



Challenges impacting economic integration in the African continent

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Declaration

I Job Erick Tambo, student number 2788184, declare that this Research Report is my own unaided work. It is submitted in partial fulfillment of the requirements for the degree of Master of Laws (by Coursework and Research Report) at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

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Dedication

My deepest gratitude goes to Almighty God who provided all that was needed to complete this research project. I dedicate this research project to my daughter Ariella Hawi Tambo and my wife Dr S Leon for their ever-present love, encouragement, patience and support during my research.

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Abstract

Despite its much-heralded economic potential, the African continent faces numerous obstacles that impede operational economic integration. This study explores the barriers hindering the continent's advancement and stifling aspirations for greater integration. Urgent issues include inconsistency in tariff structures and trade barriers, political instability, corruption, and inadequate infrastructure, which hinder cooperation and regional integration. The presence of multiple overlapping Regional Economic Communities creates legal and regulatory obstacles that stand in the way of the development of unified trade policies and market integration. Additionally, these problems collectively challenge achieving smooth economic integration in Africa.

This research examines the challenges using case studies, policy analyses, and comparative assessments. The study shows that trade barriers, especially tariffs and licencing restrictions, significantly impede international trade and investment. Political instability and corruption hamper foreign investment and regional cooperation. Issues with infrastructure and conflicting legal agreements in Regional Economic Communities make integration more difficult. The research highlights the significance of tackling these challenges for Africa's economic well-being and cohesion. The recommendations aim to assist policymakers, stakeholders, and businesses in navigating these complexities to promote integration and socio-economic development across the continent.

Key words: Economic integration, Trade, Trade Barriers, Regional Integration

Table of acronyms

AEC	African Economic Community
AFCTFA	African Continental Free Trade Area
AMU	The Arab Maghreb Union
AU	African Union
CEN-SAD	The Community of Sahel-Saharan States
CET	Common External Tariff
COMESA	The Common Market for Eastern and Southern Africa
DRC	Democratic Republic of Congo
EAC	East African Community
ECCAS	The Economic Community of Central African States
ECOWAS	Economic Community of West African States
EU	European Union
GDP	Gross Domestic Product
IGAD	Intergovernmental Authority on Development
MFN	Most Favoured Nation
OAU	Organisation of African Unity
OHADA	The Organisation for the Harmonisation of Business Law in Africa
RECs	Regional Economic Communities
SACU	Southern African Customs Union

SADC	Southern African Development Community
SARS	South African Revenue Services
SMEs	Small and Medium-Sized Enterprises
SPS	Sanitary and Phytosanitary
TFTA	Tripartite Free Trade Area
UAS	United African States
UN	United Nations
US\$	United States Dollar
USA	United States of America
WAEMU	West African Economic and Monetary Union

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Chapter 1: Introduction

The African continent, rich in resources and with a population full of potential, has aimed for economic integration to promote its development and prosperity. Yet, this vision is entangled in an intricate network of diverse challenges that hinder the continent's progress towards achieving operational economic integration. This research analyses the obstacles that impede economic integration and highlights the crucial issues that interfere with the creation of a unified African market and weaken the continent's socio-economic progress.

1.1 Background to the study

According to Fofack, African economies are currently at an impasse, confronting distinctive obstacles in their pursuit of economic integration.¹ African nations face challenges such as political instability, the requirement for strong institutions, and the necessary infrastructure for economic advancement, which are less prevalent in more developed countries.² The discrepancy is evident in the region's underperforming Gross Domestic Product (GDP) growth, per capita income, capital inflows, and living standards;³ despite much of the world increasingly witnessing economic prosperity through integration.⁴

Recognising the historical and current influences that have impacted Africa's efforts towards economic integration is crucial towards comprehending its underperformance

¹ Hippolyte Fofack 'Economic integration could make the continent a global player' (2018) *Finance and Development* 49 at 49.

² Ibid.

³ Holger Floerkemeier, Nikola Spatafora and Anthony Venables 'Regional disparities, growth, and inclusiveness' (2021) *International Monetary Fund Working Paper No. 2021/038* at 4.

⁴ Staff Writer 'Africa in the global economy – Uncertain future in turbulent times' *African Economic Research Consortium* 2024, available at <https://aercafrica.org/opportunities/africa-in-the-global-economy-uncertain-future-in-turbulent-times/> (accessed on 13 March 2024).

on this front.⁵ Reid has submitted that the negative impact of colonial legacies on Africa's developmental challenges is undeniable,⁶ and the United Nations Human Rights Office of the High Commissioner has earlier buttressed this view by noting that colonialism has resulted in:

systemic racism, cyclical poverty, economic inequity, violence, loss of language and culture, (and an enormous number of missing and murdered indigenous women and girls).⁷

Austin has noted that Africa's economic landscape has also been influenced by post-colonial leadership, policy choices, and governance.⁸ After gaining independence, many African countries frequently adopted industrialisation strategies such as import substitution, which resulted in restricted opportunities for economic advancement.⁹ Singh has observed that placing confidence in economic growth becomes difficult when governments lack credible infrastructure, transparency, and adherence to the rule of law, which hampers international collaboration.¹⁰

The obstacles to African economic integration are diverse and include: import-export licencing, differing customs duties, variations in sanitary and phytosanitary requirements, unequal distribution of benefits favouring larger economies over smaller

⁵ Fofack (note 1 above) 50; see also Manone R. Madyo *The importance of regional economic integration in Africa* (unpublished Master's dissertation, University of South Africa, (2008) 6.

⁶ Richard J. Reid *A history of modern Africa: 1800 to the present* 3 ed (2020) 78.

⁷ United Nations Human Rights Office of the High Commissioner 'Acting High Commissioner: Addressing the Legacies of Colonialism Can Contribute to Overcoming Inequalities Within and Among States and Sustainable Development Challenges of the Twenty-First Century' *United Nations* 28 September 2002, available at <https://www.ohchr.org/en/press-releases/2022/09/acting-high-commissioner-addressing-legacies-colonialism-can-contribute> (accessed on 12 March 2024).

⁸ Gareth Austin 'African Economic Development and Colonial Legacies' (2010) 1 *International Development Policy* 11 at 13.

⁹ Ana P F. Mendes, Mário A. Bertella and Rudolph F.A.P. Teixeira 'Industrialization in Sub-Saharan Africa and import substitution policy' (2014) 34(1) *Brazilian Journal of Political Economy* 121-122.

¹⁰ Sumanjeet Singh 'Institutions, Transparency, and Economic Growth' (2015) 1 *Emerging Economy Studies* (2015) 188.

ones, an unclear method of distributing welfare gains or losses, traditional trade models that do not promote trade within Africa, numerous non-tariff and institutional barriers, qualification prerequisites, as well as the arbitrary implementation of measures that impact trade and services.¹¹ Africa's pursuit of economic integration is closely intertwined with the emergence of Regional Economic Communities (RECs).¹² These communities, which represent specific geographic areas throughout the continent, have become crucial participants in the process of bringing together the economies of Africa. This study examines the obstacles to economic integration in Africa, with a particular emphasis on the Southern African Development Community (SADC) and the East African Community (EAC) as key RECs.

The SADC and the EAC are pivotal in African economic integration, serving as building blocks for the broader African Economic Community (AEC). Nonetheless, there are challenges facing RECs and the broader goal of economic integration, which includes the following: overlapping mandates as a result of concurrent memberships, failure of collective justice systems (for example SADC failure to enforce the SADC Tribunal's ruling against Zimbabwe for human rights and property rights violations), varying levels of economic development (larger economies are able to flout regulations without objection from other states), unequal resources, coordination matters, and overambitious targets.¹³

¹¹ Mario de Zamaroczy, Garth P. Nicholls, Tunc Gursoy, Lisandro Abrego, Hector Perez Saiz, Jose-Nicolas Rosas 'The African Continental Free Trade Area: Potential economic impact and challenges' (2020) *International Monetary Fund Staff Discussion Note* at 13; see also Michael T. Pasara 'An overview of the obstacles to the African economic integration process in view of the African continental free trade area' (2020) 12(1) *Africa Review* 1 at 1. Pasara further submits that additional obstacles include a dearth of governmental determination to enforce agreed-upon trade agreements and political volatility in certain economic areas, leading to limited and divided markets.

¹² Willie Shumba 'Towards the African Economic Community: Legal and Historical Perspectives' (2023) 26 *Potchefstroom Electronic Law Journal* 12- 14.

¹³ Jephias Mapuva and Loveness Muyengwa-Mapuva 'The SADC regional bloc: What challenges and prospects for regional integration?' (2014) 18 *Law, Democracy and Development* 25-33.

As alluded to above, African countries often face challenges due to overlapping membership in RECs.¹⁴ The presence of conflicting trade policies, differing regulatory frameworks, public policy, technological advancements, competition for resources and investments gives rise to factual challenges to economic integration.¹⁵ Conflicting membership obligations and divergent integration goals poses legal obstacles that impede efforts to achieve harmonisation and hinder progress towards establishing a unified African Economic Community. For example, a country that is a member of both ECOWAS and EAC may face challenges in harmonising trade agreements or resolving conflicts within conflicting REC frameworks, which can impede the achievement of effective economic integration across the continent.¹⁶ In addition, the involvement of African countries in multiple RECs intensifies the challenges, as it compels nations to navigate through a multitude of policy options, obligations, and meetings, ultimately impeding the desired integration of the continent.¹⁷

1.2 Problem statement

Although the African continent has immense potential, it faces numerous obstacles that impede operational economic integration.¹⁸ The challenges discussed in this study also apply to RECs, which are specifically created to promote regional cooperation and integration. The RECs include the SADC and the EAC. This study

¹⁴ de Zamaroczy *et al* (note 11 above)14.

¹⁵ Michael Mussa 'Factors Driving Global Economic Integration' *International Monetary Fund* 25 August 2000, available at <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp082500> (accessed on 11 February 2024).

¹⁶ Wumi Olayiwola *Governing the Interface between the African Continental Free Trade Area and Regional Economic Communities Free Trade Areas: Issues, Opportunities and Challenges* (2020) 84.

¹⁷ Mzukisi Qobo 'The challenges of regional integration in Africa: In the context of globalisation and the prospects for a United States of Africa' (2007) *Institute for Security Studies Paper* 145 1 at 9-11.

¹⁸ Isaac Luthuli *The role of the Southern African Development Community (SADC) and the Economic Community of West African States (ECOWAS) in facilitating continental integration* (unpublished PhD thesis, University of KwaZulu-Natal, (2020) 21.

investigates the factors that impede their progress and suppress their ambitions for more profound economic integration.

One of the most pressing challenges within African RECs is the puzzle of tariff structures and trade barriers. These discrepancies are typified by the experiences of specific nations within these RECs. For example, Nigeria and Ghana (both members of ECOWAS) face trade barriers due to nonconformities in customs taxes and tariffs.¹⁹ The disparity in trade policies hinders the seamless movement of goods and impedes economic integration within the region.²⁰ The issue of tariff structures and trade barriers within African RECs stems from the absence of harmonisation and coordination among the states that are part of these communities.²¹ Despite the regional agreement within ECOWAS for Nigeria and Ghana to establish a customs union with shared external tariffs, there are still differences in how this agreement is put into practice at the national level.²² This results in varying tariffs and customs procedures, causing delays and additional costs for traders operating between the two countries.

Moreover, Zambia, a member of both SADC and the Common Market for Eastern and Southern Africa (COMESA), contends with conflicting tariff obligations, which lead to confusion and deter potential investors.²³ The lack of consistency in trade policies leads to inefficiencies and greatly impedes the establishment of a unified market in

¹⁹ Farouck Mohammed-Bashar *Integrated threat management: An alternative approach to regional security system for ECOWAS* (unpublished PhD thesis, Walden University, 2020) 33.

²⁰ United Nations Conference on Trade and Development Secretariat 'Trade policies and their impact on inequalities' *United Nations* 6 May 2019, available at https://unctad.org/system/files/official-document/tdb66_d4_en.pdf (accessed on 3 March 2024).

²¹ Qobo (note 17 above) 11.

²² Ibid 18.

²³ Willard Mwemba *Do Supra-National Competition Authorities Resolve the Challenges of Cross Border Merger Regulation in Developing and Emerging Economies? The Case of the Common Market for Eastern and Southern Africa* (unpublished PhD thesis, University of Cape Town, 2020) 232.

Africa.²⁴ For example, the COMESA implements a comprehensive approach to integrating markets.²⁵ Zambia frequently experiences conflicting tariff obligations, leading to confusion among traders and investors about which trade regime to adhere to.²⁶ The absence of consistency in tariff structures complicates customs procedures, amplifies compliance costs, and diminishes predictability for businesses.²⁷ Therefore, the uncertainty surrounding Zambia's trade policies may discourage integration into regional and global markets. It is therefore crucial to address these disparities in trade policies and align tariff systems among intersecting regional economic communities to facilitate seamless trade, boost investor trust, and stimulate economic development in Zambia and throughout Africa.

Political instability and governance challenges are widespread in several African countries, directly impacting economic integration. For example, Somalia exemplifies this issue within the RECs. Somalia, as a constituent of the Intergovernmental Authority on Development (IGAD), confronts enduring political instability, which obstructs regional integration.²⁸ Within the same REC, South Sudan grapples with ongoing conflicts that disrupt economic cooperation.²⁹ The internal conflicts in South Sudan, worsened by political instability and ethnic tensions, have impeded the

²⁴ F.O. Ndukwe 'Promoting Trade: Regional Integration and the Global Economy' in Saleh M. Nsouli (Ed.) *New Partnership for Africa's Development: Macroeconomics, Institutions, and Poverty* (2004) 94-96.

²⁵ Padamja Khandelwal 'COMESA and SADC: Prospects and Challenges for Regional Trade Integration' (2004) *International Monetary Fund Working Paper WP/04/227* 20.

²⁶ Ibid 22- 31.

²⁷ R. James Clark and D Bernard 'Customs in a World of Enhanced Trade Facilitation' in Augusto A.P. Azcárraga, Tadatsugu Matsudaira, Gilles Montagnat-Rentier, Janos Nagy, and R James Clark (eds) *Customs Matters: Strengthening Customs Administration in a Changing World* (2022) International Monetary Fund 120-124.

²⁸ Sirak F. Mekonnen *Challenges and prospects of regional integration in Africa: a case study of Inter-Governmental Authority on Development (IGAD)* (unpublished LLM thesis, University of KwaZulu Natal 2019).

²⁹ Irit Back *from Sudan to South Sudan: IGAD and the role of regional mediation in Africa* (2020).

country's capacity to promote economic collaboration, thus perpetuating a cycle of violence and economic stagnation.³⁰

The Democratic Republic of Congo (DRC), a member of both the SADC and the COMESA, faces substantial issues with corruption that greatly impact its endeavours for economic integration.³¹ Political instability and illicit practices erode the confidence and collaboration essential for the successful implementation of regional integration initiatives.³² Corruption can be measured through various indicators such as Transparency International's Corruption Perceptions Index, where the DRC consistently ranks poorly. In the DRC, corruption has hindered economic integration by impeding cross-border trade due to bribery demands at checkpoints, fostering an environment where illicit financial flows thrive, and discouraging foreign direct investment due to concerns about transparency and accountability.³³

Inadequate infrastructure remains a critical challenge impeding economic integration in Africa.³⁴ The lack of efficient transportation networks, unstable energy supplies, and inadequate telecommunication systems hinder the expansion of industries and the seamless flow of goods.³⁵ These infrastructure challenges are exemplified by specific

³⁰ C Ballantine, K Elmusharraf, S Scriver and N Duvvury 'Working Paper No.4 – South Sudan: The Economic and Social Impact of Violence Against Women and Girls (VAWG)' (2017) 2-3, available at <https://www.whatworks.co.za/documents/publications/167-south-sudan-working-paper-final/file> (accessed on 1 March 2024).

³¹ Francis Mangeni 'COMESA: Key Issues for the Integration Agenda' (2021) 79, available at https://www.comesa.int/wp-content/uploads/2021/02/customs-union-book_key-issues-for-the-integration-agenda.pdf (accessed on 13 March 2024).

³² Moretlo Moleli *For better or for worse: the impact of EPAs on Africa's regional integration* (master's dissertation, University of Cape Town, 2022).

³³ International Trade Administration 'Democratic Republic of the Congo - Trade Barriers' 2024, available at <https://www.trade.gov/country-commercial-guides/democratic-republic-congo-trade-barriers> (accessed on 14 March 2024).

³⁴ Abrego, M. L., de Zamaroczy, M. M., Gursoy, T., Nicholls, G. P., Perez-Saiz, H., & Rosas, J. N. (2020). *The African Continental Free Trade Area: Potential Economic Impact and Challenges*. International Monetary Fund. de Zamaroczy 15.

³⁵ Hassan O. Gaal and Nor. A. Afrah 'Lack of Infrastructure: The Impact on Economic Development as a case of Benadir region and Hir-shabelle, Somalia' (2017) 7(1) *Developing Country Studies* 49 at 54.

cases within the RECs. Burkina Faso, a member of the West African Economic and Monetary Union (WAEMU), faces challenges due to insufficient road infrastructure, which hinders the efficient transportation of people and goods.³⁶ Tanzania contends that the limited availability of energy is hindering the expansion of industries, thereby adversely affecting the transportation of goods and services within the region.³⁷ The presence of these infrastructure deficiencies increases the expenses associated with transactions, disrupts the flow of goods and services, and limits the ability to promote trade and economic integration within Africa.

Although multiple memberships to RECs can expedite integration, and facilitate the transfer of policies from one REC to another with the aim of harmonising their policies; the presence of multiple, overlapping RECs may present intricate legal and institutional difficulties.³⁸ The simultaneous membership of countries in various RECs complicates the implementation of integration efforts and this is vividly demonstrated by the case of Kenya, which is part of EAC and COMESA.³⁹ Kenya's memberships to both the EAC and the COMESA create legal and institutional complexities due to overlapping trade agreements, rules of origin, and tariff structures. For example, while Kenya benefits from preferential trade arrangements within the EAC, it also must navigate COMESA's broader membership and different trade regulations, leading to

³⁶ International Monetary Fund 'West African Economic and Monetary Union: Staff report on common policies for member Countries—press release; staff report; and Statement by the executive director for the WAEMU' (2022) 19, available at <https://www.imf.org/en/Publications/CR/Issues/2023/03/07/West-African-Economic-and-Monetary-Union-Staff-Report-on-Common-Policies-for-Member-530692> (accessed on 13 March 2024).

³⁷ Isis Gaddis, Jacques Morisset and Waly Wane 'Only 14% of Tanzanians have electricity. What can be done?' (2012) *World Bank Blogs (published on Africa Can End Poverty)*, available at <https://blogs.worldbank.org/en/africacan/only-14-of-tanzanians-have-electricity-what-can-be-done> (accessed on 13 March 2024).

³⁸ Jacob Lisakafu 'State Multiple Regional Membership as a threat to Peace and Security in Eastern and Southern Africa' (2018) 45(2) *The African Review: A Journal of African Politics, Development and International Affairs* 45 at 46-47.

³⁹ Everine Akello *The Economic Partnership Agreement between the European Union and the East African Community: Factors explaining the different EAC Member States' positions towards the EU-EAC EPA* (unpublished Master's dissertation, Université catholique de Louvain, 2020).

challenges in harmonising policies and implementing cohesive regional integration strategies.⁴⁰

The disparities in legal frameworks and trade regulations need to be clarified as they have made it onerous for businesses to engage in cross-border trade. The need to adhere to different rules within different RECs obstructs the development of unified trade policies and market integration.⁴¹ Consequently, these legal obstacles hamper economic activities, hindering the goal of seamless economic integration. The disjointed approach within the legal frameworks of RECs leads to a fragmented market, undermining the essence of economic integration efforts.

1.3 Research objectives

The objectives of this study are to:

- To analyse the impact of trade-related challenges to economic integration in Africa;
- To determine the extent to which non-trade challenges hinder economic integration in Africa; and
- To explore the legal and institutional complexities stemming from the multiplicity of RECs and their impact on economic integration efforts.

⁴⁰ Ibid.

⁴¹ René Repasi 'Free Trade Agreements as a Means to Maintain and to Establish Integrated Markets' in Friedemann Kainer and René Repasi (Eds) *Trade Relations after Brexit* (2019).

1.4 Research questions

To realize the research objectives, the following questions were developed from the main objectives:

- What are the non-trade challenges that affect economic integration efforts in Africa?
- To what extent do trade barriers and regulatory inconsistencies affect cross-border trade and investment in Africa? and
- What are the legal and institutional challenges hindering the African economic integration efforts?

1.5 Research methodology

The study used a comprehensive desktop analysis, which extensively examined the latest literature pertaining to economic integration on the African continent. A desktop study entails the gathering and evaluation of information from secondary sources, including papers, reports, academic publications, and other resources accessible online or in libraries.⁴² This study employed a systematic search method to locate pertinent publications. To accomplish this, the researcher made use of dedicated educational resources including Google Scholar, JSTOR, HeinOnline, and other specialized databases associated with African studies and economic integration. Scholarly papers, reports, policy documents, and academic publications published within the last ten years (from 2013 to 2023) were considered in the compilation of this study. This period guaranteed that the most recent developments and opinions on

⁴² Larry C. Unachukwu, Alexandra Kalu and Oti Ibiam 'Accessing Secondary Data: A Literature Review' (2018) 6(6) *Singaporean Journal of Business Economics and Management Studies* 59.

South and East African economic integration (which are the focus of the study) as well as other parts of Africa.

Relevant keywords and phrases, such as “economic integration in West Africa,” “trade barriers,” “governance challenges,” and “regional economic communities” were used to perform the literature search. Boolean operators (“AND”, “OR”) filtered search results. After identifying relevant sources, the researcher collected and arranged scholarly publications, reports, and other materials. Citation management software was used to aid the process and literature was analysed and synthesised carefully, and key themes, findings, and relevant statistics were retrieved to inform the study questions and objectives. This synthesis aided in resolving the stated issues in SADC and East African economic integration.

1.6 Significance of the research

This research aims to offer insights into the multifaceted challenges that continue to threaten economic integration within the African continent. By examining the specific hurdles faced by individual nations and RECs, it seeks to provide a nuanced understanding of the obstacles that undermine regional cooperation and economic development. Furthermore, the research intends to provide recommendations that can guide policymakers, stakeholders, and businesses in addressing these challenges; thereby paving the way for enhanced economic prosperity and unity in Africa.

1.7 Chapter outline

Chapter 1: introduced the research topic including the background of the study, as well as the aim and objectives of the study. The research approach and the methodology were also discussed.

Chapter 2: contains an overview of African RECs, focusing on the SADC and the EAC and their role in economic integration. The chapter discusses their specific approaches to integration and their objectives.

Chapter 3: discusses trade-related challenges to economic integration in Africa, with the focus being on tariff and non-tariff barriers.

Chapter 4: investigates the non-trade related obstacles to economic integration, including: corruption, historical legacies, and political instability. Furthermore, it examines the consequences of this on regional integration. The chapter also discusses the presence of structural barriers, which refer to legal and institutional complexities arising from the existence of multiple RECs and their influence on efforts towards economic integration.

Chapter 5: provides the major findings from the study, concludes the study, and proffers recommendations for improved economic integration on the African continent.

Chapter 2: Overview of African regional economic communities

2.1 Introduction

The quest for economic integration in Africa is tightly connected to the emergence of RECs. These communities, which are representative of various geographical regions throughout Africa, have emerged as crucial actors in the process of economic unification on the continent. This chapter provides an examination of the legal structures and endeavours associated with economic integration with RECs, with a focus on the (SADC) and the EAC.

This chapter centres on the inception of (SADC) and the EAC, their membership, and the processes by which they have transformed into the organisations they are today. Furthermore, the discourse centres on their goals, more precisely whether they perceive themselves as constituent parts of continental integration – that is, to ultimately converge with the AEC – or as final, self-sufficient entities. The chapter subsequently shifts towards the economic integration strategies of the AU, to determine whether the AU's overarching plan for continental integration is reflected in the two RECs that were chosen for this research. As a result, the normative frameworks of the (SADC), the EAC, and the AU are the focus of this chapter.

2.2 Regional Economic Communities in Africa

The African continent has a number of RECS; however, only eight are recognized as building blocks for continental economic integration by the African Union (AU), namely : the Arab Maghreb Union (AMU), the Community of Sahel-Saharan States (CEN-SAD), the COMESA, the EAC, the Economic Community of Central African States

(ECCAS), the ECOWAS,⁴³ the IGAD, and the Southern African Development Community (SADC).⁴⁴ From this list, only the SADC and the EAC are discussed in-depth in this study.

2.3 The Southern African Development Community

The SADC emerged from the Southern African Development Coordination Conference (SADCC) founded in 1980. Observing changes in global commerce and the increase in competitive forces within regional markets, the leaders of the SADCC determined it was crucial to convert their informal state association into a legally established regional economic community.⁴⁵ This ambition was realized with the establishment of the Southern African Development Community (SADC) in 1992.⁴⁶ SADC has evolved from a focus on regional coordination to a more ambitious integration agenda. The establishment of the SADC Free Trade Area in 2008 marked a significant step towards economic integration. Its primary objective is to "achieve development, peace and security, and the alleviation of poverty through regional integration."⁴⁷

SADC employs a phased integration strategy that emphasizes trade liberalization through the establishment of a Free Trade Area for tariff elimination on most goods, trade facilitation via streamlined customs and improved infrastructure, investment promotion through harmonized policies to attract foreign investors, and

⁴³ Stephen M. Magu *Towards Pan-Africanism: Africa's Cooperation through Regional Economic Communities (RECs), Ubuntu and Communitarianism* (2023).

⁴⁴ Ibid 44.

⁴⁵ See discussion in Raisa Nyirongo *The Role of Law in deepening Regional Integration in Southern Africa – a Comparative analysis of SADC and COMESA* unpublished LLM dissertation, University of Cape town 2017) 15.

⁴⁶ SADC currently comprises 16 member states: Angola, Botswana, Comoros, Democratic Republic of the Congo, Eswatini (formerly Swaziland), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, and Zimbabwe.

⁴⁷ Article 5 of the SADC Treaty.

macroeconomic policy coordination to achieve economic convergence and stability among member states.⁴⁸ This approach allows for member states with varying levels of economic development to integrate at a comfortable pace. Furthermore, the focus on trade facilitation addresses practical challenges that hinder cross-border trade.⁴⁹ However, the implementation of trade liberalization measures has been slow and uneven. For instance, while countries like Namibia and South Africa have largely eliminated tariffs on most goods traded within SADC, others like Angola and the Democratic Republic of Congo (DRC) still have significant non-tariff barriers in place, such as complex customs procedures and bureaucratic delays.⁵⁰ This uneven implementation creates bottlenecks and hinders the free flow of goods across the region. Furthermore, SADC has faced challenges in achieving a high degree of policy harmonization and coordination.⁵¹ Disparities in areas like product standards and investment regulations can create confusion for businesses and discourage cross-border trade. For example, a lack of harmonized food safety standards can make it difficult for agricultural producers in one member state to export their products to another.⁵²

2.4. The East African Community

The EAC was formed on 30 November 1999 after East African leaders signed the Treaty for establishing the East African Community in Arusha.⁵³ The REC comprises

⁴⁸ Article 5(2) of the SADC Treaty.

⁴⁹ Isaac Luthuli *The role of the Southern African Development Community (SADC) and the Economic Community of West African States (ECOWAS) in facilitating continental integration* (unpublished PhD thesis, University of KwaZulu-Natal, 2020) 39-41.

⁵⁰ Ibid

⁵¹ Isaac Luthuli *The role of the Southern African Development Community (SADC) and the Economic Community of West African States (ECOWAS) in facilitating continental integration* (unpublished PhD thesis, University of KwaZulu-Natal, 2020) 88.

⁵² Ibid

⁵³ East African Community 'Overview of EAC' (2020), available at [https://www.eac.int/overview-of-eac#:~:text=The%20East%20African%20Community%20\(EAC,of%20Tanzania%2C%20with%20its%20headquarters](https://www.eac.int/overview-of-eac#:~:text=The%20East%20African%20Community%20(EAC,of%20Tanzania%2C%20with%20its%20headquarters) (accessed on 8 October 2023).

seven member states, namely: The Republic of Burundi, the Democratic Republic of the Congo, the Republic of Kenya, the Republic of Rwanda, the Republic of South Sudan, the Republic of Uganda, and the United Republic of Tanzania.⁵⁴ The (EAC) has embarked on an ambitious path of integration since its inception, targeting the establishment of a Common Market that facilitates the free flow of goods, services, people, and capital.⁵⁵ The establishment of the EAC was motivated by the imperative to enhance and expand the East African people's economic, political, social, and cultural integration.⁵⁶ Ensuring comprehensive integration across the aforementioned dimensions serves to enhance the standard of living for the inhabitants of the REC. The EAC is home to a combined population of 174 million people and has a combined GDP of US\$163.4 billion.⁵⁷

In its pursuit of deeper regional integration, the East African Community (EAC) has set long-term ambitions to establish a single currency and a common central bank, alongside the goal of forming a political federation to enhance political and economic cooperation among its member states.⁵⁸ Mirroring efforts like the SADC, the EAC established a Common Market to facilitate the free movement of goods, services, people, and capital across member states, including the allowance for skilled labour and professionals to move freely within the bloc.⁵⁹

These ambitious initiatives underscore the EAC's strong commitment to regional cooperation and development, bolstering a more integrated market and promoting the transfer of knowledge and skills.⁶⁰ However, the goals of achieving a monetary union and political federation are fraught with challenges, stemming from the varied

⁵⁴ Article 3 of the East African Community Treaty.

⁵⁵ Article 2 of the East African Community Treaty.

⁵⁶ East African Community (note 52 above).

⁵⁷ East African Community 'Market Size and Access' (2024), available at <https://www.eac.int/why-invest-in-eac/market-size-and-access#:~:text=The%20EAC%20is%20currently%20home,purchasing%20power%20parity%2C%20%242%2C722> (accessed on 9 October 2023).

⁵⁸ East African Community Treaty (note 51 above) Article 5.

⁵⁹ East Africa community (note 56 above).

⁶⁰ Ibid.

economic development levels among member states. Additionally, the implementation of the free movement of people has faced practical hurdles, including the need for harmonized immigration policies, and addressing security concerns, reflecting the complex dynamics of regional integration.⁶¹

2.5 The African Union

The African Union (AU) was established in 2002, with its sights set on uniting African nations towards peace, security, and socio-economic prosperity.⁶² Originating from the Organization of African Unity (OAU) in 1963, which primarily addressed decolonization and conflict resolution, the AU has expanded its mandate to include peace and security, socio-economic development, democracy, human rights, and continental integration.⁶³ This broader mandate aims at not just resolving conflicts but also promoting sustainable development, improving living standards, advocating for good governance, and realizing a united, collaborative Africa.⁶⁴ Central to the AU's vision is the economic integration of the continent,⁶⁵ with goals like boosting intra-African trade, attracting foreign investment, and enhancing regional cooperation. In addition, the AU also seeks to coordinate and harmonize policies within RECs to enable the attainment of the objectives of the African Union.⁶⁶ Marinov postulates that: to solve the complicated issue of coexistence multiple regional integration organizations, with overlapping memberships, different mandates and lack of coordination, the AU

⁶¹ Ibid.

⁶² Eduard Marinov *The History of African Integration-A gradual shift from Political to Economic Goals* 2014 *Journal of Global Economics* Vol 6, No.4 at 77-80.

⁶³ Article 3 of the Constitutive Act of the African Union.

⁶⁴ Ibid.

⁶⁵ Ibid 3(d).

⁶⁶ Ibid 3(l).

adopted a Protocol on the relations between African Economic Communities and RECs.⁶⁷

The AU employs a multifaceted approach to achieve this, notably through the Abuja Treaty and the launch of the African Continental Free Trade Area (AfCFTA) in 2018, which seeks to reduce trade barriers and create a unified market.⁶⁸ Furthermore, it emphasizes strengthening RECs,⁶⁹ such as the Southern African Development Community (SADC) and the East African Community (EAC), as foundational elements of continental integration, aligning their efforts with broader initiatives like AfCFTA.⁷⁰

The AU and RECs share common objectives in enhancing intra-African trade, enticing foreign investments, and bolstering regional cooperation. There's a complementary relationship where the AU provides a continental framework, and RECs offer regional pathways to deeper integration.⁷¹ Policy harmonization is encouraged by the AU to ensure a seamless African market, despite the challenges of varied implementation speeds, differing development stages among member states, and infrastructural deficits.⁷² The alignment of the AU's and RECs' visions underscores a collective commitment to a more integrated and economically robust Africa. While challenges such as uneven implementation and infrastructure gaps exist, the potential for economic integration under the AU's guidance offers a promising future for the continent. Overcoming these obstacles through joint efforts, infrastructure

⁶⁷ Marinov (note 61 above) 80.

⁶⁸ Ibid.

⁶⁹ Luthuli (note 49 above).

⁷⁰ Ibid.

⁷¹ Marinov (note 61 above).

⁷² Ibid.

enhancement, and shared expertise is critical for realizing the economic prosperity envisioned by the AU.⁷³

2.6. Challenges of multiple RECs to economic integration efforts

As alluded to in Chapter 1, the presence of numerous RECs stands as a potential obstacle to attaining true economic integration on the African continent. The various RECs formed across the continent form essential building blocks in developing the AEC. While the Abuja Treaty establishes a structure for continental and regional economic integration reliant on the RECs, there is considerable concern that the numerous RECs are not bound by the same obligations under the treaty as African Union member states.⁷⁴ The RECs created across the continent are stand-alone legal entities,⁷⁵ and it has been argued that despite the existence of the Protocol on Relations between the African Union and the Regional Economic Communities (the Protocol on Relations), efforts to legitimize the relationships between the RECs and AU do not create a basis for a binding obligation.⁷⁶ The Protocol on Relations was signed between the AEC and the RECs in February 1998, and it was meant to provide for horizontal and vertical cooperation, and harmonization of programs.⁷⁷ The Protocol on Relations does not inherently imply that the different RECs are now constitutive

⁷³ Ibid.

⁷⁴ Perpetua M. Magoke and Mim K. Öke “Coordination between the African Union and Regional Economic Communities towards achieving regional integration in Africa” (2013) 1(1) *İstanbul Ticaret Üniversitesi Dış Ticaret Dergisi* 8

⁷⁵ Sandrine Munezero Buzingo *Challenges and opportunities in developing a common legal and regulatory framework on energy in East African Community* (unpublished master's dissertation, University of Pretoria, 2021).

⁷⁶ South African History Online “The African Union and Regional Economic Integration” (2019), available at <https://www.sahistory.org.za/article/african-union-and-regional-economic-integration#:~:text=RECs%20exist%20as%20stand%20alone,basis%20for%20a%20binding%20obligation.%E2%80%9D> (accessed on 11 March 2024).

⁷⁷ Leon M. Tshipaka, Christopher C. Nshimbi and Inocent Moyo *Regional economic communities and integration in southern Africa: Networks of civil society organizations and alternative regionalism* (2021).

elements of the formation of the AEC.⁷⁸ Legal and institutional mechanisms, such as the Protocol on Relations, must continue to streamline the AU's mandate of coordinating the economic integration project on the continent, given that the RECs were established as independent entities.⁷⁹

Additionally, multiple, overlapping, and frequently contradictory regional integration arrangements within the same region present difficulties in implementation. A considerable number of African nations are members of multiple RECs; 27 are affiliated with two RECs, 18 with three RECs, and one with four RECs.⁸⁰ Due to the limited resources available to many African nations, implementing integration efforts becomes an onerous burden for countries that are members of multiple RECs. The membership of a nation in multiple RECs entails being subjected to distinct tariff rates and regulations pertaining to its place of origin, consequently, this has repercussions for cross-border transactions across the continent.⁸¹

In 2014, for example, Zambia was entangled in a complication resulting from its membership in multiple RECs, as it is also a member of the SADC and the COMESA.⁸² Under the SADC Trade Protocol, Zambia was obliged to remove tariff barriers and this meant that when it traded with South Africa (which is a member of the SADC), there would be no tariffs. Given that Zambia also belongs to the COMESA Customs Union,⁸³ it was not supposed to trade with any of the countries outside the COMESA under the prescripts of the Common External Tariff (CET). This in turn meant that it was

⁷⁸ Ibid 81.

⁷⁹ Ibid 55.

⁸⁰ Vusi Gumede 'Examining the African continental free trade area in the context of a political federation for Africa—towards the United African States' (2020) *University of South Africa Press Working Paper AfCTFA and UAS*.

⁸¹ Ibid.

⁸² Robin Alnäs Why Overlapping Regionalism? Drivers of Zambia's dual memberships in COMESA and SADC: A pluralism of perceptions (unpublished student essay, University of Gothenburg, 2019).

⁸³ Ibid.

supposed to maintain its tariffs with South Africa.⁸⁴ In addition to causing confusion for member states, involvement in multiple RECs places an additional financial burden on taxpayers, which can be problematic for businesses and investors.⁸⁵

2.7 Conclusion

The African Union (AU) acts as the primary promoter of economic integration across Africa, guided by normative frameworks such as the Abuja Treaty and the African Continental Free Trade Area (AfCFTA), which set the groundwork for a unified African market. Both the Southern African Development Community (SADC) and the East African Community (EAC) align their objectives and aspirations with the AU's vision, aiming for regional development, peace, and the goal of continental integration. SADC's strategy of gradual integration through trade facilitation and policy harmonization, and EAC's push for a common market, reflect their roles as foundational steps towards realizing the AU's ambitions for a cohesive continent. Despite the challenges of uneven implementation and varied economic development levels among member states, both regional economic communities (RECs) have opportunities for future collaboration in harmonizing trade regimes and sharing best practices. This alignment and cooperation underscore the potential for SADC and EAC to significantly contribute to the AU's overarching goal of economic integration, highlighting a path forward through shared challenges and opportunities for a more integrated Africa.

⁸⁴ Emaculate Mvundura and Alexander M. Rusero. 'SADC regional integration versus the disintegration of states—a revisit to the European Union-South Africa Trade Development Corporation Agreement (TDCA)' (2019) 24(12) IOSR Journal of Humanities and Social Science 80.

⁸⁵ Ibid 27.

Chapter 3: Trade-related challenges to economic integration

3.1. Introduction

Trade barriers and regulatory differences significantly influence African cross-border commerce and investment.⁸⁶ Intra-African commerce is hindered by high transportation costs, complex customs processes, and non-tariff obstacles. These concerns are demonstrated by the experiences of West African countries such as Nigeria and Ghana, who have encountered difficulties due to ECOWAS' disparities in customs taxes and tariffs.⁸⁷ It is submitted that there is a need for greater cohesion in the regional market due to regulatory disparities among nations, which encompass variations in trade regulations and standards.⁸⁸ International investors are deterred from undertaking cross-border corporate development due to these obstacles and to promote a more unified regional market, it is vital for economic integration in Africa to address trade-related concerns and regulatory differences.⁸⁹

Werksmans Attorneys have noted that by implementing standardised trade regulations and practises, African countries can potentially create a more favourable investment climate, reduce barriers to corporate growth and cross-border trade, and ultimately promote economic progress and development across the continent.⁹⁰ Addressing these trade-related concerns is crucial for promoting economic integration,

⁸⁶ Shagufta Gupta, Poulomi Ghosh and V. Sridhar 'Impact of data trade restrictions on IT services export: A cross-country analysis' (2022) 46(9) *Telecommunications Policy* 403.

⁸⁷ Thomas Yeboah, Leander Kandilige, Amanda Bisong, Faisal Garba and Joseph Kofi Teye 'The ECOWAS free movement protocol and diversity of experiences of different categories of migrants: A qualitative study' (2020) 59(3) *International Migration* 228.

⁸⁸ Yeboah *et al.* (note 63 above) 79.

⁸⁹ Ndukwe (note 24 above) 97.

⁹⁰ Lex Africa (Werksmans Attorneys) "Enhancing Cross-Border Trade and Investment through Regional Economic Communities and the African Continental Free Trade Area" (2024), available at <https://lexafrica.com/2023/10/cross-border-trade-investment-afcfta/> (accessed on 19 February 2024).

encouraging investment, and achieving sustainable economic development throughout Africa.⁹¹ This chapter will examine the trade-related obstacles to economic integration in Africa, specifically focusing on both tariff and non-tariff barriers.

3.2 Tariff Trade Barriers

Tariff trade barriers, which include customs charges placed on imports and exports, play an essential role in influencing African economic integration. These impediments are especially significant in the context of several RECs and the African continent. Tariff trade barriers, for example, may vary widely within the EAC, a regional bloc comprised of nations such as Kenya, Tanzania, and Uganda.⁹² Despite the EAC's attempts to develop a CET, customs duty differences continue, making it difficult for enterprises to navigate region's commercial environment. For example, member countries of the EAC have occasionally imposed variable import duties on goods coming from fellow member states, despite agreements to harmonize tariffs. For instance, differences in the application of import duties on sugar and rice have been reported. Kenya has occasionally imposed higher tariffs to protect its local producers from cheaper imports from Uganda and Tanzania.⁹³ Furthermore, despite a formal customs union, the EAC countries have different standards and certification requirements for products like agricultural produce and manufactured goods. It follows that, the lack of uniformity in customs duties can lead to reduced intra-regional trade. This results in variations in the expenses of conducting business across borders within

⁹¹ Tolulope J. Omoyeni, Tolulope Julius 'Economic Community of West African States (ECOWAS) Protocol on Free Movement and National Security: A Case Study of Nigeria' (2023) 11(9) *International Journal of Development and Economic Sustainability* 39.

⁹² Iman E. Mbwambo *Analysis of the Role of East African Community (EAC) in the Development of cross-border trade: A case of United Republic of Tanzania* (unpublished PhD thesis, Mzumbe University, 2020).

⁹³ Alex Ogutu *Kenya-Tanzania Trade Disputes and its implications to the East African Community (EAC), 2005-2014* (unpublished PhD thesis, University of Nairobi, 2019).

the EAC.⁹⁴ The existence of these tariff discrepancies poses challenges to achieving greater economic integration within the EAC and the wider East African region.

Another example of tariff trade obstacles affecting economic integration can be found in the SADC. SADC comprises various member countries, including South Africa, Zimbabwe, Mozambique, Botswana, Namibia, and Zambia. Varying customs tariffs on identical goods entering these nations complicate intraregional commerce.⁹⁵ Tariff inconsistencies may result in trade diversion, whereby companies opt to conduct business with countries outside the region to circumvent elevated tariffs.⁹⁶ The absence of harmonization regarding customs duties among SADC member states has given rise to concerns regarding the community's ability to completely exploit its regional economic capabilities.⁹⁷ This underscores the necessity for a more synchronised strategy concerning customs and trade policies.

Zambia, as noted above, is a member of both the SADC and the COMESA.⁹⁸ Because of its dual membership, Zambia must manage the complexities of distinct tariff regimes and trade laws within each REC. As a result, Zambian companies and investors encounter extra costs when engaging with neighbouring countries, which hampers the region's aspirations for economic integration.⁹⁹ These different memberships

⁹⁴ Era Dabla-Norris and Romain Duval 'How Lowering Trade Barriers Can Revive Global Productivity and Growth' *International Monetary Fund* 20 June 2016, available at <https://www.imf.org/en/Blogs/Articles/2016/06/20/how-lowering-trade-barriers-can-revive-global-productivity-and-growth> (accessed on 8 March 2024).

⁹⁵ Mustapha M. Abdullahi *Intra-trade among African economic bloc: A comparative study of East African Community (EAC) and Southern African Development Community (SADC) 2008-2018* (unpublished Master's dissertation, University of Texas at El Paso, 2020).

⁹⁶ Mengqi Wang and Swarnali Ahmed Hannan 'Trade Diversion Effects from Global Tensions – Higher Than We Think' (2023) *International Monetary Fund Working Paper WP/23/234* 4 and 8.

⁹⁷ Tapiwa Shumba 'Revisiting legal harmonisation under the Southern African Development Community Treaty: The need to amend the Treaty' (2015) 19 *Law, Democracy and Development* 127 at 129-130.

⁹⁸ *Ibid* 24.

⁹⁹ Elena Acebes Teixeira 'Regional Market Integration in the SADC region: a comparative case study of Botswana and Zambia' (2022) 1 *African Journal of Economics, Politics and Social Studies* at 41.

underline the need for improved policy coordination and alignment across the various RECs to eliminate tariff trade barriers and encourage easier intra-African commerce.

3.3 Import and export licensing

Obtaining an import licence is a bureaucratic process that requires submitting an application or other documents to the appropriate government authority (in addition to those required for customs purposes) as a condition for importing goods.¹⁰⁰ An “import” describes the activity whereby goods enter one country's customs territory from a foreign country.¹⁰¹ Governments use import licenses to implement quantitative import restrictions, usually used in industrialised countries.¹⁰² The work of an import license is to limit foreign firms' access to the domestic market.¹⁰³ Export licenses refer to documents issued by a government that gives an entity or an individual the necessary permission to undertake an exportation transaction.¹⁰⁴

Export licenses, like import licenses, are quantitative trade barriers imposed to reduce the quantities of goods or services that leave a country for foreign markets. Import and export licenses represent non-tariff barriers (NTBs) that governments use to restrict

¹⁰⁰ World Trade Organisation 'Technical Information on Import Licensing' (2024), available at https://www.wto.org/english/tratop_e/implic_e/implic_info_e.htm#:~:text=Import%20licensing%20can%20be%20defined,condition%20for%20importation%20of%20goods (accessed on 16 October 2023).

¹⁰¹ Dwi Kartikasari 'The effect of export, import and investment to economic growth of Riau Islands Indonesia' (2017) 7(4) *International Journal of Economics and Financial Issues* 663.

¹⁰² Denise Cheok & Carlos Kuriyama, 'Licensing Regimes: An APEC Snapshot and Considerations for their Use' (2017) *Asia-Pacific Economic Cooperation Policy Support Unit Policy Brief No.17* [Online], available at https://www.apec.org/docs/default-source/publications/2017/10/import-licensing-regimes-an-apec-snapshot-and-considerations-for-their-use/policy-brief-17-import-licensing-regimes_19-jan-2017.pdf (accessed on 16 October 2023).

¹⁰³ Jan G. Jørgensen & Philipp J.H. Schröder 'Technical Barriers, Import Licenses and Tariffs as Means of Limiting Market Access' (2006) 21(1) *Journal of Economic Integration* 120.

¹⁰⁴ International Trade Administration (Department of Commerce: United States of America) 'Export Licenses' 2023, available on <https://www.trade.gov/export-licenses#:~:text=An%20export%20license%20is%20a,includin%20the%20export%20of%20technology> (accessed on 16 October 2023).

imports and exports.¹⁰⁵ The economic rationale for these trade restrictions is commonly to safeguard domestic companies and workers from competition posed by foreign firms, prevent product “dumping”, protection of public health, safeguarding the environment, quality control, ensure national security, ensure compliance with international obligations, and trace products leaving and entering the country as well as their destination(s) and origin(s) respectively.¹⁰⁶

The imposition of import and export licenses by Kenya's Ministry of Trade, Industry, and Marketing increases the cost of doing business with Kenyan businesses.¹⁰⁷ Kenya is part of the EAC and the Kenyan government has undertaken to abolish this non-trade barrier. Despite this undertaking, attempts to get export licenses removed have been met with resistance from the Ministry of Trade, Industry, and Marketing.¹⁰⁸ The importation or exportation of certain goods requires import or export licenses from relevant Kenyan authorities. For example, the exportation of fish requires that an entity obtains an export license from the Fisheries Department, and the importation of eggs requires an entity to have an import license from the country's Veterinary Department in the interests of protecting public health safety.¹⁰⁹

In South Africa, Customs South Africa, which is a division of the South African Revenue Services (SARS), requires businesses wishing to import goods to register with its offices to obtain an importer's code, which is also referred to as an import-

¹⁰⁵ Monica A. Hangi 'The Non-Tariff Barriers in Trading Within the East African Community' (2010) *CUTS International Brief BIEAC No. 3/2010 2* [Online] available at https://cuts-nairobi.org/pdf/BIEAC-The_Non-Tariff_Barriers_in_Trading_Within_the_EAC.pdf (accessed on 16 October 2023).

¹⁰⁶ Carlo Gamberale and Irina Tarasenko 'Exporting licensing in the WTO Context' 2023 *World Trade Organisation Staff Working Paper* 6.

¹⁰⁷ Ibid 2.

¹⁰⁸ Ibid.

¹⁰⁹ Kenyan Ministry of Health 'List of Documents required for export and import' (2023), available at <https://www.health.go.ke/sites/default/files/2023-05/Export%20and%20Import%20Requirements.pdf> (accessed on 16 October 2023).

export license.¹¹⁰ A business entity needs to have this importer's code to ensure the clearance of the imported goods. If a business importing goods into South Africa does not have an importer's code, it will be forced to pay a penalty.¹¹¹ The delays associated with obtaining an importer's code and the additional cost incurred by business entities when importing or exporting, delay investors and sometimes result in trade diversion. Tariff and non-tariff barriers have been linked to trade reduction, recreation, and compression.¹¹² The temporal duration required to acquire an importer's code in South Africa may fluctuate, contingent upon variables including the efficacy of regulatory oversight and the promptness of administrative procedures. Although a universally recognised average duration for obtaining this licence is unknown, the acquisition of an importer's code in South Africa generally entails the submission of required documentation, completion of verification procedures, and processing of the application via Customs South Africa.¹¹³

3.4 Custom duties

The SARS defines "custom duties" as levies on imported goods to generate revenue and protect the domestic market.¹¹⁴ In South Africa, customs duties are levied under the Customs and Excise Duties 91 of 1964. Depending on the context, a customs duty

¹¹⁰ Department of International Trade (United Kingdom) 'Doing business in South Africa: South Africa trade and export guide' (2015), available at <https://www.gov.uk/government/publications/exporting-to-south-africa/exporting-to-south-africa> (accessed on 16 October 2023).

¹¹¹ Ibid 86.

¹¹² Jon D. Haveman, Usha Nair-Reichert & Jerry G. Thursby 'How effective are trade barriers: An empirical analysis of trade reduction, diversion, and compression' (2003) 85(2) *The Review of Economics and Statistics* 480.

¹¹³ International Trade Administration (Department of Commerce: United States of America) 'South Africa – Country Commercial Guide' (2024), available at <https://www.trade.gov/country-commercial-guides/south-africa-import-requirements-and-documentation> (accessed on 1 March 2024).

¹¹⁴ South African Services Revenues 'Duties and Taxes' (2023), available at <https://www.sars.gov.za/customs-and-excise/duties-and-taxes/> (accessed on 16 October 2023).

can be referred to as a tariff, import tax, or import tariff. Custom duty is therefore a tariff barrier to the movement of goods across national borders.

Typically, nations that aspire to greater trade cooperation pass through the customs union phase, which is distinguished by the imposition of a single external tariff on imports by all members of the regional bloc. Not all countries are ready to be customs unions, and it would be unfair to criticise African countries collectively for not achieving customs union status. Customs unions require a high level of coordination, harmonisation of trade policies, and mutual trust among member states.¹¹⁵ African countries face various challenges, including political, economic, and institutional constraints, which can impede progress toward customs union formation. The size of the customs duties varies from one product to the other. For example, in the European Union (EU), a 10% tariff is levied on all car imports,¹¹⁶ while a tariff of 48.5% is levied on Chinese bicycle imports from China.¹¹⁷

In African RECs such as the EAC and SADC, the disparities in customs duties impede economic integration initiatives and represent a challenge. An illustration of this can be seen in the gradual destabilisation of the EAC's standard CET by several member states, which have at times resorted to unilateral exemptions on a vast array of heavily traded goods.¹¹⁸ In 2014, 36 tariff lines of paper products were reclassified from final to intermediate goods. Kenya and Tanzania, part of the EAC's customs union

¹¹⁵ Mirosław F. Zieliński 'Regional Integration and Customs: Enhancing the role of Custom' (2017) *World Customs Organisation Paper No. 41* 20-22, and 24.

¹¹⁶ Simon MacMichael 'EU anti-dumping rules on cheap Chinese bikes to stay post-Brexit after government U-turn' 2020, available at <https://road.cc/content/news/eu-anti-dumping-rules-chinese-bikes-stay-post-brexit-279363#:~:text=The%20measures%2C%20which%20impose%20a,and%20also%20raising%20safet y%20concerns> (accessed on 16 October 2023).

¹¹⁷ *Ibid* 92.

¹¹⁸ Tobias Bünder 'How common is the East African Community's Common External Tariff Really? The influence of interest groups on the EAC's tariff negotiations' (2018) 8(1) *SAGE Open* 1.

immediately applied unilateral exemptions on these reclassified goods.¹¹⁹ This unilateral action impeded the CET's endeavours towards harmonisation and introduced inconsistencies in the tariff implementation across the customs union. These actions not only undermined the efficacy of the CET but also obstructed intra-regional trade by introducing unpredictability and irregularity into the trading landscape.¹²⁰

This above scenario underscores the difficulties encountered when attempting to attain smooth economic integration among RECs in Africa. It demonstrates that even though tariff decisions are expected to be made at the level of the customs union, certain member states unilaterally charge duties to other members, despite being members of the union.¹²¹ To this end, Kenya, Tanzania, and Uganda are reported to have increased tariffs on additional products without regional consensus.¹²² Instead of the EAC's customs union members having the same tariffs, some have been using these different tariffs to cater to their own domestic or regional interest groups.¹²³

The unilateral exemptions that the EAC customs union members have implemented undermine regional integration efforts and create an uneven playing field for businesses, negatively impacting regional trade and investment.¹²⁴ This causes specific goods to be more costly to acquire from Kenya due to the elevated tariffs, thereby increasing expenses for entrepreneurs operating in the area. Some of the SADC REC's member states are part of the Southern African Customs Union (SACU) in the SADC region. Presently, five members of SADC are part of SACU: Botswana,

¹¹⁹Ibid.

¹²⁰ Ibid.

¹²¹ Ibid.

¹²²Zieliński (note 113 above).

¹²³ Ibid.

¹²⁴ Ibid.

South Africa, Namibia, Lesotho, and Eswatini.¹²⁵ The SADC member states that are not part of the SACU are: Angola, Comoros, Democratic Republic of Congo, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, United Republic of Tanzania, Zambia, and Zimbabwe.

The fact that other members of SADC are non-SACU members presents difficulties towards reducing tariffs in the region.¹²⁶ Products from SADC member states that are not part of SACU attract a Most Favoured Nation (MFN) tariff; which means that their respective trade agreements charge them a preferential duty with SACU.¹²⁷ Businesses that originate from members of SADC that are not part of SACU are levied different duties when buying goods from SACU member states such as South Africa, Lesotho, Botswana, and Eswatini.¹²⁸ Due to the fact that these items are classified under the MFN and not the SACU, Zambian traders will incur higher costs when purchasing goods from SACU members. Potential trade between the countries is consequently diminished.

3.5 Differences in sanitary and phytosanitary and technical standards

Sanitary and phytosanitary (SPS) requirements refer to all relevant laws, decrees, regulations, conditions, and procedures, which include, amongst other things, product criteria processes and production methods; testing, inspection, certification, quarantine treatments associated with transportation of animals and plants, provisions

¹²⁵ Southern African Development Community, 'Customs' 2023. available at <https://www.sadc.int/pillars/customs#:~:text=Toward%20a%20Customs%20Union&text=At%20presen t%2C%20five%20Member%20States,Namibia%2C%20Lesotho%2C%20and%20Swaziland> (accessed on 15 October 2023).

¹²⁶ Trudi Hartzenberg & Gavin Maasdorp, 'Regional integration arrangements in Southern Africa: SADC and SACU' In Zubair Iqbal and Mohsin S. Khan (Eds.) *Trade Reform and Regional Integration in Africa* (1998).

¹²⁷ Talkmore Chidede 'Southern African Customs Union (SACU)'s trade and tariff profile' *tralac* 14 December 2018 [Online], available at <https://www.tralac.org/blog/article/13807-southern-african-customs-union-sacu-s-trade-and-tariff-profile.html> (accessed on 15 October 2023).

¹²⁸ Ibid.

on relevant statistical techniques, sampling procedures, and risk assessment techniques, packaging as well as labelling requirements directly related to food safety.¹²⁹ Countries SPS requirements differ due to differences in climatic conditions, the types of pests and diseases, and food safety conditions.¹³⁰ There are, however, incidences where unjustified discrimination in the application of SPS measures has been used to favour domestic suppliers of specific food items and plants. The SADC Protocol on trade states that an:

“Importing member state can refuse to accept a sanitary or phytosanitary measure adopted or maintained by an exporting Member State as equivalent to its own where it has a scientific basis to determine that the exporting Member State’s measures do not achieve the importing Member State’s appropriate level of protection”.¹³¹

This means that the SPS requirements of the SADC member states cannot be uniform, given that an importing country can choose not to accept food stuff or plants from another member state, citing credible scientific evidence that forces it to refuse such items. SPS requirements are among the most common non-tariff measures affecting intra-SADC trade.¹³² Reducing sanitary and phytosanitary barriers to trade is estimated to result in gains of US\$5,868 million to the SADC region.¹³³

¹²⁹ World Trade Organisation *Agreement on the application of sanitary and phytosanitary measures of 1998*, available at https://www.wto.org/english/docs_e/legal_e/15-sps.pdf (accessed on 14 October 2023).

¹³⁰ Gretchen H. Stanton ‘Understanding the GATT agreement on the application of sanitary and phytosanitary measures’ (N.d), available at <https://www.fao.org/3/T4660t/t4660t0h.htm#:~:text=Because%20of%20differences%20in%20climate,plant%20products%20from%20different%20countries> (accessed on 14 October 2023).

¹³¹ Southern African Development Community ‘Sanitary and Phytosanitary (SPS) Annex VIII to the SADC Protocol on Trade’ (2014) *Committee of the Ministers of Trade*, 17 July 2014, SADC/CMT/26/2014/8.2, available at https://www.sadc.int/sites/default/files/2021-12/SPS_Annex_to_the_SADC_Protocol_on_Trade_-_Approved_Version_-_17_July_2014_-_English.pdf (accessed on 15 October 2023).

¹³² David Vanzetti, Ralf Peters & Christian Knebel ‘Sand in the Wheels: Non-tariff measures and regional integration in SADC’ 2016 *Policy Issues In International Trade And Commodities Research Study Series No. 71*.

¹³³ Ibid 14.

The EAC has a protocol on SPS measures, which came into effect in July 2013. Burundi and Tanzania stand as the two EAC member states that still need to ratify the protocol. Despite this protocol on SPS, disagreements within the EAC regarding SPS measures remain.¹³⁴ For example, Uganda banned meat from Kenya in 1998 citing health and safety concerns associated with the outbreak of the disease called rinderpest (also termed “cattle plague”).¹³⁵ As a consequence of this prohibition, Kenyan farmers were unable to export their beef to Uganda, thereby diminishing their market share within the Customs Union, which had the potential to offer them an unimpeded avenue for trade.

3.6 Qualification standards

Although countries may belong to the same REC, they generally have different qualification standards. The differences in the qualification standards present challenges when a professional or a student wants to study in another country within the same regional bloc. Currently, the majority of semi-skilled and skilled migrants to Europe originate from the SADC region.¹³⁶ In response to the high levels of skilled labour migration, the SADC has made it a priority to establish the framework for standardisation of skills recognition throughout SADC to expedite mutual recognition and standardisation of training prior to qualification.¹³⁷ It is submitted that a unified qualifications framework is necessary for skilled labour to migrate from one country to another within the same regional blocs.

¹³⁴ Annabel Nanjira *The Regulation and Impact of Non-Tariff Barriers in the East African Customs Union* (Master's dissertation, University of Pretoria, 2019) Insert page number.

¹³⁵ Ibid 36.

¹³⁶ Southern African Development Community 'SADC Labour Migration Policy' (2013) SADC/ELSJTSCM/1/2013/9, available at https://www.ilo.org/wcmsp5/groups/public/---Africa/---ro-abidjan/---ilo-pretoria/documents/meetingdocument/wcms_239821.pdf (accessed on 15 October 2023).

¹³⁷ Ibid 109.

3.7 Conclusion

In the pursuit of economic integration in Africa, trade-related challenges have emerged as significant roadblocks on the path to unity and prosperity. This chapter has provided a comprehensive analysis of the impact of these challenges on the continent's integration efforts. Trade-related challenges, such as tariff barriers, regulatory inconsistencies, and differing customs duties, are not isolated issues but interconnected facets of the broader integration landscape. Their implications are far-reaching, affecting cross-border trade, foreign investment, and the cost of doing business in Africa.

Chapter 4: Non-tariff challenges to economic integration in Africa

4.1. Introduction

While trade-related challenges are often at the forefront of discussions on African economic integration, it is essential to recognise that non-trade challenges equally play a pivotal role in shaping the continent's path towards unity and prosperity. This chapter investigates an array of non-trade challenges that impede the progress of economic integration efforts in Africa. These challenges encompass various dimensions, including political instability, governance issues, corruption, infrastructure deficiencies, to name but a few. In addition, these challenges often have far-reaching implications, affecting not only the region's trade and investment landscape but also its overall socio-economic development.

4.2 Colonial legacies

Colonial legacies, such as artificial boundaries and economic institutions, continue to adversely impact the economic integration processes.¹³⁸ These historical occurrences underscore the ever-changing nature of African economic integration endeavours and stress the significance of manoeuvring through a complex historical legacy in the pursuit of economic cooperation.¹³⁹ The 2008 Protocol on Relations and the Abuja Treaty of 1991, amongst other legal instruments, are meant to streamline the relationship between the RECs and the AEC.¹⁴⁰ Nevertheless, these instruments have failed to generate the anticipated impetus for a deeper level of economic integration. One of the barriers to economic integration is the inadequate monitoring and

¹³⁸ Reid (note 6 above).

¹³⁹ Austin (note 8 above).

¹⁴⁰ Ibid.

evaluation systems that govern integration efforts between the African Union Commission and the RECs.¹⁴¹

4.3 Political barriers

Political obstacles, such as apprehensions regarding governance and encroachments on state sovereignty, have a significant impact on the economic integration efforts in Africa.¹⁴² The disagreement between sovereign states and supranational authorities has resulted in significant obstacles towards economic integration.¹⁴³ African countries frequently view the transfer of power to regional organisations with scepticism, fearing a loss of control over their domestic affairs.¹⁴⁴ It is submitted that concerns about governance inside supranational institutions need to be revised to improve effective decision-making. Power rivalries among member nations, disparities in governance arrangements, and political disagreements have all slowed development. Pasara underlines the essential problem of striking a delicate balance between respecting sovereignty and developing regional collaboration.¹⁴⁵ Addressing these political obstacles is critical for the growth of continental economic integration.

4.4 Political instability and corruption

Political instability and corruption pose severe barriers to some African countries' economic integration attempts, affecting their financial prospects and contributions to regional blocs.¹⁴⁶ One prominent example is the DRC which has plagued by political

¹⁴¹United Nation Human right commission (note7 above).

¹⁴² Innocent E.W. Chirisa, Artwell Mumba and Simbarashe O. Dirwai 'A review of the evolution and trajectory of the African Union as an instrument of regional integration' (2014) 3(101) *SpringerPlus* 1

¹⁴³ Babatunde Fagbayibo 'Common problems affecting supranational attempts in Africa: an analytical overview' (2013) 16(1) *Potchefstroom Electronic Law Journal* 32 at 47.

¹⁴⁴ Ibid 47.

¹⁴⁵ Ibid 25.

¹⁴⁶ Kouassi Yeboua 'Development pathways for the DRC to 2050' (2024), available at <https://futures.issafrica.org/special-reports/country/drc/> (accessed on 20 March 2024).

turbulence and civil violence for decades. In addition to impeding domestic economic progress, the DRC's recurrent armed conflicts, electoral disputes, and frequent leadership transitions have hampered the country's ability to participate effectively in regional economic organisations like the ECCAS.¹⁴⁷ The presence of this insecurity poses a challenge to the ECCAS's efforts to promote regional cooperation and coordinate financial strategies.

Nigeria, a prominent economy in Africa, grapples with pervasive political instability and pervasive corruption.¹⁴⁸ There have been numerous political leadership transitions, electoral disputes, and governance concerns in the nation. These issues have impeded Nigeria's ability to establish a stable and hospitable environment for corporations and investors, thereby impeding the country's complete engagement in the ECOWAS.¹⁴⁹ Regional economic integration could be impeded due to the possibility that Nigeria's vast market and resources will be channelled to advance the economic development and growth of the West African region.¹⁵⁰

The story of Zimbabwe demonstrates how economic catastrophe can result from prolonged political instability and corruption.¹⁵¹ There have been numerous transitions of government leadership and governance issues in the nation. Zimbabwe's significant impediment to active participation in regional economic organisations, including the SADC, has been the combination of these obstacles and financial difficulties,¹⁵² including hyperinflation and unemployment. Since political instability undermines the

¹⁴⁷ Ibid.

¹⁴⁸ George A. Atelhe and Joy U. Egwu 'Corruption and Political Governance in Nigeria: Implication for National Development' (2014) 6(1) *African Journal of Politics and Administrative Studies* 79 at 79-80.

¹⁴⁹ Ibid.

¹⁵⁰ Ibid.

¹⁵¹ Wellington Garika Bonga, Johannes Chiminya and Calvin Mudzingiri 'An Explanatory Analysis of the Economic and social Impact of corruption in Zimbabwe' *IOSR Journal Economic and finance (IOSR-JEF)* Volume 6, Issue (Jn-Feb.2015)11-20

¹⁵² Ibid.

stability necessary for economic advancement, economic issues and governance concerns have a substantial impact on Zimbabwe's standing in the SADC's pursuit of regional integration and collaboration.¹⁵³ In the pursuit of economic integration, it is submitted that it is vital to address political instability and corruption in these and other African nations. It is submitted that promoting stable and transparent political conditions can facilitate countries' enhanced participation in regional cooperation and contribute to the loftier continental objective of African economic integration.

4.5 Infrastructure challenges

Infrastructure impediments in several African countries significantly inhibit economic integration. The challenges that impede both national progress and regional economic collaboration encompass transportation, energy, digital, and port infrastructure. Inadequate transport infrastructure presents major obstacles for several African nations.¹⁵⁴ For example, Kenya's lack of road and rail connections to EAC nations such as Uganda and Tanzania have caused delays in transporting goods to these countries.¹⁵⁵ and this in turn increases transportation costs. Similarly, Nigeria faces transport inefficiencies because of inadequately maintained road networks, leading to increased transport expenses and delays in the transfer of goods.¹⁵⁶ These issues hinder economic advancement within these countries and disrupt the seamless

¹⁵³ Ibid.

¹⁵⁴ Sergio Oliete Josa and Francesc Magrinyà 'Patchwork in an interconnected world: the challenges of transport networks in Sub-Saharan Africa' (2018) 38(6) *Transport Reviews* 710 at 712-714.

¹⁵⁵ Ali K. Anami 'Contribution of regional integration to the economic development of member states, case study: East African Community (EAC)' (2023) 17(02) *World Journal of Advanced Research and Reviews* 758.

¹⁵⁶ Patience C. Onokala and Chidinma J. Olajide 'Problems and challenges facing the Nigerian transportation system which affect their contribution to the country's economic development in the 21st Century' (2020) 48 *Transportation Research Procedia* 2945.

movement of goods across borders, which is a vital for promoting further economic integration among various RECs.

Energy infrastructure concerns are especially acute in Nigeria, where power outages and unpredictable energy supplies discourage foreign investment and stymie economic progress.¹⁵⁷ Nigeria's accession to the ECOWAS highlights the need for significant upgrades in energy infrastructure to promote regional trade and economic integration.¹⁵⁸ A steady energy supply is necessary for industrial activities and jeopardizes the country's ability to participate in the regional integration process successfully.¹⁵⁹

Ethiopia faces challenges with its digital infrastructure as it strives for greater economic integration within the EAC.¹⁶⁰ It is maintained that enhancing cross-border e-commerce and digital services, which are essential elements of modern economic integration, is imperative to addressing the issues of limited internet access and inadequate digital infrastructure. This will enable seamless communication and trade with other member states of the EAC. Conversely, Tanzania has strategically positioned ports along Africa's Eastern coast but needs experiences operational inefficiencies and congestion. Delays at these ports jeopardise Tanzania's ability to participate in regional integration initiatives, particularly within the SADC.¹⁶¹ This has a detrimental

¹⁵⁷ Yusuf. N. Chanchangi, Flossie Adu, Aritra Ghosh, Senthilarasu Sundaram and Tapas. K. Mallick 'Nigeria's energy review: Focusing on solar energy potential and penetration' (2022) 25 *Environment, Development and Sustainability* 5755 at 5755-5756.

¹⁵⁸ Ibid 135.

¹⁵⁹ Ibid 124.

¹⁶⁰ Belete M. Getahun 'The challenges and opportunities with Ethiopia's digital transformation' *World Economic Forum* 18 March 2024, available at <https://www.weforum.org/agenda/2024/03/bridging-the-digital-divide-challenges-and-opportunities-for-ethiopias-digital-transformation/> (accessed on 22 March 2024).

¹⁶¹ Bwire Mugeni 'The influence of national interest on regional integration choices: A case study of Tanzania (1980-2017)' (unpublished PhD thesis, University of Nairobi, 2020).

influence on the timely delivery of commodities to landlocked bordering countries like Zambia and the DRC.¹⁶²

4.6 Legal obstacles

The journey towards economic integration in Africa is hindered by various legal and institutional obstacles, greatly hindering the region's advancement.¹⁶³ The challenges encompass conflicting legal frameworks, inadequate institutional capacities, disputes regarding the interpretation of regional agreements, and the complexity of balancing state sovereignty with supranational governance.¹⁶⁴

An important challenge to address is the existence of diverse and sometimes conflicting legal systems across African countries.¹⁶⁵ Businesses operating in multiple countries face significant challenges due to variations in legal systems, contract enforcement mechanisms, and judicial processes. The Organisation for the Harmonisation of Business Law in Africa (OHADA) is a notable initiative aimed at addressing the challenges posed by varied legal systems in African nations.¹⁶⁶ It provides a common legal framework for its member states in Francophone Africa, aiming to harmonise business laws, improve the ease of doing business, and enhance legal certainty for investors and businesses operating across borders within the OHADA region.¹⁶⁷

¹⁶² Ibid.

¹⁶³ Giulia Piccolino 'Looking like a regional organization? The European model of regional integration and the West African Economic and Monetary Union (WAEMU)' (2020) 33(2) *Cambridge Review of International Affairs* 179.

¹⁶⁴ Ibid 127.

¹⁶⁵ Brian Z. Tamanaha *Legal Pluralism Explained: History, Theory, Consequences* (2021).

¹⁶⁶ Willy Tadjudje and Clément Labi 'What Law for what Development in Africa in the 21st Century?' (2020-2021) *Draft paper for the Africa Knows! Conference; panel D22*.

¹⁶⁷ Ibid.

The capacity of West African nations to efficiently execute and uphold regional agreements presents a substantial barrier to economic integration.¹⁶⁸ The success of any integration initiative hinges on the coordination and enforcement of the agreed-upon rules by regional institutions and national bodies.¹⁶⁹ Unfortunately, many countries in West Africa lack the necessary institutional infrastructure to efficiently handle and enforce integration protocols.¹⁷⁰ Common challenges such as weak administrative structures, lack of technical expertise, and limited resources often hinder the effective implementation of regional agreements.¹⁷¹

Regional agreements frequently give rise to legal disputes because of conflicting interpretations and inconsistent implementations. Despite the aim of promoting economic integration through the establishment of regional agreements, West African nations often encounter disputes and misunderstandings regarding the obligations and stipulations outlined in these accords.¹⁷² As alluded to earlier, disputes often arise due to various issues, including: trade restrictions, investment protection, and the free movement of goods and people, political differences, economic inequities, and competing national interests. For example, the existence of varying tariffs and legislative restrictions among EAC member states have frequently hampered the free movement of goods.¹⁷³ The presence of these disagreements may in turn cause delays in decision-making and suspension of specific legal responsibilities within RECs, impeding the pace of economic integration.¹⁷⁴

¹⁶⁸ Piccolino (note 160 above) 9.

¹⁶⁹ Ibid.

¹⁷⁰ Ibid.

¹⁷¹ Ibid.

¹⁷² Tamanaha (note 162 above).

¹⁷³ Ibid.

¹⁷⁴ Ibid.

It is submitted that there is an urgent need for states to find the balance between upholding their sovereignty and attaining regional economic integration. African states are frequently wary of delegating too much power to regional organisations, fearing a loss of influence over their affairs.¹⁷⁵

4.7 Limited access to financial services

The limited access to financial resources in many West African nations can be attributed to their underdeveloped financial infrastructure. In many of these countries, the banking systems are not advanced, inclusive, and secure; thereby leaving many people without access to formal financial services.¹⁷⁶ The need for more convenient banking services in rural and urban areas poses a challenge for small and medium-sized enterprises (SMEs) in obtaining loans, efficiently handling finances, and making investments for growth and innovation.¹⁷⁷ The unequal access to financial resources further widens the gap between different socioeconomic groups, impeding the possibility of fostering an inclusive economy.¹⁷⁸

Furthermore, the stringent collateral requirements enforced by financial institutions serve to further restrict access to credit. SMEs, which are crucial components of economies, frequently require assistance in fulfilling collateral requirements because they have limited assets and access to capital.¹⁷⁹ This obstacle presents a substantial

¹⁷⁵ Densua Mumford 'How regional norms shape regional organizations: The Pan-African rhetorical trap and the empowerment of the ECOWAS Parliament' (2021) 120(478) *African Affairs* 1.

¹⁷⁶ Mouhamed B. Bouraima, Yanjun Qiu, Bekhzad Yusupov, and Christian M. Ndjegwes 'A study on the development strategy of the railway transportation system in the West African Economic and Monetary Union (WAEMU) based on the SWOT/AHP technique' (2020) 8 *Scientific African* e00388.

¹⁷⁷ Opeyemi Akinyemi, Uchenna Efobi, Evans Osabuohien, and Philip Alege 'Regional integration and energy sustainability in Africa: exploring the challenges and prospects for ECOWAS' (2019) 31(4) *African Development Review* 517.

¹⁷⁸ Izuchukwu Adamaagashi, Kehinde O. Bello, Chidozie P. Nwimo and Olutosin Collins 'The Intersection of Economic Inequality and Political Conflict in Africa: A Comprehensive Analysis' (2023) 9(6) *International Journal of Social Sciences and Management Research* 69 at 72-74, and 76.

¹⁷⁹ Folorunsho M. Ajide, Tolulope T. Osinubi, and James T. Dada 'Economic globalization, entrepreneurship, and inclusive growth in Africa' (2021) 36(4) *Journal of Economic Integration* 689.

hurdle for entrepreneurs and emerging businesses, greatly limiting their ability to obtain loans, and impeding their potential for growth. As a result, many potential projects require additional funding or fail to be realised, which hampers innovation and obstructs the economic progress of the region.¹⁸⁰

Furthermore, entrepreneurs require a greater understanding and consciousness of financial matters to secure funding responsibly. Small business owners frequently require assistance in comprehending financial markets, loan terms, and evaluating funding alternatives due to their limited knowledge in these domains.¹⁸¹ Without a comprehensive grasp of personal finance, entrepreneurs are vulnerable to exploitation and face difficulties in securing loans at favourable interest rates.¹⁸² To bridge this lack of knowledge, it is essential to implement targeted financial literacy programs and initiatives that aim to improve skills. This will empower entrepreneurs and enable them to make informed financial decisions.

The issue of limited access to finance is worsened by the prevalence of informal lending practices, known for their exorbitant interest rates and exploitative terms. When formal banking services are unavailable,¹⁸³ many entrepreneurs and businesses turn to informal lenders, often called “loan sharks” or microfinanciers, to cater for their financial needs.¹⁸⁴ Although these sources offer convenient access to funds, they impose incredibly high interest rates, which can trap borrowers in never-

¹⁸⁰ Bouraima *et al* (note 172 above) 140.

¹⁸¹ Purnima Rao, Satish Kumar, Meena Chavan, and Weng M. Lim ‘A systematic literature review on SME financing: Trends and future directions’ (2023) 61(3) *Journal of Small Business Management* 1247.

¹⁸² Craig Torr ‘Entrepreneurs: Take care of your personal financial planning’ *Money web* 20 March 2023, available at <https://www.moneyweb.co.za/financial-advisor-views/entrepreneurs-take-care-of-your-personal-financial-planning/> (accessed on 12 March 2024).

¹⁸³ Folorunsho M. Ajide, Tolulope T. Osinubi, and James T. Dada ‘Economic globalization, entrepreneurship, and inclusive growth in Africa’ (2021) 36(4) *Journal of Economic Integration* 689.

¹⁸⁴ Isabella C. Marinaro *Inhabiting Liminal Spaces Informalities in Governance, Housing, and Economic Activity in Contemporary Italy* 1 ed (2022).

ending cycles of debt and contribute to ongoing financial instability and loss of assets.¹⁸⁵

Tackling this problem necessitates encouraging official financial services and overseeing informal lending practices to safeguard at-risk borrowers.¹⁸⁶

Furthermore, Africa's vulnerability to external economic disruptions is underscored by its reliance on external financing mechanisms, including multilateral loans and international aid.¹⁸⁷ Changes in global financial markets or shifts in donor priorities can disrupt the flow of funds, affecting crucial development projects and hindering efforts for economic integration.¹⁸⁸ It is submitted that to develop resilience in the face of external economic uncertainties, it is imperative for African countries and RECs to establish self-sufficient financial ecosystems that are bolstered by domestic investments and savings.

In the long run, the issue of limited access to finance in West Africa poses a complex challenge that requires focused and comprehensive interventions. Improving the financial infrastructure, easing collateral requirements, educating people about finance, regulating informal lending practices, and encouraging self-sufficiency are crucial measures to tackle this problem.¹⁸⁹ Through the support of entrepreneurs, promotion of investments, and fair access to credit, West African countries can unleash the region's economic potential, promote entrepreneurship, and facilitate sustainable economic integration.¹⁹⁰ Collaboration between governments, financial

¹⁸⁵ Ibid 146.

¹⁸⁶ Ibid.

¹⁸⁷ Patrick Guillaumont, Sylviane Guillaumont Jeanneney, and Laurent Wagner 'How to Allocate New External Financing to African Countries? The vulnerability challenge. A Briefing in Response to the Paris Summit on Financing African Economies' *FERDI Notes brèves/Policy briefs* (2021): B217.

¹⁸⁸ Ibid 148.

¹⁸⁹ Ibid.

¹⁹⁰ Folorunsho M. Ajide, Tolulope T. Osinubi, and James T. Dada 'Economic globalization, entrepreneurship, and inclusive growth in Africa' (2021) 36(4) *Journal of Economic Integration* 689.

institutions, and international partners is crucial to addressing the challenges of limited financial access and creating a prosperous and inclusive future for the region.¹⁹¹

4.8 Conclusion

The non-trade obstacles discussed in this chapter have appeared as significant barriers to the continent's progress and economic integration and their influence should not be underestimated. Complex dynamics necessitate meticulous attention to these multifaceted challenges, which encompass governance issues, corruption, political instability, and infrastructure deficiencies, among others. Economic integration efforts in Africa are directly impacted by the political instability and governance challenges that plague the continent.

A significant obstacle that continues to impede economic integration in Africa is the lack of sufficient infrastructure. Impediments to the movement of goods and services are compounded by deficiencies in energy access, transport networks, and telecommunication systems, which impede industrial development. The significant consequences that these infrastructure challenges have on supply chains, transaction costs, and the capacity for intra-African trade and economic integration are exemplified in the challenges Tanzania has faced.

In addition, a complex web of institutional and legal obstacles is caused by the multitude of overlapping RECs. Integration efforts are complicated in their execution by the concurrent membership of nations in numerous RECs. Confusion and hindrance to the establishment of unified trade policies and market integration result from the variations in legal frameworks, trade regulations, and rules of origin across

¹⁹¹ Philomena Apiko, Sean Woolfrey and Bruce Byers 'The promise of the African Continental Free Trade Area (AfCFTA)' (2020) *ECDPM Discussion Paper* 287.

different RECs. Due to this fragmented market resulting from the disjointed approach within the legal frameworks of RECs, the essence of economic integration efforts is undermined.

These non-tariff challenges present substantial impediments to Africa's pursuit of unity and increased prosperity. It is submitted that to attain substantial economic integration on the continent, it is not merely sensible, but critical to confront these obstacles as a matter of urgency. By guiding policymakers, stakeholders, and businesses through the complexities of non-trade challenges, the recommendations and insights presented in this chapter serve as a valuable resource. Africa can engender improved economic prosperity, unity, and a more promising future for its populace by acknowledging and addressing these challenges.

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Chapter 5: Conclusion and recommendations

5.1 Summary of key findings

This research has provided a comprehensive analysis of the diverse challenges impacting economic integration in Africa. It has addressed the critical objectives outlined below:

- **To analyse the impact of trade-related challenges on economic integration in Africa:** The examination of trade-related challenges revealed that issues such as tariff barriers, regulatory inconsistencies, and differing customs duties have significant repercussions on cross-border trade and investment in Africa. The diversity of trade barriers and their impact on both the ease of doing business and the cost of trade, highlights the urgent need for streamlined trade policies and effective coordination.
- **To determine the extent to which non-trade challenges hinder economic integration in Africa:** The study underscored the significance of non-trade challenges in hampering the economic integration journey. These challenges encompass political instability, governance issues, corruption, and infrastructure deficiencies. The complexity of these challenges cannot be understated, as they directly influence regional cooperation, and the overall development of the region. Addressing these non-tariff challenges is essential to unlock the region's economic potential.
- **To explore the legal and institutional complexities stemming from the multiplicity of Regional Economic Communities and their impact on economic integration efforts:** The existence of multiple overlapping RECs within the same region creates a complex web of legal and institutional challenges. The analysis highlighted how these complexities, including legal disparities and trade regulations

conflicts, have a significant impact on cross-border trade and economic integration in Africa. To enhance integration efforts, a harmonised and collaborative approach is necessary.

5.2 Recommendations

Based on the findings and objectives of this research, the following recommendations are put forward:

- **Streamlining Trade Policies:** African nations and RECs should work toward harmonizing trade policies, tariff structures, and rules of origin. A unified approach to trade barriers can simplify cross-border trade, reduce costs, and stimulate economic integration.
- **Governance and Political Stability:** African governments should prioritise political stability and good governance. This includes conflict resolution, strengthening democratic institutions, and upholding the rule of law. These measures are essential to foster trust and cooperation, both vital for successful regional integration.
- **Anti-Corruption Measures:** Robust anti-corruption measures are necessary, including: transparent and accountable governance, effective law enforcement, and the promotion of ethical business practices. This will enhance the credibility of integration initiatives and create a conducive environment for investment.
- **Investment in Infrastructure:** Comprehensive infrastructure development is vital to improve transportation networks, energy access, and telecommunication systems. Addressing infrastructure deficiencies will reduce transaction costs, support supply chains, and facilitate intra-African trade.
- **Legal Harmonisation:** African countries should work towards harmonising legal frameworks within different RECs. This includes revising the Protocol on

Relations between RECs and the AU to provide binding obligations for coordination in economic integration efforts.

5.3 Implications for future research

Further investigation is warranted to examine the complex array of obstacles that impede economic integration in Africa. Critical areas that require attention include comparative analyses and in-depth case studies on the efficacy of policy measures designed by states and within RECs. Observing the advancements made by African nations and RECs in their endeavours to tackle these challenges will yield valuable insights regarding the efficacy of economic integration initiatives.

5.5 Conclusion

The path to economic integration in Africa is fraught with numerous obstacles that necessitate strategic resolutions and thoughtful deliberation. This study has shown, through a focused analysis of the SADC and EAC, that the distinct obstacles encountered by RECs and African nations are influenced by the complex dynamics that characterise the region. To surmount these challenges, a collaborative endeavour encompassing regional synergy and global assistance is necessary to cultivate a more prosperous and integrated Africa. The results of this research provide significant knowledge regarding the nature of these obstacles, in the hope that it will guide the development of policies and endeavours that propel the continent towards a future characterised by greater economic integration and harmony.

In summary, economic integration in Africa is an imperative for the sustainable development of the continent, rather than merely a desirable goal. By acknowledging and resolving both trade-related and non-trade obstacles and effectively managing its various RECs, Africa can lay the foundation for increased economic well-being,

solidarity, and a more promising future for its populace. Economic integration is a formidable undertaking; nevertheless, it is an attainable objective that will benefit the entire continent when strategic policy measures and coordinated efforts are implemented.

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