

## **The role of South Africa in SADC regional integration: the making or breaking of the organization\***

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**Abstract.** The economic and political strength of South Africa in Southern Africa is undeniable. South Africa is the strongest economy in Southern Africa and in the whole continent of Africa. Regional and global interests lie at the heart of South African's foreign policy resulting in the need to create compromises that may disadvantage the SADC block. South Africa is the current chair of SADC and its leadership role is critical. The country is also the gateway to foreign direct investment to the developing world. This paper seeks to discuss the critical position which South Africa finds itself in. The challenge to provide leadership at regional and global level has also been compounded by the domestic outcry for a need to deal with issues at home. South Africa holds the key for the success of SADC both at economic and political levels. However SADC's dependence on South Africa may turn out to be a stumbling block since there is divided attention. This has been shown by South Africa's 'go it alone' approach when it comes to negotiating trade agreements, e.g. with the EU, as well as its unwillingness to compromise on the Economic Partnership Agreements (EPAs) that the other SADC Members States are signing. What is obvious is that SADC needs South Africa but at the same time South Africa is at liberty to choose when to drive the SADC agenda. This problem has to be delicately addressed if SADC is seriously seeking success on the regional integration front.

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### **1. Introduction**

Since attaining a democratic State, South Africa has regarded Southern Africa as one of the most important priority of its foreign relations. This is shown by its commitment to all spheres of the Southern African Development Community<sup>1</sup> agenda including political, social and economic well being of the region. SADC is a regional governmental organization that promotes collaboration, economic integration and technical cooperation throughout Southern Africa<sup>2</sup>. This relationship with the region is a delicate one for South Africa since it has to balance its roles as a regional, continental and global player. This makes it difficult for South Africa to please all these diverse stake holders in the international arena. For this reason, the scope of this paper focuses only on trade and regional integration. South Africa has taken a leading role in the region to address such issues as closer collaboration and economic integration and has used SADC as a vehicle to drive this agenda for the region. To some extent, this has benefited the region since South Africa's spotlight on the global front helps magnify the regions potential in many respects. However, this has not always brought the desired results for the SADC region. In many instances South Africa chooses to isolate itself from the region and likewise the region may chose to isolate South Africa in its own dealings. South Africa acceded to the SADC Treaty on 29 August 1994 at the Heads of State Summit in Gaborone, Botswana. This accession was approved by the Senate and National Assembly on 13 and 14 September 1994 respectively. After joining SADC, South Africa was given a sector responsibility for finance, investment and health. This was a decision that was informed by South Africa's comparative advantage in this area. It is undoubted that South Africa is the most developed and advanced economy in SADC and on the continent of Africa. This position cannot be ignored if the possibility of regional integration is taken seriously on the continent and in the region. For this reason it is important to point out that owing to its economic strength South Africa has the potential to make or break regional integration in the region. South Africa can be described as the economic hub of the region. South Africa's role in the region is therefore

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<sup>1</sup> Hereinafter referred to as SADC

<sup>2</sup> The membership of SADC is made up of the following countries; Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The membership of Madagascar was suspended after a coup d'état by opposition leader Andre Rajoelena.

crucial and commercial relationships between South Africa and the regional economies should, on balance, deliver mutually beneficial outcomes.

South Africa finds itself in a dilemma of trying to balance its domestic, regional, continental and global interests. In the process the likelihood of conflict of interest is inevitable. The success of the SADC regional integration agenda undoubtedly depends on South Africa's willingness to support it. SADC founded the Regional Indicative Strategic Development Plan<sup>3</sup> as a linear guide for deeper integration. According to the 15 year plan, the key milestones are to reach a Free Trade area in 2008, Customs Union in 2010, Common Market in 2015, Monetary Union in 2016 and regional currency in 2018<sup>4</sup>. The RISDP remains the strongest indicator of SADC's desire for deeper integration with an objective of reaching a level of intra-regional unrestricted flow of goods, services and investment. The RISDP cannot be implemented without the support of the biggest economy of the region. SADC needs South Africa but the fear is that the same cannot be said of South Africa needing SADC. This paper will attempt to unpack the critical position South Africa finds itself with regard to the success or failure of the SADC regional integration agenda.

## **2. Historical background**

Regional integration in Southern Africa has its roots in the sense of common destiny that developed through the involvement of African states, particularly those located in Southern Africa, in the fight against apartheid in South Africa. The resolve of these states was channelled through the aims and activities of the OAU Liberation Committee. This led to the establishment of the Frontline States who spearheaded the fight against white minority rule in the region. As more and more states attained majority rule in the region reasons for the liberation struggle became redundant. The focus of the Frontline States had to change. Following a preparatory meeting in Arusha, Tanzania, in July 1979, nine Southern African states on 1 April 1980 founded the Southern African Development Coordination Conference<sup>5</sup> in Lusaka, Zambia, when they signed a statement of strategy, *Southern Africa: Towards Economic Liberation* (the Lusaka Declaration)<sup>6</sup>. SADCC had more elaborate aims than the FLS, and aimed at reducing economic dependence on South Africa. It did not, however, specify the form of cooperation and coordination between its members. SADCC managed to access considerable external aid, and embarked on numerous programmes and projects, but did not succeed in reversing the fundamental economic dependence of many of its members on South Africa.

When it became clear, in the early 1990s, that a democratic South Africa was becoming an irreversible prospect, and against the background of changes in the global economy and severe droughts in the sub-region, the Heads of States of SADCC on 17 August 1992 turned SADCC into the Southern African Development Community (SADC). The SADC Treaty, which the then ten members of SADCC signed on that date, entered into force on 5 October 1993, after all these states had ratified it. The focus was on deepening regional economic integration, SADC's aims are more ambitious than its predecessors.

Under the 1992 SADC Treaty, 21 co-operation clusters were identified, and each member state was given the responsibility to coordinate SADC's activities in at least one of the functional areas, such as energy (Angola), tourism (Mauritius), and food and agriculture (Zimbabwe). Starting in the mid 1990's, SADC embarked on a protracted review and rationalization process, especially targeting SADC's decentralized co-operation model, its management framework, and the lack of clarity and specificity in its goals. This process culminated in the 2001 SADC Report on the Review of the Operations of SADC Institutions, which the Summit approved in March 2001. Most of the recommendations in the review report were contained in the Agreement Amending the Treaty of the SADC, which entered into force on 14 August 2001, on the date that all member states signed it.

## **3. The current SADC regional agenda**

In 2003, this ongoing process of transformation resulted in the formulation of the RISDP as discussed earlier. It aims, in the words of the SADC mission statement, "to promote sustainable and equitable economic growth and socioeconomic development through efficient production systems, deeper cooperation and integration, good governance, and durable peace and security, so that the region emerges as a competitive and effective player in

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<sup>3</sup> Hereinafter referred to as RISDP

<sup>4</sup> SADC is a Free Trade Area since August 2008 and plans are on track to adopt a Customs Union in 2010.

<sup>5</sup> Hereinafter referred to as SADCC

<sup>6</sup> These states were Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. Namibia became SADCC's tenth member.

international relations and the world economy"<sup>7</sup>. The objectives also include a desire of reaching a level of intra-regional unrestricted flow of goods, services and investment. The current SADC regional integration agenda is embodied in the RISDP.

#### **4. South Africa's domestic aspirations and SADC**

It has already been alluded to earlier that South Africa is the strongest economy in the region and on the African continent. This makes the country very attractive in the labour market. The country attracts from SADC workforce from all spheres including unskilled, semi-skilled and highly skilled labour<sup>8</sup>. This has also cushioned the adverse effects of brain drain South Africa suffers at the hands of other attractive destinations like Europe, Australia, New Zealand, Canada and the USA. South Africa has lost 25% of its graduates to the United States alone. Moreover, South Africans account for 9.7% of all international medical graduates practicing in Canada. Out of all the medical graduates produced by the University of Witwatersrand in the last 35 years, more than 45% (or 2,000 physicians), have left the country. South Africa's Bureau of Statistics estimates that between 1 million and 1.6 million people in skilled, professional, and managerial occupations have emigrated since 1994 and that, for every emigrant, 10 unskilled people lose their jobs<sup>9</sup>. SADC is yet to conclude the Protocol on the movement of persons<sup>10</sup>.

However, this has not always been viewed as an advantage by various sectors in South Africa. The trade unions are very strong in the country to the extent that they resist the employment of foreign nationals. The labour market is equally highly regulated by strict legislation like the Employment Equity Act that reserves first preference for black South Africans who were disadvantaged during the apartheid past<sup>11</sup>. This means that foreigners are only considered for employment in the country as third option after the South African Blacks and whites. This is not an unfamiliar position since any other country in the world safeguards employment for its people. The presence of strict regulations has however failed to stop the illegal employment of foreign SADC nations in all sectors of the economy, for example the foreign farm workers are known to be harder working than South Africans. They also accept less payment for the same work done. Therefore, conflict is inevitable leading to undesirable consequences like the Xenophobia attacks of 2007 that saw more than 200 foreigners die at the hand of the locals who accused them of stealing their jobs<sup>12</sup>. This shows that in as much as South Africa desires to help its SADC neighbours, pressing issues at home are equally important.

#### **5. South Africa's regional integration interests**

South Africa has significant interests in the region and in regional integration. SADC has an export market for South Africa's internationally uncompetitive products, as was in Southern African Customs Union<sup>13</sup>. According to Alde and Pere<sup>14</sup>, South Africa's biggest export market is SADC. This is often overlooked when surveying South Africa's trade figures, the reason being that a great portion of South Africa's exports to other countries are hidden within SACU. Consequently the importance of the SADC market to South Africa should not be underestimated. Since 1994 the South African government has regarded the Southern African region as the most important priority of its foreign relations. To illustrate the importance attached to this region, the first foreign policy document adopted by its democratic government was in fact a "Framework for Co-operation in Southern Africa" approved by Cabinet in August 1996. In terms of this "Framework", the vision for the Southern African region is one of the highest possible degree of economic cooperation, mutual assistance where necessary and joint planning of regional development initiatives, leading to integration consistent with socio-economic, environmental and political realities.

<sup>7</sup> Isaksen J Restructuring and progress in Regional Integration; SADC in 2003:

<sup>8</sup> Unskilled labourers include general labour working in the mines, farms, domestic workers and labourers working in many of the country's 2010 soccer stadium projects. Of late South Africa's department of Home Affairs has been issuing permits to economic asylum seekers from Zimbabwe. South Africa also employs a high number of educators from the region. Highly skilled labour includes sectors like medical doctors, engineers, university professors and company CEOs.

<sup>9</sup> Human Capital Flight: Stratification, Globalization, and the Challenges to Tertiary Education in Africa; *Benno J. Ndulu*; JHEA/RESA Vol. 2, No. 1, 2004, pp. 57-91

<sup>10</sup> Available on <http://www.pmg.org.za/node/8528> Accessed on 09/09/09

<sup>11</sup> For more information on the EEA No. 55 of 1998 see the online version available on: [www.acts.co.za/emp\\_equity/index.htm](http://www.acts.co.za/emp_equity/index.htm)

<sup>12</sup> For more details on the extent of the xenophobia attacks in South Africa see: <http://www.thetimes.co.za/PrintEdition/News/Article.aspx?id=768363>

<sup>13</sup> Hereinafter referred to as SACU. It is the oldest Customs Union in the world: [WTO Trade Policy Review: Southern African Customs Union 2003](#)

<sup>14</sup> Alden C and Pere G South Africa's Post-Apartheid Foreign Policy 57

South Africa has taken a leading role in the region to address such issues as closer collaboration and economic integration. These include the establishment of a free trade area in the region<sup>15</sup>, the development of basic infrastructure, the development of human resources and the creation of the necessary capacity to drive this complicated process forward, as well as the urgent need for peace, democracy and good governance to be established throughout the region<sup>16</sup>.

However, in many other instances South Africa bullies its regional partners. South Africa attempts to wield its economic power when negotiating with partners in both SACU and SADC. This ignorance plays itself out in how some South African government officials view their regional partners, for example in response to questions about the consequences of the negative impact that an EU/SA FTA would have on its SACU members. Former Director of Regional Economic Organisations within the South African Ministry of Foreign Affairs (Willem Bosman) noted that there is need for a shock treatment that is necessary to fellow SACU members, he said 'now you are on your own, South Africa cannot any longer provide for you 50% of your budget...Now you have to tax your own people; you have to work according to the structures of a free independent country'<sup>17</sup>. The irony of this statement is that even if the new SACU agreement replaced the old agreement in 2002, SACU remains an apartheid- created relic, designed to ensure that South Africa would have a captive market for its agricultural and non-international competitive manufactured products. This economic dependency of the SACU states on South Africa was part of a strategy to ensure South Africa's economic hegemony. If the SACU states experienced economic deterioration as a result of the EU/SA FTA, who will buy South Africa's non-international competitive manufactured products? By placing integration at the global level a priority, South Africa risks national and regional economic destabilisation.

In the negotiations on the SADC FTA, South Africa negotiated on behalf of SACU, largely without any discussion with the other SACU members<sup>18</sup>. This was due to capacity reasons for the SACU members but there can be little doubt that South Africa primarily pursued its own interests and the SADC FTA agreement was in large parts tailored to suite the perceived interests of its business community. Furthermore, in the negotiations on the SADC FTA, South Africa's strategy was essentially aimed at opening up regional markets for its products, while protecting its domestic agricultural and manufacturing sectors as much as possible. Despite the reservations against South Africa, the countries in the region hope to benefit from improved access to South Africa's market and to attract foreign direct investment (FDI) from its business community. Yet, there are occasionally mixed feelings about FDI as some fear a South African "take over" of the domestic economies. This is a sentiment prevalent in countries where South African businesses, like the Shoprite chain of supermarkets, have been build in countries like Angola, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe. Products sold in these stores are exclusively South African. Perishables like fruits are still imported from South Africa while the same can be sourced from local suppliers. In Tanzania, South African operated hotels and lodges show the same picture to extent that even soap and toothpaste is from South Africa. Surely these South African companies investing in SADC countries should do their part to promote products from those countries. The Tanzanian banking sector has also been taken over by South African banks

Since joining SADC, South Africa has become very involved in the activities of the community. Regarding the many activities of SADC, such as Transportation and Communications, Agriculture, Trade, Energy and Mining, etc., these are actively pursued by the relevant South African line function departments. South African Interests in access to economically strategic resources may be of even greater importance than free trade. These interests relates to mining, water and energy. South Africa has got a relatively developed mining industry and seeks to secure destinations of investment for it. South Africa has vast interests in the DRC's mining potential and to a lesser extent its water<sup>19</sup>. Both South Africa's agricultural and industrial sectors are dependent on regional water resources, particularly for their future development<sup>20</sup>. Future water imports are expected to come from countries further north. It is argued that the military intervention of South Africa in 1998 on a purported SADC mandate was motivated by the objective of avoiding a disruption in the Lesotho Highland Water Project to the industrial hub of Johannesburg<sup>21</sup>. Another major interest of South Africa in the region is that of limiting immigration<sup>22</sup>. This could be one of the reason why South Africa was at the forefront of solving the Zimbabwean crisis since this was having a negative impact on the South African economy, for example the public health

<sup>15</sup> For more information on the launch of the SADC FTA see: <http://www.southafrica.info/africa/sadc-fta.htm>, accessed on 09/09/09

<sup>16</sup> South Africa is one of the biggest contributor to regional and continental peace keeping missions, e.g. in Rwanda and Darfur -Sudan

<sup>17</sup> Interview with Willen Bosman, Director of Regional Economic Organisations, June 2 1998, Pretoria, South Africa

<sup>18</sup> Lee M.C The political Economy if Regionalism in Southern Africa 130, 2003

<sup>19</sup> Miti K South Africa's relations with its SADC neighbours 91, 2003

<sup>20</sup> Erasmus, The sustainable Sharing if water in Southern Africa 1, 2003

<sup>21</sup> Ajulu, R. Survival in the Rough Neighbourhood. South African President Jacob Zuma has reiterated that the Zimbabwean problems cannot be isolated from South Africa itself.

<sup>22</sup> Miti 148-149

expenditure in containing the cholera outbreak. The current South African President Jacob Zuma has reiterated that the Zimbabwean problems cannot be isolated from South Africa itself.

## **6. South Africa's leadership role in Africa**

South Africa's African agenda is more embodied in the African Union's<sup>23</sup> initiative and the New Partnership for Africa's Development<sup>24</sup>. The underlying philosophy of South Africa's vision is that the Africa's destiny is inextricably linked to that of the region and the rest of Africa. This is shown by South Africa's more developmental rather than narrowly mercantilist approach to the region and Africa more generally. This ideology was confirmed by South Africa's Department of Trade and Industry's<sup>25</sup> Director General Tshediso Matona's remarks when he said:

'South Africa's economic strategy in Africa was guided by asymmetry and the country needed to make bigger concessions in trade and economic dealings with African partners. This strategy needed to be multi-faceted by promoting trade and supply capacity as well as being conducive to promoting investment and infrastructure development. Finally this strategy had to be located within the NEPAD framework and should emphasise the importance of partnerships on the continent<sup>26</sup>.

According to Davies<sup>27</sup> the original vision for SADC was not confined narrowly to trade per se, but

'what is needed in the Southern African region is not a programme of trade integration alone, but one combining trade integration, sectoral cooperation and policy coordination in ways that address the major challenges of developing production structures and infrastructure as well as promoting mutually beneficial trade'

This outlines neatly the broad regional integration imperative that is high on the political agenda in Sub-Saharan Africa. Ultimately the Dti wishes to see the establishment of integrated regional manufacturing platforms capable of competing globally. This can be achieved by building institutional strength to effectively negotiate with external actors.

## **7. South African's global integration agenda**

Furthering SADC's integration agenda has not always been a priority for South Africa. To a greater extent South Africa need to further integrate its economy into the world economy. This could well be at the expense of regional partners. However for South Africa to attract good foreign direct investment, there need to be seen an environment of peace and tranquillity not just in South Africa but the region. Many global players who are interested in investing in Africa see South Africa as a base. Further complications arise from the role played by external partners in the region, especially the EU and the USA. With regard to the EU, the outcomes of the Economic Partnership Agreements<sup>28</sup> negotiations will fundamentally change the pace and nature of regional integration in Africa<sup>29</sup>. Other global players refuse to be sidelined. This has been shown by the recent establishment of the China-Africa office in South Africa in March 2008. South Africa had to take a leadership role in making sure that the Zimbabwean problems are resolved since regional peace is essential for the national economy of South Africa. However many have questioned South African former President Thabo Mbeki's impartiality in the process. What this means is that there has to be a balance of interest between national, regional and global integration aspirations for South Africa.

There are ways in which South Africa has tried to integrate its economy in the world economy at the expense of its regional integration partners. It is important to mention here that this was inevitable in the long run. The EU/SA TDCA agreement stabling a free trade area reflects this phenomenon. South Africa signed the

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<sup>23</sup> Hereafter referred to as the AU

<sup>24</sup> Hereafter referred to as NEPAD

<sup>25</sup> Hereafter referred to as the Dti

<sup>26</sup> Parliamentary Monitoring group 2005:5

<sup>27</sup> Davies 52, Davies is now the Minister of Trade and Industry

<sup>28</sup> Hereafter referred to as EPAs

<sup>29</sup> Szepesi, 2004; Berthelesman-Scott, 2005

agreement knowing that it would have a devastating impact on both the members of SACU and SADC. With respect to SACU, the agreement was reached without consulting with the other BLNS SACU countries<sup>30</sup>. This was a clear disregard of the SACU Treaty that stipulates that such agreements must be approved by all SACU members. By acting independent of other regional members, South Africa is trying to maximize benefits for itself at the expense of the other members.

With respect to SADC, the fear of EU goods flooding the regional market has been realized<sup>31</sup>. Once EU goods have entered the South African Market, controlling their movement into SADC and SACU is clearly impossible. This has undermined the agricultural and industrial sectors. Some SADC member states complained that South Africa only became serious about completing the negotiation for the SADC FTA when it had completed negotiations with the EU. Some South African trade officials feel that the EU/SA FTA agreement will allow them to become more integrated into the world economy, notwithstanding the fact that the consequences could also be quite severe for South Africa's own economy. A look at the TDCA agreement will show that South Africa has divided attention, with more focus on its trade with the EU than SADC. This Agreement pursues several objectives: strengthening dialogue between the parties, supporting South Africa in its economic and social transition process, promoting regional cooperation and the country's economic integration in Southern Africa and in the world economy, and expanding and liberalizing trade in goods, services and capital between the parties. The extent of loss of revenue is very high since SACU and SADC states will not be able to levy duties on the EU products.

Based on respect for democratic principles, human rights and the rule of law, the Agreement establishes a regular political dialogue on subjects of common interest, both at bilateral and regional level (within the framework of the EU's dialogue with the countries of Southern Africa and with the group of the [African, Caribbean and Pacific \(ACP\) countries](#)). The duration of the Agreement is unspecified, but provision is made for its revision every five years of the date of its entry into force in order to consider possible amendments. The Agreement covers a number of areas and includes a future developments clause making it possible to widen the field of cooperation.

The TDCA establishes preferential trade arrangements between the EU and South Africa, with the progressive introduction of a FTA. The EU is South Africa's main trading and investment partner. The FTA aims to ensure better access to the community market for South Africa and access to the South African market for the EU. As a result, it plays an important role in South Africa's integration into the world economy. The Agreement covers around 90% of current bilateral trade between the two parties.

The Agreement provides for the liberalization of 95% of the EU's imports from South Africa within ten years, and 86% of South Africa's imports from the EU in twelve years. In order to protect the vulnerable sectors of both parties, certain products are excluded from the FTA and others have been only partially liberalized. For the EU, these are mainly agricultural products<sup>32</sup>, while for South Africa; they are industrial products, in particular certain motor vehicle products and certain textile and clothing products. However, since December 2006 there has been provision for a strengthening of trade liberalization in the motor vehicle sector.

The Agreement sets out detailed rules of origin in order to ensure that products benefiting from the preferential arrangements come only from South Africa or the EU effectively blocking SADC products. To take account of modern international production processes, special provisions make the rules of origin more flexible. South Africa and the EU may implement safeguard measures when an imported product threatens to cause serious injury to the national industry. The Agreement also allows South Africa to adopt transitional safeguard measures (for example, an increase or reintroduction of customs duties). In addition, similar measures make it possible to protect the economies of members of the Central African Customs Union and the outermost regions of the EU (such as Reunion).

The Agreement includes provisions aimed at avoiding abuse by firms with a dominant position on the market and thus ensuring free competition among the companies from the EU and South Africa. Cooperation takes place within the framework of consultations between the competent authorities. In addition, the EU provides technical assistance to help South Africa restructure its competition laws. The Agreement also recognizes the need to provide adequate protection for intellectual property and provides for urgent consultations, where necessary, and technical assistance for South Africa. SADC is clearly opposed to the provisions for protecting intellectual property rights especially in the pharmaceuticals industry since this will drastically increase the price of medicines for region ravaged by diseases like malaria, cholera and HIV and Aids.

Lastly, the TDCA provides for close cooperation in a wide range of fields linked to trade, including customs services, the free movement of services and capital, and technical obstacles such as certification and

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<sup>30</sup> Boumhogger 337 :

<sup>31</sup> The goods exports from the EU to South Africa in 2008 amounted to 20,215 million Euros in 2008, some of these products end up in the SADC region especially in light of the 2008 SADC FTA and more severely the envisaged Customs Union of 2010

<sup>32</sup> This is to the disadvantage of the SADC partners whose strength lie in exporting agricultural products.

standardization. The EU has therefore long viewed itself as a natural supporter of regional initiatives<sup>33</sup>. It is up to South Africa to safeguard SADC's interests in its trade relations with the EU. South Africa has to strike a balance between its interests and those of SADC.

The United States of America has jumped at the opportunity to establish economic ties with South Africa after seeing the EU's prospective penetration of the South African market. Talks between South Africa and the US on a free trade agreement had fallen through because demands made by the US were deemed to be detrimental to South Africa's development. Also, the US also wanted complete access to South African markets while refusing to open up its own markets to South African products. This is a clear sign that South Africa is feeding into the notion of South African *exceptionalism* leading to a further divide between South Africa and its SADC partners, with many having nostalgia about the good old days when South Africa was not a member of SADC.

The discussion above indicates that South Africa's economic interests extend far beyond the region (SADC), the continent and ultimately the globe. For that reason it is unfair for SADC to expect South Africa to exclusively push for the SADC regional integration agenda while ignoring the other aspects of the global economy. Trade negotiations in South Africa, as in many countries, have become intertwined with foreign policy. In the multilateral system, for example, the foreign policy imperative revolves around how to mesh South Africa's economic interests with the positions taken by the African group in the WTO given that resolving Africa's problems in the central foreign policy terrain<sup>34</sup>. In keeping with global trends, a new wave of bilateralism has broken out. This is broadly guided by the Department of Trade and Industry's "Global Economic Strategy", and is divided into three tracks. The first track is the European Free Trade Area (EFTA) and Mercosur. The second one is India and China. The third one is Singapore/ASEAN, Japan, South Korea, Nigeria and Kenya. Track one is currently underway with EFTA recently completed and Mercosur close to completion. Negotiations with the USA have run into serious difficulties because the USA insists on the inclusion of sensitive areas like investment, government procurement and other Singapore issues that are not negotiable as far as South Africa is concerned. Track two will commence at a later stage.

## **8. The role of SADC member states; getting a fair deal from South Africa**

Individually almost every SADC member state has bilateral agreements with South Africa operating independent of the SADC Treaty. Since South Africa has interests in the region as shown in these bilateral agreements, seeking a better deal in the interest of the region will be crucial. SADC members will not need to look far. The fact that South Africa is very particular when signing its own agreements with the EU, USA and other major role players can be used as a model by the neighbours, they need to have serious negotiations with South Africa. SADC should also insist on South Africa upholding the SADC Treaty in all its trade agreements. South Africa's participation in SADC, allows access to a market of approximately 140-million, which is expected to grow at an annual rate of around 3%<sup>35</sup>. This means that SADC can also arm-twist South Africa into regional integration relationships that are mutually beneficial.

## **9. Conclusion**

This discussion has shown that South Africa has tried to exercise the balancing act in terms of trying to satisfy its own domestic, regional, continental and global demands on the economic integration front. What is clear is that South Africa cannot afford to be held back by SADC neighbours whose economies still have a long way to progress. SADC should actually use South Africa's position to their advantage by upgrading their economies to match that of South Africa. They should negotiate for better deals from South Africa since they rely on each other for intra regional trade. South Africa has also managed to bring to their door steps competitive trade partners like the EU, USA and the first world. South Africa is ideally placed as a neighbour and leader to the benefit of the whole region. As long as South Africa remains a member of SADC differences in levels of economic development will continue to plague the region. However South Africa's SADC membership is an advantage to the region. The benefits far outweigh the disadvantages. It is not envisaged that South Africa will quit SADC in the long foreseeable future hence the fulfilling of SADC integration agenda can still be realised as long as the highlighted problems in this paper have been addressed.

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<sup>33</sup> European Commission, "Support for Regional Economic Integration Efforts among Developing Countries," *COM (95), 219 final*, Brussels, 16 June 1995, p.6)

<sup>34</sup> Draper P and Khumalo N. Africa/EU trade relations round number to Available on : <http://www.voxeu.org/index.php?q=node/896> Accessed 09/09/09

<sup>35</sup> Available on: <http://www.southafrica.info/business/trade/relations/traderelations.htm> ;

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