THE IMPACT OF REGIONAL INTEGRATION IN AFRICA: THE CASE OF SOUTH AFRICA AND BOTSWANA.

BY

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DECLARATION

I, Paseka Cornelius Letsatsi, student number: 205005373 hereby declare that the dissertation for the degree of MPhil South African Politics and Political Economy is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.

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CHAPTER 1
BACKGROUND TO THE STUDY

1. INTRODUCTION

Regional integration can refer to the trade unification between different states by partial or full abolition of customs tariffs on trade taking place within the borders of each state. This is meant in turn to lead to lower prices for distributors and consumers (as no customs duties are paid within the integrated area) and the goal is to increase trade. (Economic integration, 1950, p.66)

According to Mattli (1999, p.42), the analysis of the first problem takes the decision to adopt an integration treaty as a given, and is primarily concerned with identifying the condition under which the process of integration is likely to succeed or to fail. Implementation of an agreement by heads of states to tie the economies of their countries closer together entails a lengthy process of establishing common roles, regulations, and policies that are either based on specific treaty provisions or derived from general principles and objectives written into the integration agreement.

Regional integration can be applied for varying forms of economic co-ordination or co-operation amongst different neighbouring states, there will however always be different political agendas in the process. If there is a treaty amongst member
states, this treaty has to be enforced or it may result in the development of differences. “In order to address national priorities through regional action most member states had been allocated the responsibility of co-ordinating one or more sectors. This involved proposing sector policies, strategies and priorities, and processing projects for inclusion in the sectoral programme, monitoring progress and reporting to the council of Ministers”. (Department of International Relations & Co-operation, Republic of South Africa).

Richard Baldwin, Daniel Cohen, Andre Sapir and Anthony Venables argue that, using the same basic model as Bond and Syropoulos (1996a), they consider trigger strategies such that initially there is inter-bloc free trade supported by the threat of perpetual trade war if any party breaks the agreement. Regional integration can be understood as the process of providing common rules, regulation, and policies for a region. Regional integration is defined as a process that allows member states to have access to each other’s markets on a voluntary basis and at various degrees. Economic, political, social and cultural benefits are realised from this interaction. (Lee MC, 1999, p30)

Regional integration can be seen as co-operation in a broader context but can also be an important framework, through programmes within each regional bloc. According to (Keet, 2005, p22) since the birth of democratic South Africa, regional co-operation is also seen – in addition to the broader African aims–to be an important framework, through programmes within the Southern African Development Community (SADC), within which to address the gross imbalances created both within and between the economies of the region.

Regional integration has become a way of assisting the emerging economies to be able to use their proximity to align their economies with the core for economic development. According to (Hamdok, 1998, p34) the effective implementation of regional integration is founded on an enabliing environment that promotes
accountability, transparency and respect for the rule of law. Also a strong institutional framework at the regional and national levels is fundamental to streamline regional agreements into national policies. In addition, the establishment of effective transnational implementation tools provide opportunities to push reforms conducive to good governance at the regional level. A clear demonstration of this can be observed in effective legal systems and the need for a regional framework and related judicial institutions to provide an improved regional environment for private development.

Integration always provides space for member states to assist in the development of other member states and which have a common economic approach to development. This is done in order to ensure that there are incentives for all member states as compared to those who are outside the bloc. As evidenced in the case of Europe, economic integration helps create a homogenous space and, to some extent, equalises living conditions and if all other regional blocs follow this process the benefit becomes greater. These appear to be prerequisites for a dialogue on the harmonisation of political stands. Indeed, an economic space that is physically integrated; where goods and services move speedily and smoothly; where, besides, the mobility of factors (manpower, capital, energy and inputs) are not subjected to hindrances; where, finally, microeconomic policies are harmonised, is likely to offer equal opportunities to all. Such a high degree of economic integration is not sustainable without a policy dialogue on issues that, at first, may not fall squarely under the rubrics of economic field; peace and security, defense, diplomacy etc. (Blayo N, 1998, P.5)

The process of regional co-operation within the Southern African Development Community (SADC) started in 1980 through the formation of the Co-ordinating Conference which was later changed to SADC IN 1992. Even though it is clear that the South African government played a dominant role because of its
apartheid policies, the basic condition was to start the process of integration and open the process of economic co-operation within the region. The Governments of the Republic of South Africa, the Republic of Botswana, the Kingdom of Lesotho and the Kingdom of Swaziland- being desirous of maintaining the free interchange of goods between their countries and of applying the same tariffs and trade regulations to goods imported from outside the common customs area as hereinafter defined; “Recognising that the Customs Agreement on 29 June 1910 as amended from time to time, requires modification to provide for the continuance of the customs union arrangements in the changed circumstances on a basis designed to ensure the continued economic development of the customs union area as a whole, and to ensure in particular that these arrangements encourage the development of the less advanced members of the customs union and the diversification of their economies, and afford to all parties equitable benefits arising from trade among themselves and other countries”.(Government Notice, R 3914,p1)

Even though there’s an acknowledgement that under the difficult conditions during apartheid, there was a need for the region to develop a common approach towards development and sustainable growth in the Southern African region. All countries in the region had to co-operate for long term sustainable economic growth, peace and security. “In 1980, the Southern African Development Co-ordination Conference (SADCC) was established with the major objectives of decreasing economic dependence on the apartheid regime and fostering regional development. The strategy adopted for meeting these objectives was regional development and co-operation. In 1992 SADCC was reborn, as the Southern African Development Community (SADC). The member states decided the time had come to move the region towards the creation of one regional market”. (Lee MC, 1999, p1)
“Through the establishment of the Southern African Customs Union (SACU) the Southern African region has managed under difficult conditions of economic inequalities to standardise the trade links amongst member states, although there is still more to be done in the region to achieve shared goals of development. The Southern African Customs Union (SACU) links the trade, regimes of Botswana, Lesotho, Namibia, South Africa and Swaziland. The South African economy dominates SACU, representing approximately 91 percent of SACU’s 2003 GDP of $175 billion. There are currently no internal tariff barriers among SACU members. All SACU members except Botswana are members of the Common Monetary Union?, with currencies pegged to the South African rand. Imports from outside SACU are subjected to a common external tariff. The 2002 SACU Agreement, which became fully operational in 2004, provided for a more democratic structure that reduced reliance on South Africa for administrative decisions. The agreement set up a Council of Ministers (COM) as the supreme decision making body for SACU. The COM is supported by the Commission of Senior Officials (a group of technical experts) and a SACU Secretariat located in Windhoek, Namibia. A SACU Tariff reports directly to the COM and formulates and implements tariff reports”. (SACU, 2007, p564)

Integration remains complex and complicated; it requires a common approach a commitment from all member states and good governance. In most instances the regional commitments get delayed by member states that are reluctant to be part of the whole and integrate, we can take a closer look at England which has been reluctant to change its currency from the pound to the Euro. However most economies in the world have realised that it is difficult to face international markets alone, therefore they opt to integrate. Economic integration is one of the most complicated, contradictory, and at the same time dynamic processes in the international situation. “During a comparatively short period-just 25-30 years-dozens of different integration groups emerged in various regions of the
world. But not all of them passed the test of time. Not a few groups lost their positions. Others collapsed altogether”. (Saunders TS, 1983, p27)

Co-operation contributes towards growth, peace and stability, however it is to be noted that all role players must be committed towards a common goal for growth. As evidenced in the case of Europe, economic integration helps create a homogenous space and, to some extent equalise living conditions, however we still experience problems like the economic crisis in countries like Greece, but this does not suggest that countries should go alone as this is not the solution. These appear to be prerequisites for a dialogue on the harmonisation of political stands. ["Indeed, an economic space that is physically integrated; where goods and services move speedily and smoothly; where besides, the mobility of factors (manpower, capital, energy, inputs) is not subjected to hindrance; where finally, macroeconomic policies are harmonised, is likely to offer equal opportunities to all. Such a high degree of economic integration is not sustainable without a policy dialogue on issues that, at first, may not fall squarely under economic field; peace and security, defense and diplomacy”. (Blayo N, 1998, p 5)]

The African Leaders have realised through the Africa development framework that the New Partnership for Africa’s Development promotes regional integration as one of the mechanisms to Africa’s reliance strategies. NEPAD acknowledges that most African countries are small, in terms of population and per capita incomes. Due to their limited markets African countries do not offer attractive returns to investors, while progress in diversifying production and exports is retarded. These economic conditions point to the need for African countries to pool their resources together and enhance regional development and economic integration on the continent, in order to improve competitiveness at the international market level.
In his keynote address, to the tribute of the late Professor Bade Onimode, John F.E Ohiorhenuan said “The salvation of Africa lies primarily in Africa and with Africans themselves. Optimism must become a resounding virtue and widely disseminated psychological trait- even in the face of challenges..... Robust optimism about Africa’s future is a major requirement for the self confidence that Africans need so badly to deal with the challenges of this historical juncture. Regardless of what Africa’s detractors may say or do. Africans themselves must never lose faith in their own capacity and ability to change the course of events- to achieve the willed future for themselves.” It becomes very clear from the statement by Professor Onimode, that the problems which Africa faces today should be resolved by Africans themselves, the leadership of the continent together with its peoples need to champion a developmental agenda without over-reliance on donor funding from the West. There exists an urgent need to deepen democracy, peace and development within the continent in order to advance economic stability and development.

2. PROBLEM STATEMENT

The South African Development Community (SADC) is still at the nascent stage of integration. Therefore there is a need to raise the level of integration of the SADC from a preferential or free trade area to a customs union, with a common external tariff, leading to an integrated regional economy which is propelled by the practical necessity that is competition with the global market economy. The political leadership in the SADC is yet to comprehend the importance of the creation of a supranational agency whose role will be to introduce a single currency in the region, and ensure the free movement of people within the region and all other things which lead to the creation of economic integration.

The broader objective is to examine the impact of regional economic integration in the Southern African Development Community and the role which South Africa
and Botswana play in advancing co-operation. These two countries remain important in the study because of their advanced stability both politically and economically.

The interesting phenomenon about South Africa and Botswana is that both countries have similarities which include sharing a common border as well as having strong cultural and linguistic ties. South Africa has a large Tswana speaking population, as a result of which there is a frequent cross border movement between the two countries because of strong family ties on either side of the border.

The existing strong cultural bond spanning the borders of the two countries inevitably provides a perfect climate for co-operation on other levels such as economic and political co-operation.

**2.1 RATIONALÉ**

Even though there seems to be a general agreement amongst countries that the best option for general economic development could be approached as a form a front, where countries work together and integrate their economies, most regional blocs which have been in the process of integration for a long period of time still find it difficult however, to fully integrate their economy within their own respective regions. This is certainly the case with the European Union where the integration process started more than five decades ago, and today there are still some fundamental problems in terms of how member states in that region want to move the process as slow as possible, in order to advance their own self development outside the whole regional initiatives. Countries like England have been showing reluctance to convert its currency (pound) to the Euro. Although there’s general consensus within Europe that, all member states should integrate within the European Union for the general purpose of trade with the whole
world, England as an example earlier has been committed to go it alone in using both the Euro and the pound as its currency instead of totally adopting the Euro.

The thrust of this study lies in seeking to highlight avenues out of the dynamics of integration delaying the process of integration in all the regional blocs especially in the SADC. Even though the laws governing integration can be crafted to address the holistic problems of the region and rapid integration, member states will forever find loopholes which exist, especially when it comes to selfish individual development interests. “For instance, while the original aim of the EU was to help create a more efficient capital market for investors and companies to improve the 27-state blocs competitiveness, they offered many “opt outs”, enabling member countries to skirt core provisions and keep barriers in place. Ultimately large numbers of member states have shown strong reluctance to lift protectionist barriers”. (Property rights agreement, 2005, p5)

In the example of the two principal SADC countries cited in this study i.e. South Africa and Botswana, the latter has realigned its intellectual property rights legislation to conform to the international standards expressed in its membership in the Berne and Paris Convention. “The Botswana copyright Law, enacted in 2000, but not yet fully implemented, is intended to improve standards of protection for rights in all encompassing scope of art works and forms. To further enhance copyright protection, the parliament is scheduled to consider the Copyright and Neighbouring Rights (Amendment) Act of 2005, which is aimed at updating the 2000 Act legislation to enhance protection of artistic and literary works. Botswana legislation is now generally in line with international standards, but there are notable deficiencies with respect to geographical indicators and integrated circuits, and enforcement of intellectual property rights remains a challenge”. (SACU, 2007, p 579)
The European Union will be used as an example in the study as this is one bloc which has been in existence for more than five decades. There are many lessons which the SADC has to learn from the European Union, whether good or bad they remain important for the study under review. Therefore the Southern African region indeed needs a lot of focus towards co-operation as compared to pulling in different directions, advancing individual states interests as against a collective approach because the individualistic approach has proved to be detrimental to member states in the long run.

3. RESEARCH OBJECTIVES AND THE AIM OF THE STUDY

The objectives of this research are to investigate and examine the impact of regional integration. The specific focus will be on South Africa and Botswana and how this process (their processes?) benefits or disadvantages the integration of these? regions, this is coupled with the view to observe how these processes become influenced by the sovereignty of the countries as they go through economic integration.

The research process will examine the scope, character and nature of regional economic integration as well as its history, together with its impact on people. Apart from the process of integration it is important to evaluate whether the best option of development is go it alone or to approach the process as a bloc. As the research focuses on the Southern African region, there is an acknowledgement from the researcher that there has not been extensive research done to check its successes and failures, however what complicates matters, is the fact that the Southern African Development Community is still in the early stages of its development and it could be difficult to negatively or positively judge its processes, however it remains a positive case study considering that this is the last region to adopt integration processes because it was destabilised for quite a long time by the apartheid regime in South Africa.
The research will examine as well the other models of regional integration like the European Union (EU), as to what extent should the SADC learn from the positives of that region, in order to successfully and fully integrate the Southern African region. The critical question here is whether leaders in the region can live up to the challenge, to spearhead the processes of regional economic integration. This question emanates from the fact that some of the countries in the region are in a state of economic shambles, like Zimbabwe and the Democratic Republic of Congo. The political leadership pull in different directions when they are supposed to work together for economic sustainability. Equally, the state of the various economies of other countries in the region is generally poor, like Lesotho and Swaziland. This scenario however is not limited to Southern Africa only, as the European Union evolved from the same conditions as well. (The EU has evolved from a Western European trade body into the supranational and intergovernmental body that it is today. After the Second World War, an impetus grew in Western Europe for institutional forms of cooperation (through social, political and economic integration) between states, driven by the determination to rebuild Europe and eliminate the possibility of another war. (European Union, 2005, p15)

This research will try to evaluate the relationship between political stability in the region and development. An observation the study has made is the fact that South Africa as a political and economic powerhouse has been pushing very hard to advance the process of rapid economic integration. The South African government has since realised that it will not make any sense for it to develop alone surrounded by a pool of poverty stricken countries.

The acknowledgment therefore is that the more stable the region is the more development will take place and the achievement of lasting peace and security will be guaranteed, and economic stability in the region means South Africa can l
concentrate on building itself up after many decades of apartheid and deliberate policies of underdevelopment.

If South Africa continues to advance alone amongst a pool of poverty, the problems in the surrounding countries are bound to spill over, and affect South Africa negatively.

4. METHODOLOGY

The previous chapter, of this research, deliberated/ indicated that the researcher will conduct interviews with people who are knowledgeable within the field of regional integration, this is within the context of ensuring that the literature review is complimented by the collection of extensive data. The research will interact with high calibre people from the following areas.

- Reserve Bank
- Government Officials
- Office of the Presidency
- Home Affairs
- Media

There has been extensive work done with regard to the study / area of regional integration, the Reserve Bank together with various government officials have articulated the process of integration in many forums. The researcher will rely heavily on the views which have been presented by these different bodies around the issues of regional integration specifically on the Southern African Development Community (SADC). Volumes of literature reviews from academics, other researchers, reputable international scholars and the media will be used by the researcher to further investigate the field of integration.
In conducting this research, the researcher is quite aware of the fact that in order not to transgress from time to time, the various forms of evaluation should not fundamentally move away from evaluating the role which is played by both South Africa and Botswana in the whole process of building the Southern African region. As indicated in the introduction, the researcher will try to focus on three major areas of regional integration, which are, the process of regional economic integration, the benefits thereof, and the limits which are characterised by the obstacles, as regions integrate, and how this co-operation impacts directly on South Africa and Botswana.

4.1 LITERATURE REVIEW

The research will further look at how other regions like the European Union managed to integrate their respective economies with their existing problems. According to Business Day, 07 2007,p3, many European Union (EU) governments had evaded rules designed to lift barriers to cross-border mergers, the bloc’s executive body said in a report yesterday. It cannot be emphasised more that even though there will be policy proposals and decisions about regional integration, there are obstacles which will forever be characterised by processes leading to integration.

The shared objectives of pulling together for regional integration would be: trade creation, production efficiency, economies of scale, efficient gains through policy harmonisation and co-ordination; reduced vulnerability from external shocks and instability induced by uncertainties in the rest of the world; developing a common infrastructure necessary for enhancing rapid economic growth and development; creating a single and viable investment area for both domestic and foreign investment and; creating opportunities and higher incomes which ensures that the people can afford to utilise professional services.(Mwai RG, Schwartz R, 2001, p10)
Regional integration in the long run seeks to ensure that member states increase their trade capacity externally, improve their competitiveness and attract investment while at the same time improving the member states ability to grow their respective economies, and integrate into the rest of the world, and this happens through the exchange of goods, services and financial assets. There exists an urgent need for the Southern African Development Economy (SADC) which acts as an umbrella body, to formulate strategies which would guide its vision and mission in order for it to succeed in the processes of regional integration.

Economic regionalisation appears to depend on both political decisions at the regional level and locational decisions made by firms. In effect, regions are viewed as an appropriate unit in which to organise governance and stimulate political participation. (Vayrynen R, 2003, p 43)

**4.2 THEORETICAL FRAMEWORK**

The world economy is integrating, hence all countries find it to be more compelling to speak as a bloc on the world markets, because experience has proved that any country which chooses to go it alone, finds it difficult to penetrate the global markets. South Africa and Botswana have played a critical role in bringing stability in the region. In 1998 when there was an attempted coup d' état in Lesotho by rebels, both countries collaborated militarily and contributed a key intervention in bringing stability to that country.

According to Thabethe MHS, 2004, p73, in regional integration states a different and separate geographical, national and territories are not pieces of a jigsaw puzzle. For regional integration to succeed there must be a political will that human intellect to guide the process of integrating the different states as
separate economies. In the Southern African case the process of integration is economically, historically, territorially and politically driven and it has a development dimension to it. Just like development, regional integration has socio-economic, geographical, political and other dimensions to it. In terms of the economies of the states that are to be integrated to form a region the focus may be on the economic development of the Southern African region. In the Southern African case, the different states and their geographical territories that are to be integrated to form a region, have natural boundaries (rivers, lakes, grasslands, mountains, etc). But different nationalities and states are kept apart by unnatural boundaries such as false political borders and border control. Regional integration seeks to remove these barriers.

It can therefore be emphasised that in the main regional integration is a process through which the socio-economic and geographical barriers created by simply drawing boundaries are gradually eliminated. Narrow national interests are removed and are replaced by the spirit of regionalism and assistance is provided to those economies which are still lacking, in the case of SADC, South Africa and Botswana will find themselves being approached for financial assistance by poorer countries in the region.” King Mswati had earlier hailed the agreement in his Ludzidzini Royal Homestead, near the capital Mbabane, upon his return from South Africa. We are thankful and also appreciate for the assistance we have received from South Africa. This shows that they are good neighbours”. (BBC NEWS AFRICA, 2011, p2)

4.3 MAJOR RESEARCH QUESTIONS

In this field of study it is acknowledged and appreciated that it is empirical in nature and it seeks to explore as many options as possible. Most of the questions which will be advanced will generally try to extensively examine and investigate at length the research itself. It is hoped that these questions will remain
important to assist the researcher, and can also be used to benefit other research to be conducted within the same field of regional economic development.

The research questions which will be posed in this research study are as follows:

Analysing and tracing the impact of regional economic integration and the impact which it brings, and what critical role does South Africa and Botswana play to advance this objective. To what extent can we say that the Southern African Development Community (SADC) has progressed in its processes of integration and what lessons can be learned from other advanced regional economic blocs?

The objective is to check the history of regional economic integration and how far the SADC has advanced in building and advancing regional integration and the critical role played by South Africa and Botswana. Considering the relative political and economic stability and growth in both South Africa and Botswana, What can these two countries do to strengthen the region and build stability? Cooperation of member states also remains the most critical point in the research itself.

Assumption 1. The South African Development Community (SADC) is still at the nascent stage of integration, therefore there is a need to raise the level of integration of SADC from a preferential or free trade area to a customs union, with a common external tariff, leading to an integrated regional economy which is propelled by the practical necessity that is competition within the global market. South Africa and Botswana play a critical role in this regard.
Assumption 2. The role of the political leadership which is committed to stability and growth in the region as a whole with the inputs of a committed and vibrant civil society is critical for development. These components are important because regional co-operation should happen voluntarily without pressure or prejudice.

It is acknowledged by the researcher that these questions are not conclusive, however they will be investigated through extensive research using qualitative methodologies.

Chapter 2: Will focus on the SADC context, and introduces the four focus areas: geopolitical/diplomatic level of integration, free movement of people, infrastructure and trade.

Chapter 3: Focuses on South Africa and Botswana’s history and context: both geopolitical and diplomatic relations.

Chapter 4: This chapter will deal with trade and infrastructure in South Africa and Botswana.

Chapter 5: Deals mainly with the free movement of people within the SADC with the major focus on South Africa and Botswana.

Chapter 6: This chapter will focus on South Africa and Botswana’s lessons on integration, political and economic development: implications for SADC and Africa as the whole.

5. CONCLUSION
An attempt will be made in this chapter to provide a detailed background to the study on regional economic integration in the SADC and other developed blocs. Most studies relating to economic integration have demonstrated that countries all over the world have opted to integrate within their respective blocs in order to advance stability and development, however this process is not only easy but it has its own problems and difficulties as well.

The objective of this research and the approach has been outlined to investigate regional economic integration in the SADC. In order to ensure consistency in the theoretical approach, theories were outlined and will continuously be used throughout this study.
CHAPTER 2
THEORETICAL APPROACH TO THE STUDY

The principal weakness of the SADC economies is heavy dependence on exports of primary commodities, with the most important being oil from Angola, diamonds from Botswana, Namibia and South Africa, platinum (South Africa), gold, copper, and agricultural produce; tobacco, horticulture, cotton and beef. Imports are dominated by manufacturers, machinery, chemicals and heavy equipment. (Buthelezi S, 2006, p164)

2.1 INTRODUCTION

In this study, many theoretical approaches will be used to in order to try and investigate fully the phenomenon and the study in question. It could be said that these theoretical approaches to be employed will basically try to assist to a large extent the investigation and the assessment so far of the regional economic integration in the Southern African Development Community (SADC). Fundamentally the theories to be applied in this study will be around economic integration in order to advance development and the critical role which the political leadership and civil society movements play in advancing any form of regional stability.
In order to contextualise the process of integration in the SADC, this study will unravel four focus areas, being geopolitical/diplomatic level of integration, free movement of people, infrastructure and trade.

2.2 GEOPOLITICAL/DIPLOMATIC LEVEL OF INTEGRATION

(Stating facts and how Africa is connected and the role which colonisation played)

The African continent represents a vast area of the globe. Africa is three times the size of the United States. Its population of 800 million people is nearly equal to that of Americas, north and South. Its people reside in fifty-four countries and speak over a thousand different languages, many of which represent distinct culture. (Bauer G & Taylor D S, 2005, p2).

It is so easy to identify a number of empirical and socially constructed attributes within states and across societies in Southern Africa and Africa as whole. Many of the states of Southern Africa share a common colonial history. The region was settled by the Portuguese in Mozambique and Angola, and the Dutch in South Africa. Much of the territory had fallen under British rule, however what is important to note is that, the Portuguese, Afrikaner and German influences continue in a bigger role in one or more of the states of the region today. The influence of the British through linguistic, political and economic influence remains a common feature for most of these countries. In the nineteenth century the accelerated arrival of Europeans and the formal onset of colonialism in Southern Africa and elsewhere meant the imposition of arbitrary boundaries that typically divided ethnic groups across colonial borders.
With few exceptions, the colonial era map of Africa is unchanged, and therefore connections remain between peoples across those borders: there are the Batswana in Botswana and South Africa, Basotho in Lesotho and South Africa, Ovambo in Namibia and Angola, Shona in Zimbabwe and Mozambique, and so on. (Bauer G & Taylor DS, 2005, p5). This spread of common linguistic similarities found within the region compels integration across the borders.

It remains important for Southern Africa to advance its economic interests by continuously raising the issue of territory and shared space. This is within the context of existing landlocked states like Lesotho, Zimbabwe and Zambia etc. These countries in the region have to rely on their neighbours for co-operation if they require access to the sea and airspace as they have to engage with other countries outside the region.

Overcoming the poorly designed colonial boundaries requires cross border co-operation. And infrastructure such as transport corridors and spatial development initiatives remain critical to the core. Political and economic alliances therefore remain key for any form of development within the SADC community. Spatial Development Initiatives use roads or rail to link major nodes of potential investment such as ports, parks, tourist facilities, mining areas, or major industrial developments. The largest project of this kind upgrades Maputo Harbour and links it to South Africa’s industrial heartland. Compared to the port of Durban, this shortens the transport distance by 150 km. This both cuts costs for South African mining and industry while helping to rehabilitate Mozambique’s infrastructure and industry, long shattered by civil war (Independent Projects Trust,1990-2011,p 9). The geopolitical interconnectedness demonstrates the importance of how Southern African states needs to accelerate the process of economic integration as facts demonstrate the interdependence of states to each other.
MC Lee contends that SADC strategy entailed regional co-ordination to develop seven sectors: transport and communications; food; agriculture; natural resources; industry and trade; energy; mining; manpower; and tourism. Each member state was given the responsibility for co-ordinating the development of at least one sector or sub sector. A project approach was implemented and all member states were given the opportunity to present projects for funding, including national projects on the associated problems which would have a regional impact. It is this approach which encourages ownership by all member states, and fosters the spirit of commitment as individual states are given the responsibility to run at least one project and have a sense of ownership of the whole process of development. Geographic location remains one of the key factors associated with economic and human development; there are so many difficulties which are associated with landlocked states in particular. The most obvious challenge faced by landlocked states is related to access to the sea via their neighbours as they lie further from ports and thus incur higher transport costs when trading with global markets. Higher trade costs can reduce the welfare of a country and impede prospects for economic growth, therefore regional co-operation remains very important in this aspect.

The political relationship between the landlocked state and its neighbour occupies an important space as well. If the two neighbours are in conflict, either militarily or diplomatically, the country that has direct access to the sea can block borders or implement other punitive actions against its neighbour. Even if cross-border relations are in a good state, a landlocked state is still vulnerable to all sorts of conflict, the conflict can result both in the closure of a vital road or damage to infrastructure and a delayed process to fix it.

The landlocked countries of eastern Africa—Burundi, Rwanda, and Uganda—are all subject to extreme high transport costs due to low quality infrastructure in transit countries and long distances that need to be covered to access ports in
Kenya, Tanzania, or South Africa. In Burundi and Rwanda, these transit costs exacerbate the challenges to economic development posed by the recent civil war. (Faye M, McArthur J, Sachs J, and Snow T, 2003, p2)

The Southern African situation has been relatively better especially since the end of the civil war in the region and the signing of regional trade agreements through SADC. Botswana is landlocked, but its economy depends mostly on diamond exports and it uses mostly air transport rather than access to the sea. Swaziland is encircled by South Africa with a solid infrastructure and political stability and capital to support investment. South Africa has also been in the forefront of African Renaissance and this helps Swaziland to find itself in a better conditions compared to other states with hostile neighbours.

Malawi, as a landlocked state suffered significantly in the past during the civil wars in Mozambique, Namibia and Angola. As a result much of the Southern Development Community (SADC) trade has been forced along other corridors, largely relying upon ports in South Africa. During the Mozambiquean civil war, Malawi was forced to reroute its freight, 95% of which normally passed through the ports of Beira and Nacala, to the much distanced ports of Durban and Dar es Salaam (Faye M, McArthur J, Sachs J, and Snow T, 2003, p14)

Civil conflicts have always been significant impediments in Africa, the costs of using alternative roads because of conflict has been more than double compared to what a country could have incurred if it used the infrastructure of its neighbour without any problems. The unavoidable re-routing must have cost many countries in Africa a fortune during wartime. While most corridors in Southern Africa have been re-opened or re-built from scratch, the damage caused indicates that there is a long way to go before there can be total reconstruction. Regional integration as a model for co-operation requires that countries forfeit most of their autonomy, and co-operate for the development of
the region as a whole. The regional integration implies that there has to be suppression of certain forms of discrimination between national economies, and in this regard the objective of member states is to merge their separate market economies into one of a big regional block. This process includes amongst other things, a free trade area/s, and a customs union, in essence there should be a complete economic and political integration. A supranational organisation is put in place to oversee the complete unification of fiscal and monetary policy, as well as finance and investment policies. Regional integration is defined as a process through which a group of nation states voluntarily in various degrees have access to each others markets and establish mechanisms and techniques that minimise conflict and maximise the internal and external economic, political, social and cultural benefits of their interaction. (Lee MC, 1999, p39)

The Southern African Development Community has been successful in enhancing regional development, co-operation and integration. It is therefore important to note that the SADC has laid the foundations for regional development and co-operation in such a way that all member states have to play an important role, be committed to the process, and take ownership of it.

Southern Africa, through the SADC continues to have potential for regional development, co-operation and integration. However this potential was delayed during the years of apartheid and now that leaders in the region are committed to work together towards a common goal, the resource capacity found in the region must be used towards stability and development of the people. If there’s any lack of political commitment by SADC member states, it must be resolved in order to enhance its viability, especially considering the challenges emanating from the processes of globalisation.

A political commitment must be coupled or supported by appropriate strategies by the SADC for regional development and co-operation. This can include
amongst other things, a properly co-ordinated development strategy which should focus on the successful implementation of regional projects. The region has for a long time earned a reputation of being rhetorical on policies, but slow when it come to implementation, this has to stop if there is to be any hope of advancing development in the SADC.

Enhanced regionalism among African nations is necessary in order to attempt to decrease the further marginalisation of the continent within the world economy. To this end, in 1991, the Organisation of African Unity (OAU) established the African Economic Community (AEC) with the objective of creating one African market by 2025. (Lee MC, 1999, p 45)

2.3 FREE MOVEMENT OF PEOPLE

The South African Immigration Act of 2000 which was amended in 2004 and further amended in 2006 seeks to address the problems which existed in the Southern African Development Community region in terms of economic activities amongst member states in the region. The aim of the Act emanates from the SADC integration strategy which is aimed at stimulating development and stability in the region.

The SADC has a process in motion since 1995 for all members of the SADC to sign the Protocol on the free movement of people and so far only six countries have ratified it, being South Africa, Mozambique, Botswana, Lesotho, Zimbabwe and Swaziland other SADC member states have not signed yet. The protocol’s ultimate objective is to address visa applications when people move from one member state to the other and other problems which might hinder trade relations in the region. The preamble to the 1995 Protocol notes that the objective of attaining the free movement of people is ultimately related to the promotion of interdependence and integration of the SADC and the free
movement of people was the fostering of a community spirit among SADC states. (Solomon H, 1997, p 1)

The majority of people who cross a border from one member state to the other especially to South Africa come to trade and others leave their country of origin for political and/or economic reasons, however the SADC has to make it a point that trade does not suffer because of strict immigration laws. The research suggests that the patterns of movement across SADC borders vary widely. It seems that the majority of traders who come to South Africa only buy goods and cross the border at least once a week, but many travel as often as two to three times a week. A significant proportion of traders who only shop in South Africa, travel two to three times per month. Traders who come to South Africa with goods to sell have more erratic patterns of movement as they are dependent on the length of permit issued at the border and how long it takes them to sell their goods. It seems the majority cross the border at least once a month, others every two to three weeks. (Peberdy S, 2002, p42)

Traders hold visitors visas that suggest they wish to travel or engage in trade legally. There is no member state in the SADC which has a specific category of permit for traders, which hinders trade in the region. Many traders have to provide paperwork when getting a visa to travel in the region and this has proved to be very costly for business. It is these kinds of strict regulations which sometimes encourages illegal immigrants to cross borders on a daily basis, even if people want to cross the country legally, because they find regulations difficult, they find themselves having to engage in illegal activities. For instance, traders from Bulawayo need to travel to Harare and provide a series of documents (including a bank account and a letter of invitation from someone with a valid SA identification number) to get a visitors permit before they can travel to South Africa. The use of a single entry visa adds to their problems. Notwithstanding
these difficulties interviewees showed a strong commitment to wanting to enter legally with appropriate visas. (Peberdy S, 2002,43)

Many traders are involved in the evasion of some part of customs duties owing on goods and therefore are involved in the smuggling of goods even if they are legal, and they have been legally bought. This practice appears to be a reflection on high customs duties imposed by states in the region on certain goods, even after the reduction in tariffs following the introduction of the SADC free trade protocol; corrupt customs officials still charge old tariffs for their own self enrichment.

Strict regulations within member states do not promote trade and development instead it encourages corruption and illegal acts by those who want to enter into business in the region. It therefore becomes imperative for the SADC to fast-track the process of ratification of the free movement protocol such that many problems could be eliminated. The 1997 Protocol is modest in its aims. The Protocol advances the facilitation of the movement of persons; as opposed to the 1995 Protocol on the free movement of persons. More specifically, Chapter Two, Article 2 of the 1997 Protocol:

- To facilitate the movement of citizens of member states within the region and to eliminate obstacles which impede such movement;
- To expand the network of bilateral agreements among member states towards a multilateral regional agreement;
- To co-operate in preventing the illegal movement of citizens and encourage the protected movement of nationals of third states within and into the region
- To co-operate in improving control over external borders of the SADC
- To promote common policies with regard to immigration matters (Solomon H, 1997, 1 )
Both national and regional economic policy initiatives in the SADC free trade protocol, sees regional trade as part of the solution to the region’s economic problems and a tool to promote regional integration and development as well as to alleviate poverty within the SADC. It is within this context that regional co-operation be treated as a matter of priority in order to advance rapid development and growth in the region. Controlling the movement of people without putting unnecessary restrictions and expensive visa application costs could go a long way in promoting co-operation between businesses in the region and can also go a long way in promoting development. Member states which have not signed the protocol on the free movement of persons have to be persuaded to do so, such that the real work of co-operation and regional development can begin.

Economic and political integration in Southern Africa would strengthen the region’s position within the world economy, it is therefore most important for the member states to focus on regional development, co-operation and integration for the sake of their peoples. If member countries do not co-operate in signing the protocol on the free movement of persons, this does not advance their own interest but derails the integration processes further.

2.4 INFRASTRUCTURE AND TRADE

Trade and infrastructure have played a very important role in the developmental agenda of many countries, it is through a well crafted infrastructure that countries in the region will be able to use proper roads, rail and the sea to trade amongst themselves. The same can be said about trade, the more trade that takes place within member states the better the infrastructure. The war which took place in the region destroyed the infrastructure and more has to be done to re-build and reconstruct the regional infrastructure for trade to take place without hindrance.
African trade has been hindered by a number of factors including distorted trade regimes, high transaction costs due to inadequate transport, lack of information in communications infrastructure, lack of political commitment and frequent policy reversals, difficulties in implementing harmonisation provisions, multiple and conflicting objectives of overlapping regional arrangements, and limited administrative resources. It has been pointed out that RTA’s can play an important role in addressing these hindrances to trade. (Khandelwal P, 2004:19)

Regional integration and co-operation can be used to address these problems in the infrastructure, and to try to harmonise the standards and customs procedures. A strong Regional Trade Agreement (RTA) can be used by the SADC as bargaining power in the world markets. Regional integration can be used as a tool to achieve many things to strengthen the SADC which can facilitate the harmonization of policies, which can include investment, competition and national regulatory systems and policies. Deep integration is viewed as having the potential to create an open credible policy environment to encourage foreign direct investment and export-oriented growth. (Khandelwal P, 2004, p20).

According to Chauvin and Gaulier, 2002, p 37) important structural changes may also be necessary in order to expand trade potential in the region.

The agenda for integration in the SADC reflects the attempts to address most of these challenges in the overall development and trade of the region. SADC has taken an approach to regional integration that attempts to address infrastructure constraints, however the lack of a political will is also reflected in the fact that the stronger and larger economies of the region remain dominant and benefit more than the smaller ones, but the process so far indicates that the region is going in the right direction in confronting these challenges.
South Africa and the BLNS countries are already part of the Customs union (SACU), so there has been a degree of trade creation and trade diversion that has taken place. Although not specifically shown, the opening up of trade to the outside world will reduce any trade diversion that has already occurred within the SACU over a long period of time. (Sundarey R, 2006, p2)

The process of transporting goods through the region is very complex and complicated hence every country must ensure that its infrastructure is up to standard to engage in trade with its neighbours, but in the SADC context this has been very difficult because of the destroyed infrastructure and this can be attributed to many reasons, such as the civil war which destroyed the infrastructure. The bridges and roads were bombed and destroyed during many years of civil war and it is the responsibility of the SADC to make sure that these problems are addressed if the region is to experience economic growth and stability.

If the focus is around transporting goods, this requires upgrading of the combination of roads, trucks, trains, ports, warehouses, containers and pipelines, and more generally infrastructure like telephones, banks and post offices. There are landmines all over Angola and Mozambique which work against usage of road transport as people can get killed and injured in the process. It is to be noted however that through the NEPAD programmes destroying these landmines has been a priority but it will take some time before they are completely destroyed. So far South Africa seems to be the country which is advanced when it comes to telecommunications and information technology, it is important when conducting business to have a telecommunications infrastructure that is advanced for business to communicate with each other without any form of hindrance. Since we are living in the age of technology, good infrastructure is required such that conducting business can be easy and data capturing of
information remains critical. However lots of resources need to be channeled towards building these sectors as they play a critical role in development.

The main objective of the SADC is to promote development and achieve economic growth, alleviate poverty, and enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration. In order to further regional integration, especially the integration of their economies, SADC Member States concluded a Trade Protocol in August 1996. It came into force in 2000 after being ratified by two-thirds of the Member States. The SADC Protocol provides for the creation of a Free Trade Area, which the region hopes to achieve by 2008. (Joubert N, 2004, p2)

SADC has focused on macroeconomic stability and convergence in member states and this in order to achieve the formation of a common market over a period of 15 years. The SADC has announced a plan whose goals include the establishment of a customs union and implementation of a common external tariff by 2010, a common market by 2012 and the establishment of a SADC bank whose mandate will be to move towards preparation for a single currency by 2016. All these commitments do not have to end up in a paper but would need a committed political leadership in order to achieve these goals without delay. However the reality is that these goals might be too tight and close for them to be realised.

2.5 CONCLUSION

In this chapter, an academic approach has been adopted to examine, explain and further investigate the theoretical approach that could be applied to comprehend and dissect the research in question. The research has tried to explain and demonstrate further that regional integration and development
theories remain key in analysing how best to advance the economic integration and stability in the region.

According to Khandelwal P, the SADC originated as an organisation of Frontline states (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe) to resist the influence of South Africa in the region and was transformed into a development community only in August 1992 with the signing of the Treaty of Windhoek.

The organisation has had a very different approach to regional integration, it has concentrated on relaxing the supply-side constraints to trade through regional co-operation in various sectors as diverse as infrastructure, agriculture, transportation and human resources. Participating in regional integration arrangements (RIA) forms part of trade policy, which has the encouragement/attainment of economic growth and development as a principal objective. Since economic growth is closely linked to investment, a causal link that is formally incorporated in growth theory and illustrated in the growth experience of economies, the logical consequence is to see a RIA as a measure that will encourage investment and therefore economic growth. (Vink N, McCarthy CL, Sundarey R, Zunckel HE, 2006, p18)

The most important aspect in the region (SADC) is to foster development through integration and the commitment of both political and economic stability is critical moving forward. Resource investment towards the infrastructure development becomes key as it builds towards growth.
CHAPTER 3

SOUTH AFRICA AND BOTSWANA, HISTORY AND CONTEXT; GEOPOLITICAL/DIPLOMATIC RELATIONS

“Botswana’s relationships with its most important regional trading partner, and transit country, South Africa, are particularly strong. Both countries are liberal democratic states and co-operate closely on many regional issues, including increased economic integration and conflict resolution. They have worked closely together on the recent crises in the Democratic Republic of the Congo and Angola, as well as the instability in Mozambique, Swaziland and Zimbabwe. The two countries recently formed a joint commission on defense and security, which first met in November 2000” (Faye M, McArthur, Sachs J, Snow T, 2003, p25)

3.1 INTRODUCTION

The first two chapters took an academic angle and outlined the background to the study and the extensive theoretical approach of the study. The focus of the two chapters was basically on defining the direction of the study and the theoretical approach which will seek to inform the regional integration for economic development in Southern Africa.

Understanding and acknowledging the fact that the process of integration in Southern Africa is still at the infant stage, however it is appreciated that there is a lot which has been done to spearhead the process with its problems that are in
any case not unique to the SADC only but to most of the regional blocs all over the world. An attempt will be made to narrow the regional integration and role being played by two countries which are South Africa and Botswana and how these two countries have used their political and economic stability to deepen democracy.

3.2 SOUTH AFRICA AND BOTSWANA HISTORY AND CONTEXT

The change in South Africa’s regional standing was dramatically marked by its admission into the Southern African Development Community (SADC) in August 1994. SADC as an organisation (also including Angola, Botswana, Lesotho, Malawi, Mauritius, Namibia, Swaziland, Tanzania, Zambia, and Zimbabwe) aims to promote regional co-operation in economic development and security affairs. The SADC annual meeting of heads of government was held in Johannesburg on August 28, 1995. The assembled leaders opted to create a regional common market with the elimination of all internal trade barriers by 2000. They also signed an agreement to share water resources among SADC member states. (Department of Foreign Affairs, 2005, p63)

It was the collapse of Apartheid and the first democratic elections in South Africa which paved way for stability and economic development in the region. South Africa with its strong economic and military power played an important role in destabilising the region as the Apartheid regime was at war with the African National Congress (ANC), and this resulted in the regime supporting the rebels like UNITA in Angola and RENAMO in Mozambique to destabilise its neighbours who supported the (ANC).

Most of the countries in Southern Africa depended on South Africa’s well developed roads and railways, especially those who are landlocked like, Botswana, Lesotho, Swaziland and Malawi. It must be acknowledged therefore
that the collapse of Apartheid and the admission of South Africa into the SADC paved the way for progress and development in the region.

The relationship between South Africa and Botswana was normalised in the early 1990s, this happened after a period of high tension which existed especially in the 1980’s. The most contentious issue between these two countries had been the willingness of the Botswana government to provide assistance to the ANC’s military wing. After the 1994 democratic elections in South Africa the relationship with its neighbours improved and all SADC countries opened their Embassies in Pretoria to strengthen diplomatic relations.

Botswana which is one of the most resource-rich countries in the SADC has experienced remarkable growth and fiscal stability for several decades now. Its abundance of diamonds has contributed significantly to Botswana’s strong economic growth not forgetting its exemplary political stability over a long period of time. The average growth rate since the 1980’s has been 7.8 percent about 40 percent of which can be explained by mining, though recent economic diversification has slightly reduced that contribution. (Iimi A, 2006, p3)

Even though there has been a significant level of growth in Botswana there are so many factors which hamper development and prosperity from the identified mineral resources available. These problems can emanate from political immaturity of the governing authority and underdevelopment of the surrounding member states as this will have an influence on an emerging market. For an example you cannot have Botswana developing and Lesotho being poor as this will affect Botswana tremendously. To salvage this from happening SADC has been trying in its mission to come up with projects to develop the entire region without prejudice to other member states.
Various reasons can be put forth for failures to effectively transform resources into growth, and one of the most crucial is when attention is paid to the importance of governance in facilitating economic development, is that natural resources wealth can sow the seeds of discord and conflict among major domestic stakeholders. These stakeholders can be identified as politicians, developers and citizens; they are naturally motivated to seek unfair resource rents, and quickly depleting natural resources and wasting resource revenue.

A model of political evolution for analysing a resource–rich country shows that high resource dependency, the concentration of government control over resources, and government’s ability to tax the opposition, such as private entrepreneurs, all inhibit the development of democracy and provoke insurrection. As a result, natural resources may impede economic growth. (Iimi A, 2006:4). In the case of Botswana, economic integration with the rest of the region remains important as over reliance on one commodity will lead to self destruction as these might end up disappearing all together. Exchange of expertise and human resources has been important to the agenda of the SADC as this ultimately improves growth in the region.

Significantly, the establishment of the PTA was premised on the basis that a Regional Integration Scheme (RIS) would create a larger market, and that integrating member countries would be able to share the sub-region’s common heritage and destiny and ensure greater socio-economic co-operation, with the ultimate objective of creating a regional economic community as part of the African Economic Community. (Buthelezi S, 2006, p94)

Botswana’s overall record of support for democracy and good governance has been very good and enjoys credibility around the world, particularly within the Southern African region. Since Botswana gained independence in 1966 its leadership consistently given it credibility and stability overall. The internal
strength, which contributed to Botswana’s image internationally as Africa’s longest multi-party democracy, has enabled it to speak out against anti-democratic violations abroad and engage in effective conflict management during instability in other countries like Lesotho.

Botswana’s support for international democracy has been consistent, and with successive administrations being willing to get involved at the diplomatic level in democratic challenges within the African community and try to resolve problems, it is held up as one of Africa’s most developed democracies, and its foreign policy centres around the objectives of security and economic development through regional integration.

There have been problems associated with integrating Southern Africa’s economy however, various political leaderships have returned to the table to further negotiate for the process to move forward and show commitment. The Southern African Customs Union (SACU), a colonial and later Apartheid relic that impeded industrialisation in Botswana, Lesotho, Namibia and Swaziland (BLNS countries), is instructive with respect to market integration in the region. The negotiations with South Africa for a new structure that would, among other things, allow BLNS countries to be involved in the decision-making process on an equal level with South Africa, and allow the implementation of a new industrialisation policy, reached a stalemate in January 1998. While negotiations did resume again later in the year, the projected April 1999 deadline for an agreement was not met. (Lee MC, 1999, p41)

South Africa has committed itself a relatively strong economy in Africa and in the region to help in building and strengthening the continent. This can be traced through its foreign policy and the commitment made by Deputy President Thabo Mbeki, in his address to South African Ambassadors during the September 1995 conference. “The Southern African region expects a positive contribution from
South Africa in terms of their own development. They expect that we interact with them as a partner and ally, not as a regional super power, so that what we achieve, in terms of political, security and economic relations is balanced and mutually beneficial”. (South African Department of Foreign Affairs)

South Africa has been very much careful when approaching the regional developmental agenda, this was necessitated by the fact that it did not want to be seen as playing the Big Brother in the region as the apartheid regime used to do prior 1994 elections. South Africa further committed itself to the creation of a free trade area when the protocol on trade was signed at the SADC Summit in 1996. This was motivated by the fact that the free trade area would encourage economies of scale creating competitive SADC wide industries thereby increasing intra-regional trade and boosting investment within the region as a whole. Elements of “threat and opportunities” are inherent in the trend towards bloc formation. When policies are formulated in South Africa, role players should consider the manner in which a particular issue presents an opportunity for South Africa to promote the interests of the SADC region or the African continent. Interaction with the international community in the area of agriculture research, for example, should automatically inspire South Africa’s role players to consider and pursue the benefits such actions could have for the Continent. (South African Department of foreign Affairs)

3.3 SOUTH AFRICA AND BOTSWANA GEOPOLITICAL/DIPLOMATICT RELATIONS

RECOGNITION OF THE KGALAGADI TRANSFRONTIER PARK
Botswana and South Africa hereby jointly recognise the Kgalagadi Transfrontier Park in a manner that the area which is composed of the Gemsbok National Park in the Republic of Botswana and the Kalahari Gemsbok National Park in the Republic of South Africa shall be retained as far as
may be in its natural state as an undivided ecosystem for benefit of biodiversity conservation, research, visitors and the larger community with particular reference to those communities adjacent to the Park. (Bilateral agreement between the Government of the Republic of Botswana and the Government of the Republic of South Africa on the recognition of the Kgalagadi Transfrontier Park. April 1999).

The regionalisation process, where states in a sub-region form regional blocs for co-operation and integration, has necessitated the creation of supranational frameworks like SADC where countries become stakeholders in the developmental concerns of the region. In essence, given the imperatives of regionalism, the question for smaller states is no longer whether they should take part in regionalism, but what kind of regionalism best suits them. The major challenge facing these regional institutions is to manage the legacies of dependence and countervail the hegemonic tendencies of big states in the economic and political spheres. Botswana and South Africa have taken a lead in the region to advance co-operation, in the interest of the whole region for a broader developmental agenda.

Southern Africa has fashioned a new political and economic relationship that will distinguish the region as a model for future co-operation. In the South African context the foreign policy is very clear that the relationship with the rest of the world should take it’s tune from the regional, then continental and finally the global agenda. It is desirable for South Africa to engage the region, given that its development is linked to the affairs of the rest of Africa, in economic and political matters.

Botswana is one of Africa’s most developed constitutional democracies and its foreign policy centers on the objectives of security and economic development through regional integration and the strengthening of trade and other sectors for stability. Botswana and South Africa have sought to enhance the effectiveness of the SADC, as a vehicle for economic development, diplomatic interactions and
conflict resolution, based on the principle of collective action and responsibility. One of the most recent examples is the intervention of Botswana and South Africa to secure the Lesotho government when it faced the crisis of a coup in 1998. “The specific circumstances that precipitated the SADC intervention aimed at containing a situation of chaos, anarchy and a creeping coup in August and September are well known and will not be systematically outlined here”. (Santho S, 2000, p2)

Botswana is one of the landlocked states, however this has not worked against it in its trade development with the outside world as it has good relations with its neighbours particularly South Africa which has good infrastructure. The South African road network that Botswana depends on for international freight is considered to be the best on the continent. Botswana’s internal road network is also good and adequate for its trade purposes, in maintaining the physical infrastructure of its road network, Botswana has taken part in several bilateral road transit agreements with its neighbours. “Botswana’s main railway runs from Gaborone on the South Africa border to Plumtree on the Zimbabwe border. The infrastructure is in excellent condition and provides an important link for several mining towns to the South African corridors. Transport along this corridor is further facilitated by the bilateral working agreement between Botswana and ‘Spoornet’, South Africa’s rail services. Botswana has also recently undertaken a survey to assess the potential of a direct Botswana-Zambia connection”. (Faye M, McArthur J, Sachs J, Snow T, 2003, p24)

Botswana’s geographic position allows it to access several regional ports, and the majority of its trade passes through the efficient South African ports. The Mozambican and Namibian ports are also important but have suffered during the years of civil war, however they are still considered to be operating as normal. South Africa’s relationship with Botswana remains very strong, both countries have co-operated closely on many issues affecting the region. The concept of
formalised Southern African regional economic and security structures has again been proposed, with various existing organisations being examined as feasible conduits or building blocks for such interaction. Unlike white South Africans who attempted to use South Africa’s economic muscle and the realities of economic development in Southern Africa to their political advantage, in this new era relations are developed around an interdependent but non-hegemonic philosophy. Areas of common interest are seen as the catalyst to bring the states of Southern Africa closer together: the mutual development of water resources, the conservation of soil and water, improved communication and the planning for a Southern electricity power grid, the boosting of two way trade, the eradication of stock disease and the reduction in cross border crime. (Mills G, 1995, p1)

The most successful and longest standing of all regional integration compacts in Southern Africa is the Southern African Customs Union (SACU). It provides for the duty free movement of goods and services between member countries and a common external tariff, with a formula for distributing excise duties between member states. SACU is the most effective functioning economic arrangement in Southern Africa.

Given the turbulent history of Southern Africa, regional stability and peacekeeping have featured heavily in Botswana and South Africa’s foreign policy, and they have often been primary motives for their opposition to violations and reversals of democracy. Both these countries have been concerned with perceived attempts by western or former colonial powers to dominate regional politics. Thus, as a way to signal their refusal to cave in to diplomatic prescriptions developed outside SADC, and the continent, both South Africa and Botswana sometimes have been less willing to join western nations in condemning their neighbours through the pressure from outside the region or the continent. Botswana and South Africa’s refusal to the political instability in Zimbabwe is an example to this.
3.4 CONCLUDING REMARKS

In this work, an academic endeavor has been made to trace back the history of both South Africa and Botswana. It has been demonstrated that both countries have embraced democracy and regional co-operation for development. However there is a level of acknowledgement that Botswana as a country attained democracy before South Africa and this over a period of time has earned Botswana a great deal of respect all over the world as a stable democracy. South Africa remains a critical and important role player in international politics today.

The geopolitical relations have been demonstrated here that they have not affected these two countries negatively. Botswana as a landlocked state relies heavily on both road and rail infrastructure in South Africa and at no point has this assistance created animosity between these two countries. There are however various aspects which should be raised as they might work as risks to the process of integration, despite all efforts and the positive mood in the region.

- A huge diversity of political systems and security requirements exist in Southern Africa that make regional security co-operation difficult.
- Countries in the region need to get their own houses in order before embarking on intervention elsewhere
- Political maturity is a must and not negotiable, member states have to advance in this level of engagement.

Acknowledging the potential role of economic factors in stimulating co-operation in the region, it could be argued that a focus on the security and stability difficulties between states should precede economic integration. Economic growth will hinge on the creation of stable economic and political systems in the region that will inspire business confidence among external governments and
local business. South Africa and Botswana remain critical as role players in the region to chart a way forward for the region and demonstrate to other member states that co-operation works better than pulling in different directions.

CHAPTER 4

SOUTH AFRICA AND BOTSWANA, TRADE AND INFRASTRUCTURE

The importance of regional trade as a contributor to higher levels of economic growth can be seen across the world for example in Asia, Europe and both North and South America. It is therefore necessary that we find ways to increasingly grow our regional trade and the economies of the region. South Africa as the strongest economy in the region must take responsibility in ensuring that there are greater levels of imports from the SADC Region to match the increase in our exports to the region. We should also be ensuring that levels of private sector investment are increased. The legislative framework to facilitate trade and investment in the region are increasingly working more and more closely, this must now be matched with greater levels of private sector interaction. To boost this interaction we need to have improved physical infrastructure linking our countries; more competitive logistic chains, and a greater number of business forums, trade missions and joint business projects. Both the public and private sector need to work more actively in ensuring that a greater level of regional interaction becomes reality. (M MPHahlwa, South Africa’s Minister of Trade and Industry: 2006)

4.1 INTRODUCTION

As chapter 4 unfolds, one feels it is important to note very closely what the Minister of Trade and Industry in Botswana D.N Moroka said, that Botswana continues to pursue its strategic policy approach to attract investment flows from
both domestic and foreign sources through: the creation of a supportive business environment in which the private sector can take root and flourish: encouragement of innovation; investment promotion and employment creation at both the enterprise and industry levels: and the successful penetration of regional and international markets.

Macro-economic convergence is one of the key objectives of the Southern African Development Community (SADC), which are suppose to lead towards economic growth and poverty alleviation in the SADC region. It is within this context that SADC agreed to macro-economic convergence. It can be said that the main targets are, budget deficit, and reducing inflation. These targets were actually agreed upon by SADC member states and a memorandum of understanding (MOU) was been signed whose sole purpose is to achieve set targets of economic growth in the region.

There has been progress made by member countries to move towards the set targets. In the region about nine countries have already reduced their inflation to somewhere around 10 percent and this should be a movement towards the right direction for stability and growth. In order to monitor the process of convergence, SADC agreed to establish a Macro-Economic Monitoring, Surveillance and Performance Unit (MSPU) to be based at the Secretariat. The proposed organisational structure of the MSPU is such that the unit will be headed by a Chief Programme Manager who would administratively report to the Executive Secretary and will be assisted by three programme managers namely, Monetary Policy, Fiscal and Public Debt Policy, and External and Financial Risk. (The Official SADC Trade, Industry and investment Review, 2006, p40). This process seeks to kick-start initiatives designed to move member states within the region towards economic stability and set the scene for integration.
Trade within countries will for some time be unequal and this is based on the fact that economies of countries will either be strong or weak, however it depends on the overall objectives of the regional trade partners to co-operate for stability. As Colin McCarthy says, recently intraregional trade has grown but in a peculiar one-sided fashion, with South Africa becoming a major source of manufactured goods in the region and further afield in Africa but without the return flow of primary commodities as imports from the rest of Africa. Trade economists will always emphasize that there is no reason why regional trade must be balanced. However, if we bear in mind that regional integration is an exercise in political economy and always characterised by a significant political component the impact of such an unbalanced regional trade flow on political and business perception can be substantial. However countries need to pull resources towards one common goal of development, and assist in reconstruction and stability to assist the integration process to be implemented fully.

4.2 SOUTH AFRICA AND BOTSWANA TRADE RELATIONS

South Africa’s foreign relations policy with regard to the SADC members reflects a commitment to a closer co-operation with regard to diplomatic, economic, and security integration. Furthermore South Africa through its foreign policy has committed itself to upholding the principle of human rights, the promotion of democracy and the preservation of regional solidarity, peace and stability.

The South African High Commission in Gaborone, in collaboration with the South African Business community in Botswana, hosted the first ever South Africa Week from 12 to 25 September 2001, in Gaborone. The Week aimed to foster bilateral relations between South Africa and Botswana, while strengthening working relations between South African companies in Botswana and the South African High Commission. South Africa and Botswana have a unique relationship in the Southern African regional context. The two countries, aside from a common
The South African vision for the SADC involves economic co-operation, mutual assistance and understanding, joint planning, consistent with the socio-economic, environmental and political realities of the SADC. South Africa and Botswana have committed themselves to strive to achieve regional economic development through the SADC, in the present and the future the SADC is supposed to provide for regional peace and security, sector co-operation and an integrated regional economy. While Botswana is one of Africa’s most developed constitutional democracies, its foreign policy centers on the pragmatic objectives of security and economic development through regional integration and diversification of trade and technology sources. As such, it has sought to enhance the effectiveness of the Southern African Development Community (SADC) as a working vehicle for economic development, preventive diplomacy and conflict resolution, based on the principle of collective action and responsibility. Botswana seeks to play a role in reducing Africa’s vulnerabilities and restoring its importance in the global economy through regional co-operation and growth oriented strategies. (A Global Survey of Foreign Policy Trends: 1992-2002, p22)

South African firms have shown themselves to be quite adept at investing in other African countries, SADC economies in particular. Large numbers of private companies and parastatals from South Africa in their diverse sectors have invested in the Southern African region, and the indication so far is that there is a commitment to increase investment. The government of South Africa has encouraged its business community to invest in the region and the relationships between Botswana and South Africa have been improving tremendously from year to year. Shoprite, OK Bazaars, Pick ‘n Pay and Woolworths have established
themselves in Botswana and Eskom have a plant as well which contributes to the electricity infrastructure. The SADC countries have to learn a lot from the co-operation of South Africa and Botswana on how working together and the sharing of expertise and resources across borders can assist in development.

South African banks have expanded into the SADC region and in the process they have assisted in exchanging the vast experience which they have to other member states in the region. It is important to note that the expertise and resources of these banks have been used to help in developing the SADC countries.

The co-operation between South Africa and Botswana has so far been very positive and this has translated into various forms of co-operation. As part of a series of planned visits to African countries to forge relationships, cement existing relationship and stimulate awareness, Monash South Africa hosted a cocktail function on 11 August 2004, in Gaborone Botswana. In Botswana the demand for tertiary education has increased substantially over the past 20 years. This is largely due to the increase in population and expansion of senior school secondary places. At present only 10 percent of the roughly 18,000 students qualifying for admission into tertiary institutions, actually proceed to tertiary education. The Botswana Ministry of Education is privileged to be associated with Monash University South Africa, as a university that has made a strong effort to forge relationships with African countries. There are about 147 Botswana students currently studying at Monash South Africa pursuing Bachelors degrees in Business Systems, Business Commerce, Computing and Arts. (Monash, 2004, p3&4)
Both the South African and Botswana governments vision for the Southern African region involves the highest possible degree of economic co-operation, within the region, the SADC is the primary vehicle for both countries policy positions and action to achieve regional economic development. It is the fundamental aim of the SADC to provide for regional peace and security, sectoral co-operation and an integrated regional economy. Although South Africa is not a donor country, development co-operation with countries in Africa is an integral part of South Africa’s foreign policy. Assistance is wide-ranging and includes educational visit by agriculturists, the establishment of viable training centres, conservation of the environment, the rendering of medical assistance, and technology-exchange programmes. Technical and financial assistance, with a view to capacity-building, especially to SADC countries, is a major instrument for promoting economic development, peace and stability, democracy, and the African Renaissance, on a regional basis. (South African Yearbook, 2003/05, p294). South Africa remains a major critical player in the region to advance economic development given its economic growth and stability as compared to other regional partners.

South Africa and Botswana have both signed the trade protocol in the SADC whose purpose is to further advance the intra-regional trade in goods and services, on the basis of fair, mutually equitable and beneficial trade arrangements; to ensure efficient production within the SADC, reflecting the current and dynamic comparative advantages of SADC member states.

SADC, is committed to contributing to the improvement of a climate for domestic, cross border and foreign investment, and enhancing the economic development, diversification and industrialisation of the region. At the core of co-operation is the reduction, and ultimate elimination of tariff and non-tariff barriers and the setting up of rules of origin. South Africa had signed 21 protocols and is in the process of acceding to the Protocol on immunities and
Privileges. South Africa has also ratified the protocols on Shared Water Course Systems, Combating illicit Drug Trafficking, Energy, Mining, Transport, Communication and Meteorology, Health and Education and Training. The revised Protocol on Shared Water-Course Systems was also ratified. South Africa as a signatory ratified the following:

- Declaration Towards a Southern Africa Free of Anti-Personnel Landmines
- Declaration on Gender and Development
- Declaration on Productivity
- Declaration Concerning Firearms, Ammunition and Other Related Material (South African Yearbook, 2004/5:295)

The promotion of economic relations between South Africa and Botswana, particularly in trade and investment, remains a central element of the bilateral relationship and the trade relations continue to expand between these two countries. Both countries are committed to the international promotion of human rights and trade, prevention of the proliferation of weapons of mass destruction, and elimination of drug trafficking and prostitution.

South Africa and Botswana have reached an agreement to intensify trade between the two countries and amongst member states and the SADC countries, which seeks to provide for the monitoring of progress around co-operation and development so far. There is an extensive program pf co-operation and technical assistance in trade facilitation and harmonisation of standards. The SADC agreements have also incorporated a temporary balance of agreement for investment and a competition policy.

The economic integration aspect of the SADC appears to be running much slower than expected by the political leadership, active areas of co-operation where
there has been progress include monetary and financial training and capacity building, development and harmonisation of payments, clearing and settlement systems. Despite the goals by the SADC to rapidly advance integration, what has happened thus far has been somewhat limited and it has been widely acknowledged that there is a lack of appropriate mechanisms for evaluation and monitoring projects or assessing their effectiveness. Moreover, there seems to be evidence that the region will have to pay attention to those countries which are lagging behind.

Recently, the SADC has focused on macroeconomic stability and convergence between member states in order to achieve the formation of a common market over the medium term. In this regard, the SADC has announced the formation of a plan which includes establishment of a SADC customs union and implementation of a common external tariff by 2010, and for a single currency by 2016, whether this is achievable or not, depends on the commitment of member states for the realisation of this goal.

An important component of maximising potential benefits within the SADC will be committing to a low and uniform common external tariff in a customs union to provide credibility and locking in tariff liberalisation and harmonisation on a multilateral basis, Botswana and South Africa have progressed to a greater extent in this regard. The SADC has announced plans for the establishment of a SADC customs union and the implementation of a common external tariff by 2010, a common market pact by 2012 and the establishment of a SADC central bank and preparation for a single SADC currency by 2016. (Khandelwal P, 2004, p37). The region has gone further to demonstrate its commitment towards cooperation and the two major players, South Africa and Botswana are taking the lead on this matter. All these timelines which the region has outlined have to be adhered to in order to assist in development.
Botswana and South Africa took an early decision to become part of both the African Union and the SADC, and to work within the regional parameters for equitable and mutually beneficial trade relations. Both countries, at an early stage became a force in the debate on the SADC trade protocol in favour of an approach for the creation of a SADC free trade area. Both countries co-operated in initiating an important reform of the Southern African Customs Union which has now emerged as a body based on principles of joint decision-making.

Joint decision making and commitments by Southern African states remains key to development, as Adebayo Addedeji says, there was always a consciousness, what was missing was the concrete commitment of African countries that were reluctant to integrate regional projects into their national budgets and to allocate funds for their implementation. When the governments did make commitments, concerning for example, roads, they were built. But most of the time governments came to regional meetings, suggested projects, adopted ad hoc resolutions but did not integrate the projects into their national programs, and consequently, into their budgets.

Realistically, the economic conditions of Southern Africa point to the fact that member states have to pool their resources together to enhance regional development and economic integration on the continent as this has been the trend globally, to integrate regional economies. Political and economic integration will give priority to capacity-building in order to advance the effectiveness of regional structures like the Southern African Customs Union and the rationalisation of non effective structures. The New Partnership for Africa’s Development focuses on the provision of essential regional public goods (such as transport, energy, water, ICT, disease eradication, environmental preservation, and provision of regional research capacity) as well as the promotion of intra-African trade and investment. (NEPAD, 2001, p20)
It is therefore important for the SADC to focus on rationalising the institutional framework for economic development and integration; this could be done through projects which are common within countries and regional development programmes. What is key and important is the harmonisation of economic and investment policies and practices. There must be co-ordination through the SADC of the policies and effective monitoring and evaluation of regional decisions which are taken collectively. Botswana and South Africa have been exchanging various kinds of expertise and trade in order to advance the development of these two countries, including energy, transport, telecommunication and water projects that are crucial to the process of integration.

As Lee MC, 1999, P5 says, the SADC is one of the richest regions on the continent, and it must continue to develop its tremendous potential through enhanced regional development, co-operation and integration. While this potential was greatly constrained during the apartheid years, on the eve of the 21st century, the region’s potential is unlimited. This potential will only be realised however, if the SADC member states commit themselves at the highest level to the development and integration of the region. The lack of political commitment by SADC member countries must be resolved if the organisation is going to enhance its viability, especially amidst challenges emanating from the changing global arena. The SADC, unfortunately, has earned a reputation for being prolific when it comes to rhetoric, but slow when it comes to implementation. Botswana and South Africa as relatively stable economies in the region have a crucial role to play in ensuring that policies which are developed get implemented and not remain at the theoretical level only. Promoting and entrenching good trade relations between these two countries should work as a benchmark for other SADC member states for development.
4.3 SOUTH AFRICA AND BOTSWANA, INFRASTRUCTURE

Most Southern African countries face manifold supply-side challenges to expand and diversify their exports. Since these supply-side constraints were largely neglected by the development instruments of the Lome Conventions, the countries were not able to exploit benefits from EU preferences. Effective support that helps Southern African countries to overcome their individual supply-side constraints are crucial to improve their export capacity. However, to build an effective transport and telecommunication infrastructure, to provide proper financial services, and to modernise production facilities, and to improve customs procedures are long-term development goals that can only be supported by EPAs but not solved by them. Nevertheless, EPAs should target trade-related infrastructure projects in Southern African countries, thus helping to reduce the costs and to improve the attractiveness of doing business. (Meyn M, 2005, p10)

Infrastructure development is at the core of economic progress, and solutions have to be found in order to ascertain that the African continent raises the level of it’s development, and this through the accumulation of material and human capital. SADC has to prioritise the development of its basic infrastructure and this could assist the region to focus on production and on improving productivity, the improved infrastructure would benefit the SADC, Africa and the international community, which would then be able to trade goods and services more effectively and productively. South Africa and Botswana remain dominant in this regard and the two countries play an important role in the region for both political and economic stability.
In many African countries, the colonial powers built the infrastructure to facilitate the exportation of raw materials from Africa and the importation of industrial goods into Africa. We also recognise that, if infrastructure is to improve in Africa, private foreign finance is essential to complement the two major funding methods, namely credit and aid. The infrastructure initiative comprises elements common to all the infrastructure sectors. It also includes elements that are sector specific. (NEPAD, 2001, p22)

Professor Adebayo Adedeji said that the Economic Committee for Africa, created by the UN in 1958, and which is the only institution with a competence covering the entire continent, worked out at the beginning of the 1960s a program of trans-African roads: in particular from Nouakchott to Lagos, along the West African coast; from Lagos to Mombasa, from West to East; from Cairo to Cape Town, from North to South. But until now only one of these roads has been built, the one that connects Lagos to Nouakchott. The road that should connect Cairo to Cape Town remains a dream for the same reasons, you can go from Cairo to Khartoum, but you cannot cross the former Zaire. Then you can reach South Africa by Zambia or Tanzania. So forty-two years later, we still have neither a road network nor a pan-African railroad.

South Africa has relatively advanced road and rail infrastructure to transport goods, to and around the region. Botswana and South Africa have co-operated through the building of roads in both countries and this has improved trade relations between these two countries. The rail network which falls under the control of ‘spoornet’ in South Africa runs an extensive rail transport system throughout the country and connects with the rail networks in the SADC. The network provides mainly for goods and containers, but also transport for passengers on the long-haul routs between the member states. South Africa and Botswana have used this system to further improve trade between these two
countries especially post 1994, when South Africa first held its democratic elections.

Infrastructure development is a key priority on the development agenda between South Africa and Botswana, there exists a strong relationship between infrastructure and economic growth and both countries have treated infrastructure development as a priority to further enhance and strengthen economic growth. In South Africa, infrastructure has been found to strongly affect economic growth, in addition, the aging stock of infrastructure against rapidly growing needs has led to renewed emphasis by the government on scaling up infrastructure investment as part of broader policy efforts to lay the foundation for accelerated and pro-poor economic growth and the more rapid economic and social integration of society, discussion by Trevor Manuel in South Africa’s 2005 budget speech.

Botswana’s economic strength is boosted by the diamond industry, and it depends mostly on the strong and well developed road infrastructure of its neighbour, South Africa as a transit to the whole world because it is a landlocked state and Botswana has benefited because of the good relations which exists between these two countries. The two countries have been in the forefront of fostering regional security and democracy and this has helped them to occupy a respectable position in the region. Botswana’s geographical position allows it access to several regional corridors, including to Mozambique, however the majority of its trade passes through the well developed South African corridors, as the transport corridors of its neighbours have suffered a lot during the civil wars and they are still under construction.

The co-operation between these two countries has helped a great deal to advance trade, and economic development. It is a function of their mature political leadership that there has been a long standing agreement between
these two countries. For example, Botswana’s main railway runs from Gaborone on the South African border, its infrastructure is good and it provides an important link for several towns in South Africa. Transport along this corridor is further facilitated by the bilateral working agreement between Botswana and ‘Spoornet’, South Africa’s rail services.

Although Botswana’s geographic position allows it access to several regional ports, the majority of its trade passes through the most efficient South African ones. The Mozambican and Namibian ports are of ancillary importance and have suffered from civil conflict. These ports, however, are still considered to be operating adequately. (Faye M, McArthur J, Sachs J, Snow T, 2003, p24&25)

Between South Africa and Botswana we can assert that the transportation system and telecommunication network is acceptable even if still not excellent, especially in Botswana, this makes the circulation of people and goods a little bit easier. Information and communications technology is critical as well for development especially in the twentieth (21st) century where technology is so important, driven by the convergence of telecommunications, computers and electronic media. Advance technology assists a great deal to enhance democracy and good governance, it also assists to facilitate the integration of Africa with its diversified society. ICT can as well be used to advance research for the betterment of the region and to further advance co-operation between South Africa and Botswana. Technology has proved to be one of the tools which can be used to access information and make interaction easy globally, therefore South Africa and Botswana are no exception as both countries have to use their technological advancement to conduct business and interact with the world. South Africa has used its advanced technological infrastructure to further assist Botswana to develop in this field.
NEPAD has identified ICT has one of the important tools to advance development on the continent and the following points are viewed as crucial:

- In the research sector, we can establish African programmes as well as technological exchange programmes capable of meeting the continent’s specific needs, with particular regard to the fight against illiteracy.
- ICTs can be used to identify and exploit opportunities for trade, investment and finances;
- They can be used to establish regional distance learning and health education programmes to improve the situation in the health and education sectors;
- In conflict management and control of pandemic diseases, ICT will help towards the organisation of an efficient early warning mechanism by providing the tools for constant monitoring of tension spots.

These areas as identified by NEPAD remain crucial and South Africa and Botswana have been co-operating to further enhance and strengthen their relationship with South Africa availing its institutions to Botswana students to study in the ICT field for human development and further invest and plough back improved knowledge resources into their country.

**4.4 CONCLUSION**

In this chapter the researcher has tried to demonstrate the importance played by infrastructure for development. It also went further to explain the relationship that exists between South Africa and Botswana and how this good relationship assists in strengthening the region and benefiting its people. Ultimately the effectiveness of good mutual relationship and strong regional institutions being formed depends on the coherence and legitimacy of emergent state formations in Southern Africa with South Africa and Botswana playing a crucial role. Baledzi
Gaulathe, the Minister of Finance and Development Planning in Botswana 2004 said, we generate only about 30% of our power needs. We are connected to the SADC regional power grid but with South Africa and other economies in the region growing, capacity must be increased throughout the region. We want Botswana to be a contributor to the grid and a net exporter of energy, and we are constructing a major power station capable of producing 4800MW. This will cost more than US $ 5 billion, including the cost of building the coal mine to produce the fuel for the station. We will then become a major exporter of power, most of which we expect will go to South Africa. This statement further emphasises the commitment of Botswana to engage and strengthen trade relations with South Africa.

It has been positive to observe that when the SADC was still at the embryonic stage in the 1980s, its member states rejected overwhelmingly the idea of market integration as a strategy, instead they opted for regional development and co-operation, however a new approach emerged in the 1990s when the organisation changed to the SADC and the acceptance of South Africa as a member, a new development integration approach was adopted, that included markets integration. The member countries have committed themselves to move towards total economic integration and this has assisted in strengthening relations and development in the region. As earlier indicated South Africa and Botswana are leading in this regard.
Prior to independence, Botswana was primarily a migrant sending country, with few features to make it an alluring ‘destination’ state in Southern Africa. It ranked among the world’s 20 poorest countries, with real per-capita income measured at only about $300 in 1966, according to the United Nations Development Program (UNDP). With only one percent of Botswana living in urban areas before 1963, the overwhelming rural population survived mostly through subsistence farming and cattle herding, which fell under constant threat due to years of drought.

Given the profound poverty at home, thousands of Botswana men became contract labourers in South Africa’s gold and diamond mines as far back as the late 19th century, alongside workers from Angola, Lesotho, Mozambique, Swaziland, Zambia, and Zimbabwe. Contract work was regulated by a bilateral agreement between South Africa and Botswana, with a built-in system of deferred pay that channeled significant remittance back into the national economy. In 1984, 18,691 Botswana miners generated nearly R17 million ($2.6 million) in officially recorded remittances alone, which helped to grow Botswanan rural economies in particular. (Lefko-Everett K, 2004, 2)

“...In late 2000 member countries of the two leading Regional Integration Agreements (RIA) in Southern Africa- COMESA and SADC started to abolish the
remaining trade restrictions within each RIA. By the end of this decade they will have created Free Trade Areas, which will be accompanied by other substantial modes of economic integration and harmonisation” (Piazolo M, 2001, p 1)

5.1 INTRODUCTION

As a point of departure, this chapter will seek to put forward all the data collected, through the interviews which were conducted with all the respective individuals. The interaction and interviews were conducted with respective individuals with a wealth of experience regarding the processes, the benefits and the limits of regional economic integration. A substantive literature review was also conducted on the subject matter of regional integration.

There has been an observation that the co-operation between South Africa and Botswana has had a big impact on both political and economic stability and growth which in the long run assists in stability. The researcher made an observation that most regional blocs in Africa, have not progressed towards advanced stages of integrating their economies.

Most of the questions which were developed by the researcher focused on the reason for regional blocs to exist, and the benefits thereof, however the problems associated with this process was also evaluated and how certain countries continue to use sovereignty to delay the process of integration.

The researcher seeks to report on the findings which emanated from the qualitative personal interviews together with the extensive literature review. One critical observation made was that member states have to commit to the process of regional integration, in order for this process to be legitimate, however there
is a little bit of pressure which needs to be applied should one member state renege or not co-operate due to self-interest. This could be done through a collective decision taken to bring everybody on board, a little bit of persuasion is needed in order to succeed in achieving the objectives of a common programme. An objective description of the role of women in the agricultural sector Zambia in the 1980s reveals that it was an insignificant one. One explanation for this is that it was virtually impossible for women in Zambia to access bank loans for agricultural projects. From this description it was possible to predict that, without intervention, the role of women in the agricultural economy was unlikely to grow. Based on this knowledge, strategies could be developed to intervene effectively in order to improve the participation of women in the Zambian agricultural sector. (B Claire, Higson-Smith C, Karee A, 2006, p4). State intervention remains key to accelerating progress if there’s a stalemate of movement forward, the same principle applies on the regional level, if one member does not conform to the values of the regional initiatives a little bit of intervention for persuasion remains critical.

The outcomes of this research study have been comprehensive and detailed focusing on regional integration and coupled with the fact that the Southern African Development Community (SADC) is still in the early days of its formation. One of the research focii also revealed that the similarities and differences between South Africa and Botswana are not very different, and this is informed by the fact that both countries have relatively stable economies, and maturing democracies.

South Africa and Botswana have demonstrated that they are prepared to ensure that the objectives which have been set up by the SADC are achieved, and these two countries are prepared to use their growing and stable economies coupled with their expertise to contribute towards the establishment of a well functioning Southern African Customs Union by the year 2010. Although it’s easier said than
done it would need a lot of effort to achieve these objectives which the SADC has set for itself. The Extraordinary Summit was agreed upon at the Ordinary Summit in August 2006, held in Maseru, the Kingdom of Lesotho. Its purpose was to review the status of regional economic integration and the purpose measure to accelerate the implementation of the SADC economic integration agenda, especially the Free Trade Area to be attained in 2008 and a Custom Union in 2010. (Extraordinary Summit of the Heads of States and Government to consider regional and political integration, 2006, p 1)

The role which is played by Botswana and South Africa in building a strong SADC bloc is critical in terms of lasting stability in the region. The commitment of these two countries emerged in various forums through committed direction by the countries leadership. President Mogae also noted that poverty elimination, economic growth and development as well as employment creation are inextricably linked. Furthermore, most developing countries have come to recognise the vital role which regional co-operation and integration could play in achieving economic growth and development, both at a regional and individual country level and facilitating their integration into the global economy. He called for the continued support, collaboration and concrete assistance of the International Co-operating Partners, to SADCs efforts towards the elimination of poverty. (SADC Institutional Reform for Poverty Reduction Through Regional Integration, 2002, p1)

5.2 PRESENTATION OF RESEARCH DATA

5.2.1 The process of regional economic integration

Regional integration in Africa has its roots in the Pan-African Movement that propelled decolonisation from the late 1950s onwards. Yet despite the vision,
Africa has still not achieved the desired levels of continental unity. Organisationally, the vision of continental unity has led to a mushrooming of regional economic communities (RECs) dealing with a range of politico-economic issues. The process of integration has also seen the emergence of regional parliamentary bodies (RPBs), bringing together parliamentary representatives from specific sub-regions into consultative bodies. While most of these bodies do not have legislative powers, a trend towards conferring legislative powers on them is beginning to emerge. The East African Legislative Assembly (EALA) is an important example. (The Harmonisation of Regional Economic Communities and Regional Assemblies, 2006, p3).

In Africa, most regional blocs still have to work in a collaborative and integrated way. There has been an emergence of regional blocs, and this has been happening without proper co-ordination. It has become important for the leaders of different African states to move quickly towards the process of agreeing in terms of ensuring that there’s a process to harmonise the mandates and programmes of these bodies.

Indeed, the launch of the Pan-African Parliament (PAP) in 2003 opened up new opportunities for continental integration. For example, article 11 (7) of the protocol to the Treaty establishing the African Economic Community relating to the Pan-African Parliament (referred to henceforth as the PAP Protocol), among others, enjoins the PAP to ‘promote the co-ordination and harmonisation of policies, measures programmes and activities of the regional economic communities and the parliamentary fora of Africa’. The PAP therefore has a unique role to play as a critical link between RECs and RPBs. (The Harmonisation of Regional Economic Communities and Regional Parliamentary Assembly, 2006, p1)
Most of the responses from the media fraternity with regard to their views around the process of regional integration, specifically to the Southern African Region, the issues raised were the role of the media and media independence in promoting democracy and development. The attack and violation of media freedom dominated the response of most journalists, the example which was popular, became the violation of human rights and press freedom in Zimbabwe. South African doctors have called on President Robert Mugabe’s government to stop human rights abuses and intimidation of doctors in Zimbabwe, following reports of medical staff being prevented from treating injured opposition members. Their message came as Catholic bishops in Zimbabwe took the unprecedented step of using their annual Easter message to urge Mugabe to end oppression and leave office through democratic reform or face a mass revolt. (Business Day, 11 April 2007)

Press freedom is a cornerstone of freedom, and if one regime within the SADC region is allowed to continue to undermine the principle of free press the region will be a long time in achieving the target it has set itself to achieve in the next decade. The African media is critical to fostering regional integration because it can enable the sharing of knowledge with people in different countries who are linked by common problems and common goals. New technologies like digital satellite radio can turn local content into regional programming. By its very nature, the internet renders borders defunct, by providing a space for information sharing and dialogue that can unite people from different parts of the continent and the world. With the advent of New Media, everyone—from local communities to national publishers-can share their news, views and issues with a wider audience. As the space for communication grows so too do channels for raising awareness about the value-add of regional integration in all its forms. As more and more Africans become part of the communication loop, regional integration truly becomes a reality. (Towards a United Africa, 1998, p 1)
Although it has certain limits, Europe has proved to be evidence of economic integration and harmonisation, as this leads to better living conditions which are more or less equalised. Only in an economic space that is integrated, where goods and services move speedily and smoothly and where the level of hindrance is very low or does not exist at all, is it likely to offer equal opportunities to all the inhabitants.

The other observation which was made by one journalist is that the organ secretariat should not be located within the existing SADC Secretariat in separating the development and peace/stability functions, so that they do not interfere with each other. Such an arrangement should provide the Organ with a greater ability to operate in a flexible and informal manner allowing it to locate in a country such as Namibia or Zambia. Due to its dominant size and relative strength within the Organ it should preferably not be located in South Africa, since this would merely add to its dominance and fuel possible divisions within the region.

One of the critical issues which has been observed by political analysts and journalists is that, market integration not been moving as fast as should be in the developing world in general, and in Africa specifically. This observation is based on the fact that, the economies of Southern African states with the exception of South Africa, are small and most of the countries in the region are small and they are major exporters of manufactured products. Most of their trade is with developed countries, and while competition exists among the member states, it is not complementary, therefore for the most part, there is a lack of comparative advantage in the region. Market integration will therefore result in more trade diversion than trade creation. South Africa as the regional giant will be the main beneficiary of market integration, a factor that will lead to greater polarisation. Unresolved political and economic issues in Zimbabwe have resulted in increased unemployment and poverty. The political instability
emanating from the current economic crisis resulted in the government, during the early part of 1998, acting like a police state against protesters and rioters. All major opposition to the government remains politically silenced. (Lee MC, 1999, p48)

In the Business Day of 11 April 2007, in face off column one of the writers to both Kehla Shubane and RW Johnson, raise their emotions and how they think the situation in Zimbabwe should be addressed. If the region had proper guidelines in terms of how each member states should operate regarding democracy and respect for human rights there would have been confusion in terms of what kind of mechanisms to use if there has to be any interventions on problems in the region, be they political or economical.

Sometimes it becomes important to put punitive measures against those who do not abide by the broader principles of the regional bloc, but this approach does not always work as the best option remains persuasion. African organisations have played an important role in the struggle for independence of the continent. From the Organisation of African Unity as an example, this was one of the organisations which fought hard for the African continent to be free from colonisation and underdevelopment. Although today most of the African continent is independent, the problems of poverty are still rampant.

In an attempt to deal with the socio-economic issues that plague the continent various other African organisations have emerged as key players in the development of the continent. Regional Economic Communities (RECs) in collaboration with the African Union (AU) and organs of the AU like the New Partnership for Africa’s Development (NEPAD), the Pan-African Parliament (PAP), African Peer Review Mechanism (ARMP) and the AU economic, Social and Cultural Council (ECCOSOC) are some of the most important organisations
contributing to the struggle for a peaceful and prosperous Africa. (Institute for Security Studies, 2006/7, p1)

Some of the journalists believe that as much as the SADC is on the right track in building a strong regional bloc, there has to be a commitment from all governments in the region to respect the rule of law and protect the media at all costs even if the media does not agree with the government. The principle of constructive criticism should not be viewed as an attack on government. In fact it has been proved all over the world that the media protects society and works as the watchdog of government when power is abused. Governments should view journalists as their partners who are objective and not as enemies.

Another political commentator also emphasised that the stable economies and political authority of both South Africa and Botswana should be used as a benchmark to improve conditions in the region, as it moves towards integration in 2010. However, reservations were raised with regard to the time line that SACU has targeted of 2010, to establish a free trade area within the region.

Further, one journalist mentioned that Botswana and South Africa have world developed financial markets, and this can assist other member states to improve the conditions of the individual countries within the region especially those who are lagging behind. This aspect remains important for the strengthening of the regional economic situation. For Southern African states the main objective of regionalisation is to strengthen the individual states, through co-operation, across the economic, political, societal, and other dimensions of state building. Benefits of regional cooperation should therefore be visible in terms of the needs of the different states in other to encourage attempts at integration and development at the regional level. Weak states, small and underdeveloped economies, lack of intrastate societal cohesion, and transborder societal links
(due to artificial borders that divide communities) are problems that governments hope to address through co-operation in order to secure the state and promote internal stability and order through, among other means, economic growth and development. (Schoeman M, 2001, p143/4)

Southern African economies are driven largely from the external orientated, producing mainly primary commodities for western markets. Therefore this opens little room for intraregional trade. In most situations what gets produced in the region are similar commodities with little value, and manufactured goods are imported mostly from Europe.

The nature and structure of the economies of Southern Africa and the way in which the region has been incorporated into the global economy and its divisions of labour set the main external limitations on regionalisation. Though largely economic, these constraints also impact on other areas of co-operation. (Schoeman M, 2001: 144). Furthermore Schoeman has made an observation that, a number of states in Southern Africa, most notably Botswana and Swaziland, have either no trade union movement or underdeveloped trade unions, often constrained or prohibited by law. In these countries wages are low; in South Africa the trade union is particularly strong and influential, and labour costs are relatively high (compared with other countries), making certain forms of investment more expensive in South Africa and more attractive in, for instance, Botswana. Should labour practices continue their skewed development, one can imagine that the loss of potential investment to South Africa in favor of its neighbors may inhibit the development of cross-border ties in the labour movement, in turn inhibiting or harming the growth of a regional sense of identity and unity with potential spillover effects in the societal and political spheres.
It remains important to harmonise practices in the region in order to maintain a rapid regional integration. This process could assist in order to ascertain that practices are more or less the same in the regional bloc, states should not affect one another negatively but they must be able to complement each other for the growth and stability of the region.

It was noted by one political analyst, that the process of integrating the Southern African region puts South Africa in a better position with its neighbours, this is in particular its economic muscle and to add to that it shares its borders more than any other country in the region. This gives South Africa an advantage to access any country without having to go through other borders. These countries are Botswana, Namibia, Lesotho, Swaziland, Zimbabwe and Mozambique notable was the fact that Lesotho is totally landlocked and surrounded by South Africa. It is noted further that, South Africa has access to the coast lines of both the Atlantic Ocean and Indian Ocean which give it access to international markets.

In the process of building a strong Southern African region, Botswana and South Africa will have to play a critical role for this goal to be achieved. This is motivated by their economic and political stability. Botswana has experienced consistent growth and stability over a period of time and most countries in the region will have to learn from these processes. There is almost complete consensus that Botswana achieved rapid growth because it managed to adopt good policies. The diamonds no doubt helped in the rapid growth. Yet, it is striking that, contrary to other African countries with abundant natural resources such as Angola, Zaire (Congo), Sierra Leone or Nigeria, there were no civil wars or intense infighting to control the revenue from diamonds in Botswana. (Acemoglu D, Johnson S, Robinson JA, 2001, p4)

Botswana should remain a good example of how to stabilise the region and achieve faster integration, with little complication. It has been further noted by,
Acemoglu, Johnson and Robinson that, Botswana has had the highest rate of per capita growth of any country in the world in the last 35 years. This occurred despite adverse initial conditions, including minimal investment during the colonial period and high inequality. Botswana achieved this rapid development by following orthodox economic policies. How Botswana sustained these policies is a puzzle because typically in Africa, “good economics” has proved not to be politically feasible.

### 5.3 THE BENEFITS OF REGIONAL ECONOMIC INTEGRATION

Adoption of the regional cooperation strategy, the Southern African Development Community (SADC), was trying to enhance the development of the region in order to bring about regional structural stability and transformation to make a meaningful change to peoples lives. One of the primary concerns was to change the dependency that existed between member states in the Southern African region on the old South African regime whose role was a coercive one.

It became important to enhance intra-regional trade through market integration, and this was to be the future goal of the Southern African Development Community. In its 1992 document, Towards the Southern African Development Community, A Declaration by Heads of States or Government of Southern African States, SADC declared that, of all the contribution SADCC has made to regional development, the greatest has been in forging a regional identity and a sense of a destiny among the countries and peoples of Southern Africa. (Lee MC, 1999, p34)

According To Schoeman M, one benefit of regional co-operation in developing areas, according to development economic theory, is that the sum total of the states is in a more powerful position vis-à-vis the external environment than the
individual countries and that such a grouping can therefore bargain more effectively and attract FDI. If this process is taken further, Thabethe MHS says, with reference to economic development in Southern Africa, finances are necessary to implement industrial development projects that should be directed at widening the means of improving people’s lives in the region. Economic development should facilitate the reduction of poverty and advancement of the people’s quality of life. Economic development programmes of industrial development should be directed at employment creation, the eradication of poverty and reducing the socio-economic inequalities in tandem with a growing economy.

Each and every member of the SADC, has been given responsibility to play an active role as the process of integration unfolds, this sharing of responsibility builds the spirit of ownership and no other country feels marginalised, therefore a speedy implementation of projects will be envisaged. The SADC strategy entailed regional co-ordination to develop seven sectors: transport and communication; food, agriculture and natural resources; industry and trade; energy; manpower; and tourism. Each member state was given the responsibility for co-ordinating the development of at least one sector or subsector. A project approach was implemented and all member states were given the opportunity to present projects for funding, including national projects that would have a regional impact. With each member state in charge of a sector or subsector and allowed to present for funding national projects. It was felt that all members would benefit from regional development and co-operation and thus feel they had a stake in the SADC. (Lee MC, 1999, p 34/5)

South Africa and Botswana seem to be playing a critical role in building the Southern African region, and this is motivated by the fact that these two countries have relatively stable economies in the region, and they have aligned their economies to be very competitive within world markets. Statistics taken
from the national treasury discussion document of 2007, Promoting the bond market in emerging –market economies confirms as stated:

- The primary objective of the Bank of Botswana (BoB) is to promote and maintain monetary stability, defined as a low and sustainable rate of inflation. The BoB chiefly uses open market operation to influence interest rates and monetary conditions. In August 2005, the BoB raised its inflation target band to 4-7 in order to anchor inflation expectations amid rising crude oil prices and the 12% devaluation of the pula in May that year. Botswana has the highest rating in Africa, holding a local currency rating of A1 (Moody’s) and A+ (S&P), as well as foreign currency ratings of A2 and A.

- The rand has been a free floating unitary exchange rate since 1995 when the SARB abolished the financial rand. However, during the 1998 emerging market crisis the SARB intervened by selling dollars and buying rand in the forward market to protect the value of the rand. The SARB performs all foreign exchange transactions on behalf of the Central Government and accumulated reserves in the secondary market to build the reserves level. The official gross reserves have improved from USD 7.6 billion in 2001 to USD 23 billion currently.

Another journalist raised a critical issue of the role which South Africa is playing in the region, he further cautioned that South Africa needs to balance its role with the general perception that it plays a big brother role rather than complementary as an equal partner. Although there seems to be a general agreement that South Africa has to use its capacity both politically and economically to influence the direction in the region, this has to be done very carefully not to upset the neighbours in the process of integration.
Christopher Malaudzi, 2007, p 54, of the Institute for Global Dialogue argues that, in Africa as in other parts of the world, regionalism has become an important process and a key element in domestic as well as continental politics. The time when programmes aimed at regional construction could easily be dismissed as utopian or as being driven by hegemonic ambitions is fast disappearing. This trend was particularly pronounced when the end of colonialism in the 1950s and 1960s raised expectations that cross-border and pan-African solidarity would develop.

Another political analyst raised sharply how, in Africa and other parts of the world, the origin of regionalism was more political than economical. Regionalism was widely viewed as the only way in which the continent could arrest its further marginalisation in the world economy as globalisation spread. In the 1960s the African leaders had hoped that the creation of regional blocs would rescue the continent from colonial influences and continued dominance.

Regional economic blocs were established all over Africa as most countries were given independence from colonial rule. This process of forming regional blocs was initiated with the view of forming free trade areas, common markets and economic unions whose aim was to address the legacy of colonialism. In the foreword of the SADC Secretariat, P Ramsamy 2003/4 says that the organisation remained focused on its primary goal of fostering development in the region in order to alleviate poverty with the ultimate goal of eradicating it. Through our development strategies, the Regional Indicative Plan for the Organ (SIPO), we set in motion a process of developing implementation frameworks. In this regard, we disaggregated and analysed the regional-grown plans in order to rank and prioritise regional co-operation and integration intervention areas critical for moving the region ahead in terms of sustainable growth and developments.
Notably, the successful implementation of SADC developmental programmes depends largely on the involvement of all stakeholders be they government or non-governmental organisations and all civil society movements. Any attempt by the authorities to impose programmes without the broader participation of organisations might be met with resistance. Since the birth of a democratic South Africa, regional co-operation is seen –in addition to the broader African aims–to be an important framework, through programmes within the Southern African Development Community (SADC), within which to address the gross imbalances created both within and between the economies of the region. (Keet D, 2005,2)

Another journalist pointed out that, South Africa considers the promotion of peace and security to be its top Africa policy goal which it needs to achieve and advance, this is in addition to advancing the course of democracy and human rights and pursuing sustainable development and poverty alleviation.

The Foreign Affairs Department’s recent strategic plan highlights multilateralism as the entry point of achieving these objectives: strengthening the African Union (AU) and the Southern African Development Community (SADC) and supporting the implementation of the New Partnership for Africa’s Development (NEPAD) as Africa’s socio-economic development programme (DFA 2005). (Kagwanja P, 2006:27). It remains an element of importance for South Africa and Botswana to play a critical role in assisting the building of the Southern African region, as this process stands to benefit the whole population and advance stability and stable economic growth.

5.4 THE LIMITS AND OBSTACLES OF REGIONAL INTEGRATION

The limits and obstacles for regional integration could be separated into two; the economic and political constraints, however it is difficult to separate political
dynamics from economic dynamics as they both influence each other. Political economy as a subject matter has demonstrated that there exists interplay between the state and the market.

The constraints which exist are to a large extent about political leadership perceptions, towards the process of regional integration. Notable is the fact that the success of regional integration depends on the conditions under which the political leadership show willingness and whether they are able to accommodate demands for functional integration. It is the state of willingness from the political leadership which determines to a greater extent whether integration becomes a success or not.

The observation which was made by another political analysts is that, if political leaders over-emphasise political autonomy and political power, they are most unlikely to seek deep levels of regional integration and this would be motivated by amongst other things a relatively prosperous economy. The question here would be why would they sacrifice national sovereignty and pay the price of membership in a regional group, especially if they are experiencing a fast growing economy which makes the voters happy. This reluctance by member states to comply with the regulations of integration is motivated by nothing more than selfishness. The original aim of the rules was to help create a more efficient capital market for investors and companies to improve the 27-state bloc’s competitiveness. But the rules offered many “opt outs” enabling member countries to skirt core provisions and keep barriers in place. A large number of member states have shown strong reluctance to lift barriers, a report on the rules by the European Commission said. The number of countries implementing the directive in a seemingly protectionist way was unexpectedly large, the report said. (Business Day, 28 February 2007, p7)
There has been a general trend from states which are economically successful to be reluctant to cede certain powers they wield in their own countries in order to give way for regional integration. The other problem associated with regional integration, especially in the eyes of the leadership which is not future focused is that, the economic costs of participating in the processes of integration are immediate and concrete, while the economic benefits typically accrue only after a long period.

The transformation of the SADC from the 21 “functional” areas that were previously the hallmark of the SADCC to five focused directorates has been a very slow process. This required political commitments from all member states without exception, which is often lacking in the SADC. While it can be argued that governance should be no big deal in the integration process because the very imperatives and rewards of economic integration should naturally lead governments to behave rationally and consistently with the imperatives of successful integration. In reality however it is very easy to find governments that are both voluntary partakers in an integration project, while simultaneously not seeing themselves bound by regional responsibilities.

Maxi Schoeman’s observation on different models of regional integration is very interesting because it gives the researcher a clear picture of the processes of integration and the methods used to advance the SADC agenda as he says, the limits to, and failure of attempts at market integration in Africa resulted in the development of at least two other regional economic development models. The first of these was functional integration or integration through project co-ordination, the model that had been accepted by the SADCC at its inception in 1980. The use of this term “integration” is something of a misnomer, as this model is based almost exclusively on co-operation rather than integration, with each state remaining in full control of its own development agenda, and co-operation at the regional level is aimed at the harmonisation of policies, the
development of infrastructure and the promotion of a regional identity that would engender confidence and capacity.

Many governments are preoccupied with preserving their power base rather than creating the conditions for economic growth and development across their regions. It is an approach of the uplifment of the internal before going external. Perhaps what motivates this attitude is the fact that the SADC has not integrated to the level where it can possess power to implement punitive measures against those who drag their feet towards integration. Such an attitude serves as an obstacle for further regional integration, firstly the SADC member states recently obtained independence and are accordingly jealous of their sovereignty and suspicious of outside interference in their internal affairs. This reaction could be seen in the behavior of Zimbabwe against Western pressure to implement reforms and stop eviction of white farmers in that country. Secondly the region’s states are relatively weak politically and economically and some are struggling to attain internal sovereignty.

A well informed government official on the issues relating to integration raised a point similar to the view expressed by Christopher Mulaudzi that, the SADC is marked by striking disparities among its members, and has not always succeeded in fulfilling its stated aims of reducing the regions dependency on South Africa and stimulating more equitable economic growth. Indeed, the organisation has yet to prove that it can deliver on its stated goals of regional development and integration. Two main reasons can be cited for this failure. Firstly, given SADCs decentralised approach, inherited from its predecessor, each member state was made responsible for a particular sector and charged with implementing projects in that sector throughout the region. The assumption that a country charged with co-ordinating a particular sector was best suited to do so later proved to be unfounded, as most projects implemented were given a national rather than a regional character.
In the Southern African context South Africa is the only member which is mostly advanced and this gives it a hegemonic role in the region. This might cause an unnecessary level of mistrust as countries are very territorial and protective of their space. Economic realities in the SADC are South Africa’s economic hegemony, and the extreme inequalities within and among member states. These factors present major challenges to market integration and regionalism in general. South Africa is the SADCs most industrialised member, and generates no less than 71 per cent of regional GNP. (Mulaudzi C, 2006, p15)

Africa’s premier development framework, the New Partnership for Africa’s development (NEPAD), promotes regional integration as one of the mechanisms to Africa’s self reliance strategy. NEPAD acknowledges that most African countries are small, both in terms of population and per capita incomes. Due to limited markets, African countries do not offer attractive returns to investors, while progress in diversifying production and exports is retarded. This limits investment in essential infrastructure that depends on economies of scale for viability. These economic conditions point to the need for African countries to pool their resources together, and enhance regional development and economic integration on the continent, in order to improve international competitiveness. The five sub-regional economic groupings of the continent must therefore be strengthened (NEPAD, 2001)

According to this logic, economic integration or co-operation is not only desirable, but it is also necessary, if Africa is to industrialise, develop intra-African trade and develop the capacity to participate effectively in global markets without being reduced to a raw material producing continent. As market integration accelerates it may expand to include common trade rules, common industrial standards, tax harmonisation, macroeconomic policy co-ordination, common fiscal and monetary policies, as well as common social policies and
institutions of a regional transfer system to ease the burden of adjustment, to compensate losers, and to ensure the potential viability of economic integration. Functional integration, that is the provision of common rules, regulations and policies embodied in an integrated governance structure, may begin with exchange rate co-ordination.

Another government official also pointed out that, these inequalities which exist in the SADC states affect the extent to which member states are able or unable to accrue the benefits or risks of regional integration. They also determine the extent to which member states are willing or not willing to use the SADC as a structure for negotiations. Those who avoid using the SADC as a launching pad may fear that their interests are not served well since they are subsumed in the interests of those member states which are destined to accrue most benefits. It is these kinds of considerations which, by and large, serve as key constraints to furthering integration.

But inequalities among member states are haunting the SADC. Take for example the SADCs ability to negotiate trade deals as a bloc and the more recent debates about the EUs proposal of reciprocal free trade agreements under the “regional economic partnerships”. Whether as a preferential trade region or a full free trade agreement with the EU, this would be damaging to development prospects within and between the economies of regions. This is because access by highly competitive and large scale EU producers could result in insupportable competition pressures upon comparatively smaller and weaker SADC producers in their own national markets. (Keet D, 2005, p30)

The City Press also made an observation that the hegemonic role played by South Africa in the region makes member states uncomfortable, especially when it comes to the South African companies which invest in the region. South Africa’s economic size, the pivotal role of its economy in the region (it accounts
for more than 70 percent of the SADCs GNP), the extent to which economic ties and relations of asymmetrical dependence developed over time, and the way in which further economic development in the region would seem to continue to benefit South Africa allows for mistrust of the country’s intentions by other member states. This may also explain why at a recent conference about South Africa’s role in Africa, some African delegates expressed concern that South African corporates were not only investing on the continent but exporting Apartheid domination. They called for investment regulations for those companies. (City Press, 2004)

Thus a major challenge for successful integration will be to achieve equal distribution of costs and benefits, primarily in quantitative terms. The SADC comprises of states with divergent levels of development, from the richest country on the continent to some of the poorest.

Another journalist interviewed also made an observation that, it is striking that though the SADC is well suited for meaningful integration in which all member states can enjoy accruing benefits due to their proximity to each other, this advantage has been upset more by internal political arrangements than anything. Political commitments towards common values of human rights, the rule of law, democracy, and property rights have been inconsistent and uneven among member states. Speaking on behalf of International Co-operating partners, the Norwegian State Secretary, Mr. Olav Kjorven pointed out that poverty was the lack of freedom to meet one’s basic needs and those of one’s family. He noted that the world was becoming insecure because of the increasing gap between rich and poor. He pledged Norway’s support to countries with good poverty reduction strategies and concrete policies that fulfill the pre-condition for development, such as democracy, the rule of law and effective public management.
Although there has been an element of discomfort among member states with regard to the role the South African government is playing in the region of a big brother. The African National Congress (ANC) had reassured its members, the people of South Africa, the region and the whole continent that it would seek to advance the interests of the region above the exclusive self interest of South Africans. Given South Africa’s past, the ANC and its exponents try to reassure black Africa and its neighbours of the government’s non-hegemonic intentions:

- A democratic South Africa should therefore explicitly renounce all hegemonic ambitions in the regions. It should resist all pressure to become the “regional power” at the expense of the rest of the sub-continent. instead, it should seek to become part of a movement to create a new form of economic interaction in Southern Africa based on principles of mutual benefit in interdependence. We are conscious of the need for any plan or programme seeking to promote greater co-operation and integration in Southern Africa to take account of the acute imbalances in existing regional relations. South Africa should avoid using regional co-operation or integration as a vehicle for the one-sided promotion of its immediate interests. Instead, it needs to recognise that balanced and mutually beneficial co-operation and integration can be of considerable significance to the efforts of a democratic South Africa to place it on a new growth path.(Pfister R, 2000,7)

If we consider that the European Union (EU) has been a long time in the making, it might be easy to realise that the problems which the SADC is faced with, will take some time before member states realise that the real benefits of integration and development. For now integration combines functional (the co-ordination of sectors) and neo-functional (the supranational nature of SADC being a structure formed at the top level of states –though subject to the states will) and the
intergovernmental, there is a lot of political maneuvering by Heads of States at the regional Heads of States summits and at the ministerial level—be it foreign or defense.

Problems relating to perceptions, about the role of integration and how those with relative power influence the outcome will forever be there in the minds of those who feel vulnerable to integration. However the responsibility lies with the leadership of the region to engage on issues and resolve them rather than sabotage the progress made so far to integrate the Southern African region. A further problem and one with political implications is that increased economic growth in South Africa or perceived greater opportunities in South Africa may also cause labour from across the region to concentrate in South Africa. The whole issue of labour migration, particularly illegal migrants, is already a sensitive issue in the region and one with the potential to cause conflict among various states, both those that feel they cannot host large numbers of economic migrants (South Africa and to some extent, Namibia and Botswana) and those that feel that they suffer from ‘brain-drain’ (Zimbabwe and Mozambique) due to the more attractive prospects offered by more advanced economies in the region. It is telling that SADC has been attempting to finalise a protocol on the free movement of people ever since 1995 but that no consensus has yet been reached on this sensitive issue. (Schoeman M, 2001, 147)

The SADC, article 7 of the document draft protocol on the facilitation of the movement of persons stipulates that, every state party shall ensure that all relevant national laws, statutory rules and regulations are in harmony with and promotive of the objective of this Protocol. To this end, the SADC shall, from time to time, produce model laws for consideration by member states. Further more for the purpose of accountability and monitoring purposes of the free movement of persons, article 9 stipulates that, for the purpose of identifying persons, each state shall establish and maintain a population register from which
the status of its citizens and permanent residents can be determined accurately. This process is aimed at ensuring that people are at liberty to move freely within the region but the proper procedures of identification should be followed at all times such that people who commit crime can be easily identified by their countries for prosecution purposes.

Article 11, Co-operation and mutual assistance;

- Every state party undertakes to co-operate with and assist the other state parties to facilitate the movement of persons in the community as a vehicle for achieving economic integration.

- State Parties agree to increase co-operation and mutual assistance, to the extent that this is necessary to promote the overall objectives set out in Article 2, in the following fields, among others:

  a) Formulating policies and awareness programmes on the implementation of this protocol
  b) Improving the mechanisms for enhancing co-operation in safeguarding national and regional security by exchanging information among relevant authorities especially on crime, security and intelligence
  c) Training competent authorities and educating communities regionally and nationally on the Protocol
  d) Providing sufficient and adequately equipped ports of entry; and
  e) Preventing the illegal movement of persons into and within the Region.
Although the regional leadership is prepared to move with speed to ensure that
the movement of people is regulated to stimulate economic growth and not to
continue to use stringent passport measures to restrict peoples movement, it
remains a challenge to ensure that the technology of all member states is
upgraded to meet these challenges. The most common problem within the
region is that, people find it very easy to cheat the systems which control the
movement of people hence, for these objectives to be achieved, the technology
should be upgraded as a matter of urgency.

Article 12, Travel Facilities

1. State Parties agree to make travel documents readily available to their
citizens and to co-operate in harmonising travel whether by air, land or
water and to increase and improve travel facilities especially between their
mutual borders.
2. State Parties undertake to introduce:

(a) Machine readable passports as soon as possible; and
(b) Technologically sensitive passports and other related facilities as
circumstances allow.

These commitments once made cannot be relegated to paper only but should be
implemented as a matter of urgency in order for the region to be able to attain
high quality services from all participating countries and to share skills where
needed, this should happen quickly without people having to go through long
procedures of being identified as they move from one country to the other.

Although one government employee identified an issue of resource capacity
within the region as one of the problems which might delay the implementation
of the protocol for free movement of people, he however noted that South Africa will have to play an important role to assist with resources where it can as this is a very important process towards integration.

Although there seems to be a general consensus that integration is at the centre of development and growth for member states, a journalist interviewed raised the issue of the hegemonic role South Africa is perceived to be playing and peoples perceptions which need to be removed by their respective leaderships within their own countries, however these perceptions are also dominant within the leadership itself. It was mentioned that the perception that South Africa acts as a hegemony, not taking into account the needs of its neighbours and, in fact it pursues a policy in which regionalisation is important only to the extent that it serves its own interest, and this has had some serious consequences in the region. Max Schoeman says that in 1994 a renegotiation of the SACU Agreement was stated, and on the part of South Africa it was believed that this would be a short process. However, mistrust of South African intentions and dissatisfaction with what is viewed as South African preponderance have caused these negotiations to protract, and by late 1998 no agreement was yet in sight.

5.5 ANALYSIS AND INTERPRETATION OF DATA

When carrying out a research project, it is essential to recognise that observation of any kind can never be expressed without some errors. However, recognition of this weakness does not mean that one should passively accept these errors. On the contrary, every effort should be made to identify, reduce or compensate for them. This is only feasible if all the possible sources and types of errors and mistakes are identified and investigated. (Bless, Higson-Smith and Kagee, 2006:164)
The researcher has been mindful of and guided by the questions which were developed to achieve the end results of the study. All three aspects of the research focus, being the process of regional integration, its limits and the benefits will be highly interrogated and examined fully be the researcher in order to achieve the positive outcome out of the processes of regional integration and its problems coupled with solutions.

The data so far has pointed to the fact that the global phenomenon towards economic development moves with integration of regional economies, however this process is slow and has more problems than we think. This is one focus area the researcher will give maximum attention to as he continues with the research.

5.6 PRESENTATION OF THE MAIN RESEARCH FINDINGS

Through the research and preliminary interviews which were conducted with relevant stakeholders, it emerged that all countries in the region need to commit to integration, but the role which South Africa is playing needs to be treated with caution so that small countries do not feel alienated from the mainframe politics, however more persuasion and seriousness needs to be displayed by all role players and the involvement of the people in the process remains key to the success of the SADC region.

5.7 MAIN RESEARCH FINDINGS

(a) South Africa and Botswana have to use their relatively strong economies to bring on board all other countries in the region to accelerate processes of integration
It is very clear that both countries have a lot to say in ensuring that the region becomes a success, more so that the two countries have experienced economic growth and they must be able to sacrifice for the sake of the success of the region, in any case the processes of integration have proved that the benefits come out of hard work.

(b) Lessons to be learned from other countries which have gone through processes of integration

Southern African region has a lot to learn from other countries which have gone through the same processes as well, especially the European Union. The EU is at an advanced stage of development and integration therefore the Southern African region has to pay close attention to the EU and learn what are the success stories and the problems. It is also important to understand that integration comes with a price and sacrifice. The role which is played by the political leadership is critically important.

(c) Deepening democracy, and advancing the rule of law

Democracy remains the cornerstone of development, and all participating countries have to ensure that democratic values and principles are respected at all costs. The press has a critical role to play in deepening democracy, hence any attempt by member states to oppress this sector should be condemned at all levels.

5.8 SUMMARY OF THE MAIN FINDINGS

The research study has been important in identifying critical areas with regard to processes towards economic and political integration. The researcher found it very important to compare in-depth the integration processes as they took place.
in the developed countries particularly the west, and how best can the Southern African region learn from those advanced integrated regions.

A proper research methodology together with the requirements regarding the questions which were developed was used by the researcher in order to achieve proper outcomes. The research also went further in giving the researcher a proper understanding of the processes of regional integration and the problems associated with it as well.

Regional integration is not a domino effect approach, there are extremely difficult conditions associated with the process from the beginning up until the total integrated economy. What has come to the attention of the researcher is how important it is to include all relevant stakeholders in the processes of integration and not make it a leadership programme, the role which is supposed to be played by the people in general remains critical if the integration has to be considered to be successful. A committed political leadership role is key to these processes of integration. The general analytical framework for understanding regional integration begins with discussion of the factors determining the outcome of regional integration schemes, which is followed by an examination of the consequences of integration for outsiders. (Mattli W, 1999, p41). The researcher also noted how important is the role being played by the multinational companies, because the observation is that they are an important integral part to any form of integration, governments have to always make sure that they have the buy-in of this sector as they control the economic resources, and any attempt to marginalise them could derail the integration processes.

**5.9 PROPOSED APPROACH TOWARDS REGIONAL INTEGRATION**

Preliminary research has revealed that broader consultation and the involvement of all stakeholders and the people in general remains key to the success of the
process. Another critical issue remains how the key stakeholders are brought on board and the perceptions of hegemonic tendencies are addressed, in this regard the perception is that South Africa is dominating the process because of their economic muscle.

Key to the proposal is the respect for democracy and the rule of law, guarantees for a free press and upholding of the principle of people’s freedom and human rights values.

5.10 RECOMMENDATIONS

Since the advent of democracy in 1994, South Africa has played an important role in the region and Africa as whole regarding development. The respect it occupies remains important in ensuring that the whole process of integration is important and succeeds. Its commitment to the principle of human rights and democracy should be spread across the region. The good economic models adopted by Botswana and South Africa should be used as the bench mark for the rest of the region in order to achieve good outcomes, furthermore it remains important to interact with all stakeholders as a matter of a principle and make sure that the multinational companies play an important role in the building of a strong regional bloc.

The lessons learned by the European Union remain important to any success story in the Southern African region. Even though the EU has been in the process of integration for more than two decades, the region still experiences problems with its own member states that are sometimes difficult regarding the implementation of integration policies.
South Africa and Botswana remains the cornerstone in assisting the region to develop further and integrate, however co-operation of all member states in the region remain critical for a successful integration. It is the responsibility of all member states to adhere to all protocols as agreed and signed by each country’s political leadership to ensure uniformity and coherence.

It is interesting to note that though the SADC is well suited for meaningful integration in which all member states can enjoy accruing benefits due to their proximity to each other, this advantage has not been upset by internal political arrangements. Political commitments towards common values of human rights, rule of law, democracy, and property rights have been inconsistent. On the balance, there is a case and a great possibility for further integration of the SADC, if the benefits of it are realised by all and the costs or risks are successfully mitigated.

South Africa and Botswana plays the most important part in forging co-operation and integration in the region and all other member states must take advantage of the situation for the better.
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