

### 3. Different Scenarios for Economic Integration in Southern Africa: Options and Choices Comment

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## COMMENTS

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1) As for the motive of economic integration by South Africa, Mr. Cassim pointed out that "there is considerable potential for the non - SACU countries to switch supply from third countries to South Africa. (p.70)" That is, the motive of forming the economic integration exists in the side of the non - SACU countries. However, I think South Africa has also much interest in economic integration. Because South African manufacturing sector is not competitive for third suppliers, South Africa wants to secure the SADC market by forming the economic integration.

Why did South Africa choose SADC rather than PTA which is more bigger market than SADC?

When I interviewed the staff of SACOB in Johannesburg, South African businessmen have evaluated PTA rather than SADC. So it seems to me that South Africa became a member of SADC by the political reason rather than the economic one. During the liberation struggle, SADC had assisted ANC and PAC to offer their guerilla bases.

2) As far as SACU is concerned, Mr. Cassim said that "the extension of SACU to Southern Africa region is not viable in the short to medium term. (p.81)" As the reasons of it, Mr. Cassim mentioned three points.

- (1) high rate of dispersion of tariff rates among countries
- (2) SACU itself is undergoing a major overhaul
- (3) the fear that South African firms are much better positioned to reap the benefits of a larger Southern African customs union. (pp.81 - 82)

As for the first reason, PTA is going to reduce tariffs among member countries and goes to zero in 2000. It seems to me it is possible to extend SACU to PTA countries. Besides there is the redistribution of customs revenue as a compensatory system among the SACU. Therefore they must create any other compensatory system among member of a larger Southern African customs union.

3) As for SADC, Mr. Cassim wrote "the Western-based models of economic integration cannot be supplanted in the Southern African context. (p.82)"

Why is it impossible to supplant them?

In my opinion, it is not impossible to supplant but the member states of SADC have not wanted to lose their sovereignties of the nation. According to the treaty of SADC in 1992, the member states have still insisted the sovereignty of each member in the article 4 of the treaty.

Besides, Mr. Cassim said "SADC option was the least controversial since it did not have any explicit trade protocol which meant that cooperation, as opposed to integration, was the central axis. (p.83)" but "SADC has now introduced a trade protocol calling for an FTA. (p.83)" What type of economic integration will Mr. Cassim prospect for SADC in future?

- 4) As far as the COMESA is concerned, Mr. Cassim raised two questions.
  - (1) Whether the COMESA will meet its target of 0% tariffs by the year 2000 or not?
  - (2) Whether South Africa will join to COMESA? (p.84)

Mr. Cassim's conclusion is that "it is premature to think of a common market in Southern and Eastern Africa. - - - - it is very difficult to manage a common market. (p.85)" It seems to me that Mr. Cassim's examination on COMESA is not enough. Because Mr. Cassim has not examined the roles and the achievements of Clearing House, Trade and Development Bank and the private business sector in the past years.

- 5) As a conclusion, Mr. Cassim said that "any trade agreement must not intensify the regional disparity. (p.91)" and "While it is important to have an industrial policy for the region, this is not practical. - - - Harmonization of industrial policy may not make sense since different countries have different industrial level requirements. (p.91)"

As for the first point, I agree with Mr. Cassim but as for the second point, if you deny the harmonization of industrial policy, the polarization of industrialization in Southern Africa will be increasing more and more.