the same time accelerating its implementation, for the continent to catch up with the rest of the world? I share here some key considerations for African Member States:

- 1. Draw on capacity gained from negotiating SADC FTA.** The regional FTA was a long-negotiated framework, that took a lot of skill and patience to persuade countries to break from or soften their national positions towards common regional interests. There are lessons and good practices learned from that process that would no doubt come in handy at the AfCFTA level.
- 2. Broadbased stakeholder and Institutional mechanisms deployed to support negotiations.** Apart from coordinating the member state negotiations, RECs can also call upon their existing institutional mechanisms for multistakeholder consultations to broaden scope of participation. SADC already has the Business Forum to rope in the private sector and other apex bodies for various interest stakeholder groups such as civil society, youth and women's groups, including the SADC Parliamentary Forum for legislators and many others that can be called upon to make broader input in negotiations, without reinventing the wheel, for stronger national and regional positions.

- 3. Increase and diversify manufacturing capacity.** Africa's manufacturing base is already low with over reliance on extractive industries such as oil and mining. Developing and diversifying the manufacturing base becomes critical. In the case of SADC, a clear strategy is already in place, that is the SADC Industrialisation Strategy and Roadmap 2015-2063, which is inspired by the African Agenda 2063, The Africa We Want. This strategy already identifies regional value chains in the areas of agro-processing, mineral beneficiation and pharmaceuticals which are seen as low hanging fruits for industrial development. Without diversification or some agreement on value chains, individual countries already have commodities that are too similar, be they minerals or agricultural produce, to have meaningful trade. In fact, without coordinated diversified manufacturing, there is no basis for Country A to trade with Country B across most regions in Africa.
- 4. Cross sector mechanisms for trade facilitation.** Beyond the institutional structures, cross sector mechanisms can also be relied on, for example with respect to trade facilitation through the implementation of the SADC Regional Infrastructure Master Plan which seeks to establish transboundary infrastructure in the subsectors of energy, transport, water, tourism and ICTs. The establishment of seamless infrastructure in these sectors becomes key as these are critical enablers for the movement of goods and people across borders. One of the major reasons for limited trade between African countries is lack of interconnectedness whether by way of road, rail or air transport systems, or even telecommunications. Border inefficiencies put yet another premium on goods and services, making them less competitive to imports from outside the continent. One-stop border posts such as the one introduced at Chirundu between Zambia and Zimbabwe is a welcome move to address this anomaly by significantly cutting down on time spend by truckers from days to hours.
- 5. Facilitating movement of people.** Trade requires easier movement of people to happen. Without a framework for easier movement of people, trade objectives of the AfCFTA would become a mere pipe dream. SADC is already making progress in this regard with most countries having lifted visa requirements for visitors from the region. There are however still challenges when it comes to visitors from other African regions where visa requirements are still in place. This poses a serious non-trade barrier that will no doubt derail progress towards deeper intra Africa trade. The objectives of the AfCFTA therefore need to be harmonised with any security concerns that may still prevent freer movement of people.
- 6. Inclusivity and diversity.** Africa's greatest demographic dividend is its high youth population, constituting on average 65 percent of the population. Similarly, women form the majority of the population in most African states. Youth and women's empowerment for a more active role in trade participation therefore becomes an imperative if sustainable AfCFTA roll out is to be guaranteed. Participation of marginalised groups must therefore be a matter of priority for RECs to ensure inclusivity and diversity for the greater good of humanity. Further, youth are making the most disruptive noise on social media which is important positive contribution to not only raise awareness about the new trade regime but also make sure that their

concerns are heard and are addressed. With young people's passion and innovation, and the determination and perseverance of women, the AfCFTA's future sustainability is guaranteed if their participation can be facilitated.

Conclusion

China, as a partner of Africa, needs to support the RECs by investing financial and technical resources through the established pathways of RECs in order to sustain the nascent trade regime. Equally, China's support in other key areas such as investment in industrial development and employment creation, infrastructure development, and in peace-building and maintenance becomes equally important.

Through the Forum on China Africa Cooperation (FOCAC), China can use this framework to give impetus to Africa's new trade regime, building on the structural mechanisms provided by the RECs, beyond the bilateral route, to more positively influence the continent's global ascent. If Africa can be supported to trade more among its states, it will create an environment for employment creation, wealth creation and cohesion that allows it to speak with one voice and act in common purpose on global affairs. That will enhance Africa's global significance and buttress its recognition as a more equal strategic partner.

Africa United is Africa on the Rise!

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