

REGIONAL INTEGRATION AND TRADE: DEVELOPMENTS AND CHALLENGES OF
REGIONALISM IN AFRICA

by

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(Under the Direction of Douglas Stinnett)

ABSTRACT

Although regionalism has proliferated in sub-Saharan Africa since the advent of decolonization, success in terms of economic development are not promising. Examining intra-regional trade shows that there has been an increase as a result of regional trade integration; however the rate of increase differs among 4 key blocs in sub-Saharan Africa. This paper examines and test factors that affect the level of intra-regional trade among four regional trading blocs in sub-Saharan Africa: the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC).

INDEX WORDS: Regional integration, regionalism, intra-regional trade.

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CHAPTER 1

INTRODUCTION

Regionalism in sub-Saharan Africa

In the advent of decolonization and independence, many leaders of the new African states sought for ways to guarantee their nation's security, to develop economically, and increase their voice in global affairs. Kwame Nkrumah, the first President of Ghana, proposed the political union of all the new independent states of Africa in order to achieve these goals. Sub-regional ventures had begun with such examples as the East African Community of 1967 -1977 and the Economic Community of West African States. Cooperation was seen as a means to achieve vital goals towards development. Regional integration has continued, especially in the avenue of trade agreements. The Organization of African Unity, the predecessor of the African Union, and the UN Economic Commission for Africa proposed the creation of various region-specific economic blocs to liberalize trade and eventually merge into an Africa-wide economic and trading bloc. The Economic Community of West African States¹ was one of the first blocs to be formed with the idea of promoting intra-regional commerce and economic development for member-states. ECOWAS was followed by other regional arrangements with various objectives, the key one being promoting regional trade.

Although the proliferation of regional blocs in sub-Saharan Africa continues, success of these organizations in terms of economic growth has not been as expected. In terms of intra-regional trade, statistics reveal some level of increase especially after the formation of trading blocs. Graphical

¹ The Economic Community of West African States, ECOWAS, was formed in 1975. Its members, until the year 2000 have been Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

presentations of the Common Market for Eastern and Southern Africa², the East African Community³, the Economic Community of West African States, and the Southern African Development Community⁴ show that average intra-regional imports has been on the rise since the founding of the specific bloc. Appendix A depicts these trade trends. While these graphs show that the blocs have been influential at increasing trade, the level of increase is not the same for all the blocs. What can account for this difference? Why is it that some regional trading blocs have been more successful at increasing intra-regional trade more than others?

To answer these questions, this paper begins with a brief analysis of regional trade initiatives and identifies the subjects of this study. The subjects are the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC). The paper then discusses the main reason for integration; economic development; and establishes a link between economic development and intra-regional trade, the measure of success for a regional integration initiative that this paper utilizes. This is followed by a theoretical perspective on factors affecting intra-regional trade. This theoretical section also outlines the hypotheses to be tested. Following the theory is the methodology and operationalization of variables to be employed in conducting this study. The next section presents the findings of the analysis. Finally the last section outlines the implications of this study and proposes future directions of research in this topic.

² The Common Market of Eastern and Southern Africa, COMESA, is the successor organization of the Preferential Trade Area for Eastern and Southern Africa, founded in 1981. Its membership, as of 2000, included Angola, Burundi, Comoros, Congo-Kinshasa, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

³ The East African Community is a revived regional economic bloc comprising of Kenya, Uganda, and Tanzania. It was disbanded in 1977 and revived in late 1993.

⁴ The Southern African Development Community was formed in 1980 and comprises of Angola, Botswana, Congo-Kinshasa, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe as of 2000.

CHAPTER 2

REGIONAL TRADING AGREEMENTS OF SUB-SAHARAN AFRICA

Discussion on Cases under Study

Regional integration in sub-Saharan Africa has been occurring since the advent of decolonization. Nations, especially the new and less developed in sub-Saharan Africa, sought to unite for the purposes of improving their welfare. Regional integration or regionalism, as defined by Lee (2003: 8) is “the adoption of a regional project by a formal regional economic organization designed to enhance the political, economic, social, cultural, and security integration and/ or cooperation of member states.” The African Union has identified eight regional economic communities in sub-Saharan Africa as building blocks to an eventual economic community of Africa⁵. Four of these are the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC) and are analyzed in this paper. These cases have been chosen because they encompass over 30 states, the bulk of sub-Saharan Africa and should be seen as representative cases of regionalism in sub-Saharan Africa. Their membership numbers vary, with the smallest having three members and the largest having twenty members.

The Common Market for Eastern and Southern Africa

The Common Market for Eastern and Southern Africa is the successor organization of the Preferential Trading Area for Eastern and Southern Africa (PTA). According to the COMESA website,

⁵ The African Union website, http://www.africa-union.org/root/au/OtherPages/Others/Useful_Links.htm , describes these regional economic blocs.

PTA was formed “to take advantage of a larger market size, to share the region's common heritage and destiny and to allow greater social and economic co-operation, with the ultimate objective being to create an economic community”⁶. In 1994, PTA members signed a new treaty creating the Common Market for Eastern and Southern Africa. The goal of this new establishment was to build upon the achievements of PTA by promoting economic development through further liberalization of intra-regional trade⁷.

Because, the PTA had already put in place mechanisms to reduce tariffs among member-states, COMESA set out to establish a free trade area which was finally realized in October 31st 2000⁸. The next goal for COMESA is the establishment of a customs union with a common external tariff by the year 2008⁹. Its membership, as of 2000, included Angola, Burundi, Comoros, Congo-Kinshasa, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

The East African Community

The East African Community is the youngest bloc and the smallest bloc being analyzed in this study, although economic cooperation in this region dates back before decolonization. The EAC as of 2000 comprised of Kenya, Uganda, and Tanzania. However, by the end of 2007, Burundi and Rwanda will have acceded to the EAC. The history of the EAC dates back to pre-independence under British rule whereby a customs union between Kenya and Uganda was established in 1917¹⁰. The first major agreement for integration after decolonization was signed in 1967, establishing the original East African Community¹¹. This bloc, however, only lasted 10 years and was disbanded in 1977, mainly due to

⁶ The COMESA website outlines the historical development of PTA. More information can be obtained through http://www.comesa.int/about/vision/vision_chapter_1/view and <http://www.comesa.int/about/Overview/view>.

⁷ *ibid.*

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ The East African Community website outlines these historical developments. Details are available at http://www.eac.int/about_eac.htm.

¹¹ *Ibid.*

political differences between the leaders of the three member-states¹². Negotiations for a revival of the East African Community began in 1984, culminating in the establishment of the East African Cooperation in 1993¹³. The aim of the Cooperation was to facilitate the revival of the East African Community which was realized in November 30, 1999. The revived East African Community is unique in the sense that it seeks to liberalize trade among the member-states, while also pushing for eventual political unification. The EAC sought to create a customs union which came into existence in July 1st, 2004¹⁴. Future plans include the formation of a common market, introduction of a common currency, and eventually political unification¹⁵.

The Economic Community of West African States

The Economic Community of West African States was established in 1975 and as of the year 2000 its members included Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo. ECOWAS seeks to promote cooperation among member-states through policy coordination in the fields of trade, monetary affairs, infrastructure, and regional politics¹⁶. The goal since revitalization efforts of the mid 1990s has been trade liberalization through the establishment of a free trade area and culminating in the establishment of a common currency¹⁷.

The Southern African Development Community

The Southern African Development Community is the successor organization of the Southern African Development Coordination Conference, SADCC. The SADCC was founded in 1980 to foster

¹² The African Union website discusses the history of the East African Community, noting the reasons for the failure of the original EAC as political differences. Refer to <http://www.africa-union.org/root/au/RECs/EAC.htm#history> .

¹³ Refer to footnote 10.

¹⁴ The Customs Union of the East African Community was the entry point of deeper cooperation among the original 3 members. A brief outline on the customs union developments can be found at http://www.eac.int/customs_U_brief.htm .

¹⁵ Refer to footnote 12.

¹⁶ The history of ECOWAS is documented on the official website. Refer to <http://www.sec.ecowas.int/sitecedaao/english/pps/ecowas.pps> .

¹⁷ Ibid.

regional development through policy coordination in socio-economic areas and reduce the member-states' dependence on apartheid South Africa¹⁸. In 1992, the SADCC was transformed into the Southern African Development Community, SADC. The SADC seeks to widen areas of cooperation among the member-states to include political and security issues¹⁹. The area of trade integration has also been included with a trade protocol calling for the establishment of a free trade area by the year 2008²⁰. Member-states, as of 2000, included Angola, Botswana, Congo-Kinshasa, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe.

Processes of Integration in sub-Saharan Africa

The process of integration in sub-Saharan Africa has been through three main avenues which Lee (2003) identifies as market integration, regional cooperation, and development integration. The sub-sections below outline the main tenets of these paths towards integration. These sub-sections are followed by a brief appraisal of the four cases under study.

Market Integration

Market integration is the traditional means that state use to integrate economically. Balassa (1961:1) writes that economic integration involved the abolition of discriminatory policies between economies. The core of such an integration endeavor is trade creation, as stipulated by Viner (1950). Lee (2003: 20) summarizes several stages of market integration. The first, preferential trade area, consists of an agreement among member-states to impose lower tariffs among each other than those imposed on non-members. The second stage is the formation of a free trade area in which case “tariffs and quantitative restrictions to trade are removed among member countries, but countries maintain their own tariffs against non-member countries” (Lee, 2003: 20). The next level is the creation of a customs union which comprises the attributes of a free trade area in addition to a common external tariff against non-members.

¹⁸ A historical review of the SADC is available through the African Union website: <http://www.africa-union.org/root/au/RECs/sadc.htm> .

¹⁹ Ibid.

²⁰ Ibid.

This is followed by a common market which is a customs union that allows for the free flow of factors of production such as labor and capital. Next is the evolution into an economic union which consists of all the features of a common market with harmonization of monetary and fiscal policies. The final stage is total economic integration which “consists of the unification of monetary and fiscal policies, along with the creation of a supranational authority that has the power to enforce decisions” (Lee, 2003: 20).

Regional Cooperation

Regional cooperation is the second kind of integration that states in sub-Saharan Africa follow. This strategy entails “collaboration between two or more countries with similar interests, including economic, political, social, and cultural interests (Lee, 2003: 22). Haarlov (1997) writes that such collaboration would include joint development projects and policy harmonization. If market integration is the ultimate goal for states seeking integration, Lee argues that regional cooperation is ideal in laying the foundations of economic integration. Furthermore, because of its flexibility that does not require immediate liberalization of trade; regional cooperation has been proposed as a realistic starting point for developing countries (McCarthy, 1996: 229-30).

Development Integration

The third approach examined by Lee (2003) is development integration. This trajectory is based on market integration; although it is aimed at addressing the problems that market integration create for member-states. Haarlov (1997: 30) writes that due to the problems of market integration such as the inequitable distribution of integration benefits, development integration is pursued with the goals of changing the integration process, the timing and commitment levels of member-states, and the distribution of costs and benefits of integration. Through these goals, the integration process encompasses not only economic cooperation, but also social, and political integration. Member-states establish mechanisms that do not follow the traditional market integration procedures in order to ensure that all members are reaping the benefits of integration equitably.

Appraisal of the Cases of this Study

Most regional blocs in sub-Saharan Africa have followed a combination of these three trajectories. COMESA and EAC both follow the market integration model with COMESA having started as a preferential trade arrangement and since 1993 deepening economic integration through further liberalization of trade. In the year 2000, COMESA began to adopt free trade measures and currently 9 countries are members of the COMESA-FTA²¹. The revived East African Community started as a regional cooperation initiative in late 1993, but transformed itself into a free trade area in 1999 and a customs union in 2004. However, to address some of the problems that led to the disbanding of the 1960s East African Community, the member-states put in place measures to ensure equitable distribution of benefits by altering tariff reduction mechanisms in favor of Tanzania and Uganda²². “While the protocol envisages a tariff-free trade regime among the three countries, Uganda and Tanzania have been allowed to put surcharge on goods from Kenya, due to perceived differences in levels of development and industrialization among the partners” (Oyuke, 2004). These mechanisms fit the development integration model.

The Economic Community of West African States fits the model of regional cooperation whereby the member-states established a community with the eventual aim of market and economic integration. Cooperation has been in economic, social and political areas. Areas of cooperation have involved easing the movement of people through abolishing visas for member-states, cooperation in infrastructural planning, harmonization of monetary, fiscal, and trade policies, and security cooperation through the Economic Community of West African States Monitoring Group (ECOMOG)²³. Although these measures

²¹ “The FTA was achieved on 31st October, 2000, when nine of the member States, namely Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe eliminated their tariffs on COMESA originating products, in accordance with the tariff reduction schedule adopted in 1992 for the gradual removal of tariffs in intra-COMESA trade” (COMESA Website: <http://www.comesa.int/trade/Folder.2005-09-06.3314/Part%20III%20The%20FTA/view> accessed March 18, 2007.

²² Article 11 of the East African Community Customs Union Protocol stipulates transitional provisions on elimination of internal tariffs. These provisions are in favor of Uganda and Tanzania.

²³ More on the details of ECOWAS’s progress towards deeper integration can be seen at the ECOWAS website: <http://www.sec.ecowas.int/sitecedeo/english/pps/ecowas.pps> accessed April 2, 2007.

have fostered trade among the member-states, formal structures of liberalizing trade have yet to be put in place.

The Southern African Development Community is also another example of regional cooperation at work. Lee (2003:22) writes that the creation of Southern African Development Coordination Conference, the predecessor of SADC, was meant to enhance cooperation among the member-states with the goal of reducing their economic dependence on apartheid South Africa. Cooperation entailed project and sectoral coordination in areas which included economic and physical infrastructure. In 1992, the bloc evolved into the SADC with objectives that emphasized the promotion of economic development, deepening political and security cooperation, and harmonization of policies meant to achieve deeper social, economic and political integration²⁴. Like ECOWAS, the objectives SADC has stipulated fall short of market integration, although the official website notes the adoption of a trade protocol meant to facilitate the creation of a free trade area of SADC by the year 2008.

Economic Development and Trade: Measuring the Success of Regional Integration Initiatives

There are many reasons that can be given to explain what motivates states to cooperate. This section offers one of the key reasons why nations, especially in sub-Saharan Africa, decide to integrate: for economic and social development. This section further identifies the way success will be determined for this research project and reasons why this measure was chosen. The measure is intra-regional trade, and specifically imports data.

Liberal institutional theory argues that cooperation among states in the international system is possible if the states involved perceive benefits from cooperating together. Keohane (1989), a major proponent of this neo-liberal approach towards international relations, writes “world politics lacks authoritative governmental institutions and is characterized by pervasive uncertainty.” States are thus driven to cooperate, Keohane continues, in order to arrive at mutually beneficial agreements that would

²⁴ For a historical overview of SADC, visit the organization’s official website http://www.sadc.int/about_sadc/history.php accessed April 2, 2007.

otherwise be impossible to reach. Krasner (1982) argues in the same way pointing out that egotistic self-interest drives states to cooperate if such cooperation will maximize their utility.

Many regional integration ventures take an economic approach towards furthering integration. Such integration entail preferential trade agreements, free trade agreements, or customs union agreements all of which seek to increase the level of intra-regional trade. The benefits are accrued through gaining goods from fellow members at a lower rate while concentrating on the production of goods a state has a comparative advantage at producing. A further benefit is preferential access to fellow members' markets. Viner (1950), Meade (1955), and Lipsey (1960) have argued that states seek integration through trade because of the potential improvements in their welfare by cooperation in trade. This, as Viner (1950) pointed out in his assessment of customs union theory, would depend on whether the trade agreement creates more trade within the region or diverts it. Creation of trade is the impulse for integration.

The developing world, including sub-Saharan African states, has witnessed more economic integration ventures than the developed world. Page (2000: 24) writes that nations in the developing world have formed regional trading blocs to gain from trade liberalization. Page (2000: 25) notes another reason for regional integration in the developing world would be structural coordination whereby member-states of a bloc develop "new industries through the cross-border coordination which economies of scale, a broader home market, and better access to inputs might permit." Regional integration is thus seen as a means to foster economic and industrial development through trade leading to spillover effects. Soderbaum (2004: 24) refers to this as "development integration" whereby "high-level political cooperation and integration are required at an early stage" in order to stimulate production and investment and ensure equitable distribution of the benefits of economic cooperation. Economic and development integration are intertwined and augment each other, especially in the developing world.

The four blocs examined above are not all market –integrated integration endeavors. However, the goals and objectives they set forth for themselves have included deepening economic cooperation with

the ultimate goal of trade liberalization. COMESA and EAC are both market-based integration initiatives; however ECOWAS and SADC have adopted a regional cooperation strategy. Measuring success of these initiatives would entail examining the depth of integration. Regional Cooperation and Development Integration blocs would be less integrated than Market Integration blocs. Another approach would look at the tangible benefits that the bloc members have accrued over the life of the bloc. Specifically, examining the level of trade within the bloc might shed some light on the effect the creation of the bloc has had on member-states. Because trade contributes to the overall gross domestic product of states, and thus enhances economic development, a key goal for regional blocs in sub-Saharan Africa, this paper will define success as the increase in intra-regional trade. Appendix A depicts the average intra-regional imports for the four blocs being examined.

CHAPTER 3

WHAT AFFECTS THE SUCCESS OF REGIONAL BLOCS IN SUB-SAHARAN AFRICA: A THEORETICAL PERSPECTIVE

This section lays out a theoretical perspective on the factors that affect success; increase in intra-regional trade; of regional integration arrangement in sub-Saharan Africa. This section proposes four explanations on what affects intra-regional trade. These are: overlapping membership, effective governance, infrastructure, and regional leader. Each factor is discussed below and four hypotheses are developed. The hypotheses are tested later in the study.

Overlapping Membership

Regional integration initiatives seek to enable member-states within the bloc to accrue some benefits through cooperation and commitment to provisions meant to deepen cooperation. Such commitment however is inhibited by member-states being involved in multiple arrangements that might share the same goals. Multiplicity of membership should be expected to weaken a member-state's commitment to provisions meant to either liberalize trade or coordinate policies to promote intra-regional trade, resulting in low levels of trade within the bloc. This sub-section further outlines how overlapping membership affects intra-regional trade.

One of the main tenets of regional integration, and especially trading blocs, is the initiation and implementation of preferential trade agreements. Kreinin and Plummer (2002: 5) commenting on free trade areas write that such areas seek to eliminate tariffs among the member states. An overall approach of economic integration, stipulated by Viner (1950) as the customs union theory, and applied by Lipsey (1960) views moves towards preferential trade areas and customs union as having a geographically discriminatory effect, whereby non-member-states of the trading bloc pay higher tariffs than the member-

states. The assumption and expectation of the member-states is that zero or preferential tariffs will enable countries “to substitute for home production by importing goods produced at lower cost in other members... [increasing] both production and consumption and ... [creating intra-regional] trade” (Page, 2000: 41).

Besides trade liberalization, states joining regional integration ventures may have other goals in mind. These include policy harmonization to improve regional development, fiscal cooperation, and security. The various steps initiated in Europe such as the common currency, Pinder (1996) argues, should be seen as steps towards a federation of European states or a political union of Europe. Colomer (2002: 280) uses the European Union example as well and the North Atlantic Treaty Alliance, pointing towards the need to ensure security and peaceful coexistence among European states after the Second World War and mitigating the Soviet threat as catalysts towards deepening integration. Economic integration, political unification, and security alliances are forms of cooperation that entail deeper levels of commitment among the nation-states involved if they are to be successful in attaining the objectives and goals they set for themselves. Feng and Genna (2003), in their analysis on American and Asian regional integration ventures conclude that “commitment to regional integration results in the modification of domestic institutions, making them compatible across members (regional effect).” Such modifications entail that member-states in a regional bloc have compatible mechanisms to address either economic, political or security issues affecting the region.

Commitment by a member-state can be equated to various aspects ranging from both domestic political inputs to a state’s interaction with other states. As noted above, compatibility of institution, or what Feng and Genna (2003) refer to as institutional convergence, is a precursor to the success of a regional integration venture. One of the reasons why such convergence can be difficult to achieve is due to multiple or overlapping memberships in various integration schemes at the same time, especially in sub-Saharan Africa (Feng and Genna, 2005). Overlapping of membership brings about several complications for regional integration ventures. Razeen (2006), in a general assessment of the effects of

overlapping membership, asserts that the different regional blocs a state belongs to may “have different tariff schedules, rules of origin, and implementation periods.” Due to these differences, many problems may arise for the nation involved and for the progress of integration in the bloc or blocs concerned. These problems include delays in policy implementation or poor implementation and lack of commitment.

Jakobeit, Hartzenberg & Charalambides (2005), in their policy report on overlaps in regional trade blocs in sub-Saharan Africa, capture the effects of this phenomenon. They write that overlap in membership increases the strain on the regional bloc and member-states still at a formative state of integration and increases legal uncertainty especially when different trade arrangements apply to trade between two countries. Legal uncertainty makes implementation of policies, especially those directed at promoting intra-regional trade, difficult, thus affecting trade levels.

An extension of the positions offered above would argue that by overlapping memberships, a state will not direct its undivided attention to the attainment of a single regional bloc’s goals. A state in two or more regional trade blocs will have to choose one bloc among these competing blocs to pursue serious integration since “multiple membership raises issues of duplication leading to conflicts and erosion of gains already made” (Nyirabu, 2004). The sub-Saharan African experience with regional integration has been characterized by states belonging in two or more regional blocs. While not all regional blocs have the same goals, it is visible that many nations in sub-Saharan Africa belong to regional blocs which share the same goals of economic integration through promoting intra-regional trade. Overlapping membership inhibits a member-state’s commitment to implementing provisions meant to promote trade, thereby adversely affecting its trade with other members within the bloc. From this argument, this paper posits its first hypothesis:

If there is more overlap in a regional trading bloc, intra-regional trade within the bloc decreases.

Effective Governance

Regional integration agreements are implemented mainly by the governments of the member-states. Government action, especially in implementing policies domestically, should be expected to affect the overall performance of a regional bloc the state is party to. Poor governance would lead to poor implementation of policies meant to promote trade, resulting in diminished levels of intra-regional trade. This sub-section discusses the relationship between governance and intra-regional trade.

While commitment is undermined by multiplicity of memberships in various regional blocs, the domestic governance of a member-state plays an equally important role for the attainment of the objectives of a regional bloc and implementation of regional policies. A deeper look at how domestic governments interact within the region in policy implementation and actual support of the integration venture should shed light to the importance of good domestic governance for regional integration.

In order to connect governance to the success of regional integration, this sub-section begins with domestic concepts encompassing governance at the nation-state level and shows how domestic governance would affect the operations of a regional organization. Governance encompasses the management of the affairs of a state. For Hyden (1992: 7), governance involves “the conscious management of regime structures with a view to enhancing the legitimacy of the public realm.” The key word in this definition is legitimacy. For good governance to be achieved there is need for legitimacy derived from the public or the governed. A later definition of governance that is used in this paper was proposed by Hyden and Court (2002: 19). They write: “Governance refers to the formation and stewardship of the formal and informal rules that regulate the public realm, the arena in which state as well as economic and societal actors interact to make decisions”.

Most states in the international system seek to meet the needs of their citizens, both socio-economic and political, although sometimes this is just a political rhetoric. The achievement of these needs depends on the way the respective governments run the affairs of the state. Better governance or

good governance refers to this kind of administering that tackles societal problems in the best possible means. In the same vein, good governance encompasses other attributes, including “universal protection of human rights; non-discriminatory laws; efficient, impartial and rapid judicial processes; transparent public agencies; accountability for decisions by public officials; devolution of resources and decision making to local levels from the capital; and meaningful participation by citizens in debating public policies and choices” (Weiss, 2000). Some of these attributes; accountability, transparency, and citizen participation; affect government-citizen relations. Because governments seek to improve the lives of their citizens, their decision to join RTAs should be relevant to the citizens’ needs. The policies that the regional bloc expects member-states to implement to promote trade should be executed in a manner that yields benefits for the citizens. Citizens should be able to question poor or inconsistent implementation of the bloc’s policies by their governments in order to remedy future execution problem. As it can be seen from these attributes, themes of democratic governance are visible. It is not the purpose of this paper to argue that democratic rule is *the* best guarantor of good governance. Nevertheless, these two concepts seem to merge. Santiso (2001) acknowledges that “Good governance, although theoretically distinct from democracy, often substantially overlaps with it in practice.”

For regional integration, a view of governance can be analyzed through the lens of the European project. Kohler-Koch (2003: 12) argues that there is an interconnection between the European Union and the governance of its member-states, with actions of the national governments affecting the European Union and vice versa. Jachtenfuchs (2001), in his analysis of European integration, writes that the process of deeper integration in the European context, or what is now referred to as Europeanization, can be “understood as the degree to which public policies are carried out either by the Member-states alone, jointly by Member-state and EU, or exclusively by the European Union.” Jachtenfuchs (2001) notes the effect of domestic politics of an EU member-state to the entire process of integration through the level of policy implementation. Using a scale of policy implementation developed by Lindberg and Scheingold (1970), Jachtenfuchs goes further to conclude that EU policy implementation is relatively high involving

deeper cooperation at the regional level. For such a level of integration to be achieved, domestic governance that is not only consistent and accountable to its citizens, but also rightfully implements the policies of the regional bloc is necessary.

The European Union example above shows the importance of an effective political regime to the success of any regional integration venture. The developing world, especially nations in Latin America and sub-Saharan Africa, has had long experiences with ineffective, corrupt, illegitimate, and generally bad political regimes. These regimes have in the past failed to meet the needs of their citizenry while deteriorating the economic and political welfare of the state. Mattli (1999: 139) writes that although regional integration gained ascendancy in the developing world after decolonization, such efforts have been unsuccessful. One reason offered by Mattli (1999: 149, 250) for Latin America is “the great instability of the political regimes in the area... [as] newly formed governments frequently reversed the policies of the previous administration, thereby jeopardizing regional consensus.” In this case, key attributes of governance were missing thereby affecting the implementation of integration policies meant to promote trade and resulting in limited success at best. Therefore, as developed from the above argument, this paper proposes to test the second hypothesis that:

If the average governance of a regional trading bloc is effective, intra-regional trade within the bloc increases.

Infrastructure and Infrastructural Planning

The main conduit for trade is transport infrastructure. Goods moving from one country to another depend on the interconnection of transport links and the status of the transport infrastructure. Poor transport infrastructure, such as unpaved roads, will affect the amount of goods moving from one country to another. This sub-section discusses the impact of transport infrastructure on trade.

For trade to proceed there is need for the appropriate transportation network to carry the goods from the producer to the consumer. In a study on the effect of transportation infrastructure on regional

trade flows in Latin America, Carillo and Li (2002) find that “countries with common frontiers (and with common transport infrastructures) that enable border trade will, in fact, have more trade.” The same conclusion is arrived at by Limao and Venables (2001) whose investigation on the effect of transport infrastructure on trade leads them to conclude that poor transport infrastructure inhibits trade.

In a regional trade arrangement, increasing intra-regional trade is what the member-states seek to achieve. Intra-regional trade cannot be expected to increase if there is poor infrastructure and a lack of infrastructural planning at the regional level to facilitate the transfer of goods from one member-state to another. Limao and Venables (2001) write “remoteness and poor transport and communication infrastructure isolate countries, inhibiting their participation in global production networks.” The same would apply to countries in a regional trading bloc: with poor infrastructure, the trade arrangement will not be beneficial to them.

In a regional integration arrangement seeking to foster closer trade ties, the governments of the member-states would be expected to coordinate their infrastructural building efforts to ensure that they are congruent and facilitate trade. A lack of such coordination would mean that there is no proper infrastructure and therefore no trade creation, and thus no substantial benefits from being part of the trading bloc. Khandelwal (2004), in an IMF report on intra-Africa trade writes that “African trade has been hindered by distorted trade regimes and high transaction costs owing to inadequate transport, information, and communications infrastructure.” Government coordination in this arena should thus be expected to increase trade and foster the success of a regional integration venture, especially for sub-Saharan Africa. To capture the effect of infrastructure, this paper posits the hypothesis that:

If there is proper transport infrastructure in a regional trading bloc, intra-regional trade within the bloc increases.

Regional Leadership

The role of a leader in any situation involves ensuring that the parties he/she is leading maintain good relations and improve on their relationship. The leader acts as a dispute-mediator and promoter of better ties among the followers. The same may be true for nation-states. A regional hegemon as a member of a trading bloc may perform the function of solving disputes and easing tension among the members while also promoting further cooperation in trade and other areas. The effect of a regional leader is analyzed in this sub-section.

International cooperation, like any other kind of collaboration, requires an entity to take a leading role in not only initiating contacts among the parties concerned, but also serving as the main promoter of further collaboration and cooperation. The nation taking the leader's role may either be the most powerful militarily, economic, or both. In international economic cooperation, Gilpin (1975, 1987) and Krasner (1976) have argued that such cooperation depends heavily on the presence and efforts of a hegemonic leader with the examples of Britain in the 19th Century and the United States since the end of the Second World War. This hegemonic stability theory notion can easily be applied to regional integration ventures that have been going on, as Switky (2000: 28) points out, noting that "a regional hegemon may be necessary for the rise and maintenance of regional trading blocs."

The idea of a regional hegemon implies that a single state acts as the main driver of deepening integration and ensuring that the process is not derailed. A regional leader would be the state which seeks integration and serves as the main promoter of further integration within the bloc. Mattli (1999:42) gives the main attributes of the regional hegemon that "serves as a focal point in the coordination of rules, regulations, and policies; it may also help to ease tensions that arise from the inequitable distribution of gains from integration." Mattli goes on to argue that the lack of such a leader may make coordination of integration efforts difficult. Greico (1997: 173) takes this argument a further step positing that "we should observe regionalism developing more fully in those areas of the world which there is a local hegemon

able to create and maintain regional economic institutions, and we should observe regionalism advancing at a less pronounced pace in those areas where local hegemonic leadership is less visible.”

The regional hegemonic explanation has been applied in various cases of regional integration. Webber (2001), using the approach Mattli (1999) puts forward as stated above, argues in his analysis on why regional integration had failed to mature in Asia, especially with the Association of Southeast Asian Nations (ASEAN) and Asia-Pacific Economic Cooperation (APEC), that one of the reasons for the failure of these blocs to the lack of a regional hegemon. On the successful side, Mattli (1999: 100-104) examines the European integration process identifying Germany as the nation which played the regional leader role, especially in the mid 1970s. Mattli identifies Germany’s economic might which translated into political influence within Europe. “Germany has been the key policy initiator and institutional agenda setter in a wide range of issue areas”...such as being the member-state that initiated the European Monetary System, the precursor to the European Monetary Union. Furthermore, Germany has eased distributional tensions within the EU by acting as the “regional paymaster” (Mattli, 1999: 101). Mattli points out that Germany is the largest net contributor of the EU budget supporting several funds within the EU which deepen and widen the integration process. Germany has also been promoting greater transparency, accountability, and human and social rights (Mattli, 1999: 105). Germany has thus played a crucial role to the success of the European integration process.

With the regional hegemonic approach in mind as reviewed in the above paragraphs, this paper puts forward the fourth hypothesis to be tested in the case of regional integration in sub-Saharan Africa:

If there is a strong hegemon in a regional trading bloc, intra-regional trade within the bloc increases.

CHAPTER 4

METHODOLOGY AND OPERATIONALIZATION

In order to test the hypotheses proposed in the previous section, this paper examines four regional trading blocs in sub-Saharan Africa. These are COMESA, EAC, ECOWAS, and SADC²⁵. These four blocs are examined over time. The examination includes five years prior to the creation of each bloc and stretches throughout the life of the bloc until the year 2000. The data for the variables are obtained from various sources. Several manipulations are performed on the data to enable this study to be conducted. The sub-sections below stipulate the manipulations on the data and the methods to be used for conducting the analysis.

Data Setup

The measure of success has been created using import data and gross domestic product statistics for member-states of each regional trading bloc. The import data are obtained from the trade dataset created by Kristian Gleditsch²⁶. The dataset is a compilation of import, export, GDP, and population statistics of each state until the year 2000. The GDP statistics are obtained from the Penn World Tables from their current PWT 6.2 dataset. According to their official website, "The Penn World Table provides

²⁵ In SADC, South Africa has been included in the analysis throughout the analysis. The reason for this is that while SADC was formed to reduce economic dependence on apartheid South Africa, the founding states of SADC; Botswana, Lesotho, and Swaziland; have been in a customs union with South Africa since 1919. Trade data shows that the other founding members of SADC continued to trade heavily with South Africa. In this case, South Africa will be treated as a de facto member of SADC.

²⁶ For an explanation on how the data was developed, read Gleditsch, Kristian S. 2002. "Expanded Trade and GDP Data," *Journal of Conflict Resolution* 46: 712-24. The data is available through this link <http://privatewww.essex.ac.uk/~ksg/exptradegdp.html>.

purchasing power parity and national income accounts converted to international prices for 188 countries for some or all of the years 1950-2004” (Penn World Tables Website, 2006)²⁷. Because the PWT 6.2 only offers GDP per capita and national population figures, the GDP statistics are developed by multiplying the GDP per capita of each state in the analysis with their respective population figures²⁸.

Since the units of analysis in this study are trading blocs, group averages are calculated to facilitate comparison. Beginning with the import data, the total imports each state receives from other member-states²⁹ of the bloc in each particular year under observation are calculated. A grand total of all intra-regional imports are then calculated for each year. Although the total imports may be an indicator of the level of trade within the bloc, large economies within the bloc might inflate these values due to their higher demands, while a bloc with small economies having low levels of imports might seem to be less successful. To control for this effect, the total GDP values of each bloc in each year under observation are incorporated. Specifically, the total imports of the specific RTA in each year is divided by the total GDP in order to control for the effect economy size might have on the level of intra-regional trade. The figure resulting from these calculations, for the purposes of this study, is referred to as “imports per gdp”, and will be a measure of the level of success of a regional bloc. This is the dependent variable.

The data for the independent variables are obtained from various sources, mainly multilateral and reputable non-governmental organizations. The first hypothesis in this study deals with overlapping of membership in various regional economic arrangements. The measure for this has been developed using membership statistics in key agreements in sub-Saharan Africa exclusively³⁰. Bilateral trade agreements

²⁷ The PWT 6.2 dataset is publicly available by accessing this site:
http://pwt.econ.upenn.edu/php_site/pwt62/pwt62_form.php.

²⁸ This calculation is based on the formula used to calculate per capita GDP, which divides the total GDP with the total population: $GDP/Population = \text{per capita GDP}$.

²⁹ Since the study covers time periods before the RTA was in effect, the “member-states” for this period will be the initiators of the trade agreement who were independent at the time the agreement was signed and were the original signatories. After signing, the membership increases or decreases and this has been taken into account when doing the calculations for the various measures.

³⁰ The key regional economic agreements in Africa, as identified by the African Union and the UN Economic Commission of Africa include the four under investigation in this paper and the Inter-Governmental Authority on Development (IGAD), the Community of Sahel-Saharan States (CEN-SAD), Economic Community of Central

are not considered in developing this overlap measure. The measure is generated by calculating the total memberships a state claims, besides the RTA being observed. The entire total for the bloc for each year under study is then calculated and this is divided by the number of members in the bloc in the specified year. The overlap rate measures the average amount of overlapping memberships a bloc experiences in a particular year. For the period of time before the creation of the bloc, the assumed overlap rate for the potential bloc is zero.

The second independent variable covers issues of overall governance within the member-states of each regional bloc. Governance measures such as those developed by the World Bank and Transparency International began appearing in the mid-1990s. This study, however, stretches from the 1970s to the year 2000. The lack of appropriate measures of governance in the pre-1990s time period means that this study could not employ the recent data. The viable substitute for this shortcoming would be using the Political Rights score of the Freedom House indices. According to Freedom House, “Political rights enable people to participate freely in the political process, including the right to vote freely for distinct alternatives in legitimate elections, compete for public office, join political parties and organizations, and elect representatives who have a decisive impact on public policies and are accountable to the electorate” (Freedom House, 2006)³¹. The measure is between 1 and 7 with 1 implying better political rights while 7 implying no political rights. The average political rights score for each bloc will be calculated by totaling the scores of each state for each particular year and averaging this with the number of members in the bloc³². For ECOWAS, since it is being observed a year before Freedom House developed this measure, 1971, it is assumed that the scores of 1972 will apply for 1971. Although it may be argued that the Freedom House scores hinge heavily on democratic norms, the measure on political rights also covers

African States (ECCAS), the Southern African Customs Union (SACU), the Arab-Maghreb Union (AMU), and the West African Economic and Monetary Union (UEMOA). Membership data was obtained from the official websites of these organizations and the World Statesmen website which tracks and chronicles regional organizations’ membership. For more information, visit the website at <http://www.worldstatesmen.org/>.

³¹ More details on Freedom House scores, the political rights measure, and the entire dataset are available at this website: <http://www.freedomhouse.org/template.cfm?page=5>.

³² Refer to footnote 29 on how membership was determined prior to the formation of the bloc.

aspects pertaining to governance such as accountability and public policy. These aspects have made this measure a viable option for this study.

Thirdly, the analysis argues that infrastructure has an effect on the level of intra-regional trade, whereby, better infrastructure would increase trade while poor infrastructure would diminish trade. The measure of infrastructure used on the study will be paved roads statistics collected by various sources under the auspices of the World Bank. Canning (1998) developed a dataset that included statistics on roads, telephone lines, and electricity generating capacity for 155 countries between 1950 and 1995 and is available through the World Bank³³. The data on roads are in kilometers. However, since the study stretches to the year 2000, statistics from the World Development Indicators dataset are used to fill in for the years 1996-2000³⁴. The dataset by Canning had years that missed entries for some countries in the blocs under investigation. This discrepancy was corrected by estimating the data for the missing years using previous and later entries for the countries with missing data. In this regard, if a country had the entry for 1985 missing while those of 1983, 1984 and 1986 were available, the missing data of 1985 was approximated by using the average value of 1984 and 1986. If both 1984 and 1985 values were missing, then the approximated value would be the average of the 1983 and 1986 values.

The data in Canning's dataset only has values for total roads and total paved roads. The measure to be used in this analysis is average percentage of paved roads within each bloc. Using Canning's data, the percentage of paved roads for each bloc over the years under study will be calculated. The additional values for 1996 to 2000 from the World Development indicators are already in percentage form, therefore the average percentage for each trading bloc will be generated.

³³ For details about the dataset, refer to Canning, David, 1998. "A **database of world infrastructure stocks, 1950-95**," Policy Research Working Paper Series 1929, The World Bank. <http://www.worldbank.org/html/dec/Publications/Workpapers/WPS1900series/wps1929/wps1929.pdf>. Accessed 2/17/2007. The dataset is available through the World Bank website at <http://www.worldbank.org/html/dec/Publications/Workpapers/WPS1900series/wps1929/canning1.xls>.

³⁴ World Development Indicators is an annual publication on development produced by the World Bank Group. The current 2006 version is available electronically and through the University of Georgia Library.

The fourth hypothesis seeks to test the effect regional hegemony might have on the level of intra-regional imports. The measure for this variable is created using GDP statistics from the Penn World Tables dataset. By comparing the total GDP of each member-state in a particular bloc, the nation with the largest GDP for the majority of the time period under investigation is identified as the potential hegemon³⁵. This potential hegemon's GDP is divided by the total GDP of the trading bloc to obtain a ratio of how strong the hegemon is. As the ratio approaches 1, the identified potential hegemon would be stronger, while as it decreases to zero, the hegemon is weak. Appendix B tables the summary statistics and the correlation matrix of the variables to be analyzed in this study.

Methodology

The dataset developed using the sources and methods discussed above is a panel dataset. The nature of the dataset not only has a spatial component, whereby four regional trading blocs are the units of analysis, but also a temporal dimension in which case each bloc is examined over a specified period of time. The years being examined stretch from 1971 to 2000. Each RTA has a different time period, although they are all examined five years prior to the formation of the bloc³⁶. In order to account for the group differences and in-group variations over time, this study will analyze the data using generalized least squares regression model. This is a linear model that accounts for both variations between the units of analysis and variations of the units over time, unlike ordinary least squares. Algebraically, the model takes the form below whereby there are two error terms to be accounted for; u_i accounts for errors between the units while e_{it} accounts for the overall errors of each observation over time.

$$\text{regional trade}_{it} = a + b(\text{overlap})_{it} + b_2(\text{governance})_{it} + b_3(\text{infrastructure})_{it} + b_4(\text{hegemon})_{it} + u_i + e_{it}$$

³⁵ The potential hegemon for COMESA was Kenya, for EAC Kenya, ECOWAS, Nigeria, and SADC South Africa.

³⁶ The study period for COMESA is 1977 – 2000, EAC is 1989 – 2000, ECOWAS is 1971 – 2000, and SADC is 1976 – 2000. The year periods include five year prior to the formation of the bloc and then the later life span of the bloc until the year 2000.

CHAPTER 5

ANALYSIS AND FINDINGS

Using the statistical software, STATA, the data for this study are analyzed and the results obtained are presented in table 1 below. The first column depicts results from the random effects generalized least squares regression model. After running this regression, several tests were conducted to affirm the validity of the random effects GLS model. A Breusch-Pagan test was performed to test for random effect of the unit level error term. With a Chi-Squared of 87.9 at a probability of zero, the null hypothesis that the error term is zero, as assumed by the random effects GLS model, is upheld. A second test conducted is the Wooldridge test for autocorrelation in panel data. This test yields an F-statistic of 23.002 at a probability of 0.0172, affirming the null hypotheses of no autocorrelation. Running a feasible generalized least squares model which allows estimation in the presence of autocorrelation within panels and cross-sectional correlation and heteroskedasticity across panels, gives results somewhat similar to those of the random effects GLS model. The second column in the table below summarizes these results.

Table 1: Random Effects GLS and Feasible GLS Regression results for the Intra-Regional Trade Study

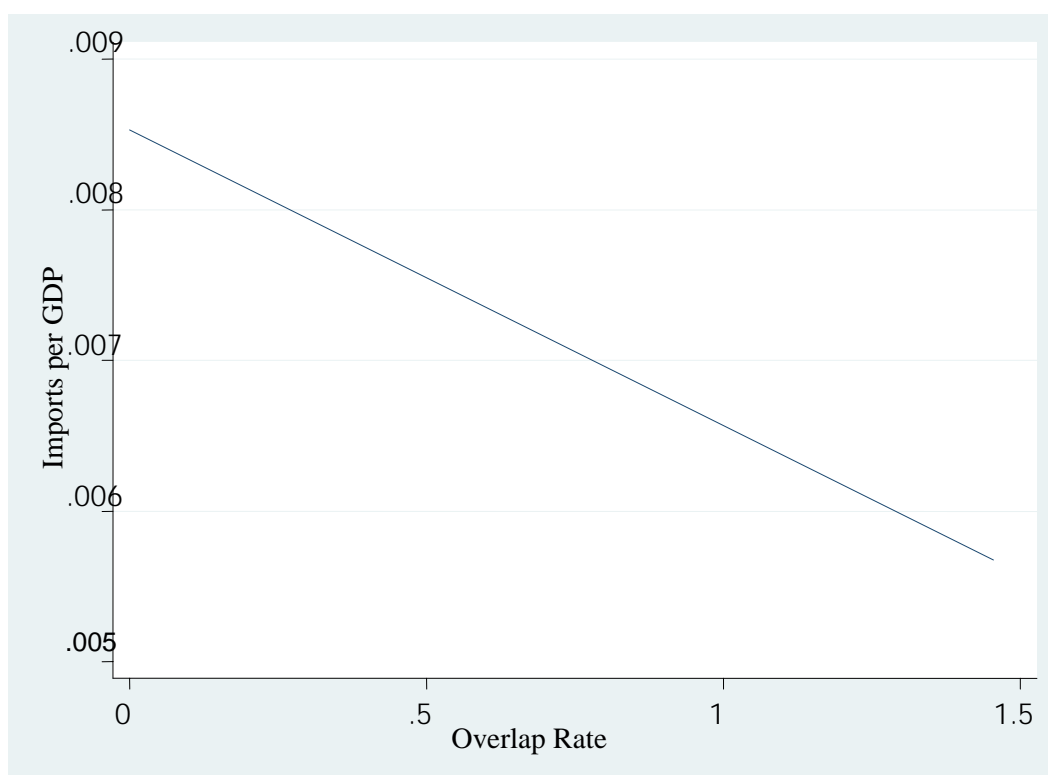
Variable	Random Effects GLS Model	Feasible GLS Model
Overlap Rate	-0.0035*** (0.00064)	-0.0035*** (0.00064)
Governance	-0.0017* (0.00064)	-0.0017* (0.00064)
Paved Roads	0.0002** (0.00007)	0.0002** (0.00007)
Hegemonic Power	-0.0014 (0.00153)	-0.0014 (0.00153)
Constant	0.0157*** (0.00424)	0.0157*** (0.00424)
Wald X^2	60.65	64.18
Observations	91	91
Groups	4	4
Within R^2	0.2211	
Between R^2	0.5779	
Overall R^2	0.4136	
Log Likelihood Ratio		417.809

Standard Errors are in parenthesis. Statistical significance is noted with *** $p < 0.001$,

** $p < 0.005$, * $p < 0.01$.

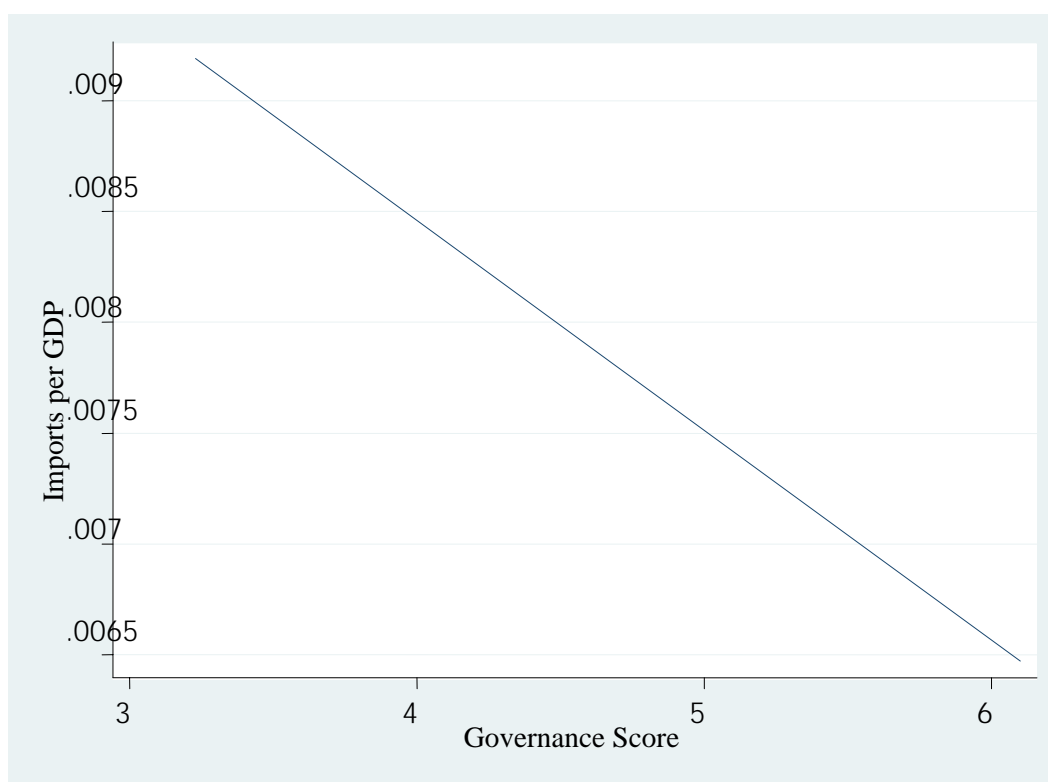
Since the results from the feasible GLS model correct for heteroskedasticity and autocorrelation, the coefficients from this regression will form the basis of the statistical analysis. The results above show that the hegemonic power measure is statistically insignificant; therefore, these results will not be interpreted. However, the other three measures yield results that are statistically significant and in the hypothesized direction.

First, the results for overlapping membership show that it inversely affects trade. A one unit increase in the average overlap rate for each bloc decreases the bloc's import per GDP level by a factor of 0.0035, everything else being constant. As argued earlier, multiple memberships in regional economic and trade arrangements inhibit the commitment a state would have to a particular regional bloc. With limited commitment, acts meant to increase intra-regional trade such as adopting policies meant to liberalize trade, are affected. This leads to a situation whereby intra-regional trade does not increase and may in fact decrease. As depicted in Graph 1 below, the more a region has member-states in multiple trade blocs, the less the level of imports within the bloc. Blocs with low overlapping memberships succeed at creating trade. The results for this measure affirm this hypothesis.



Graph 1: Relationship between Imports per GDP and Overlap Rate

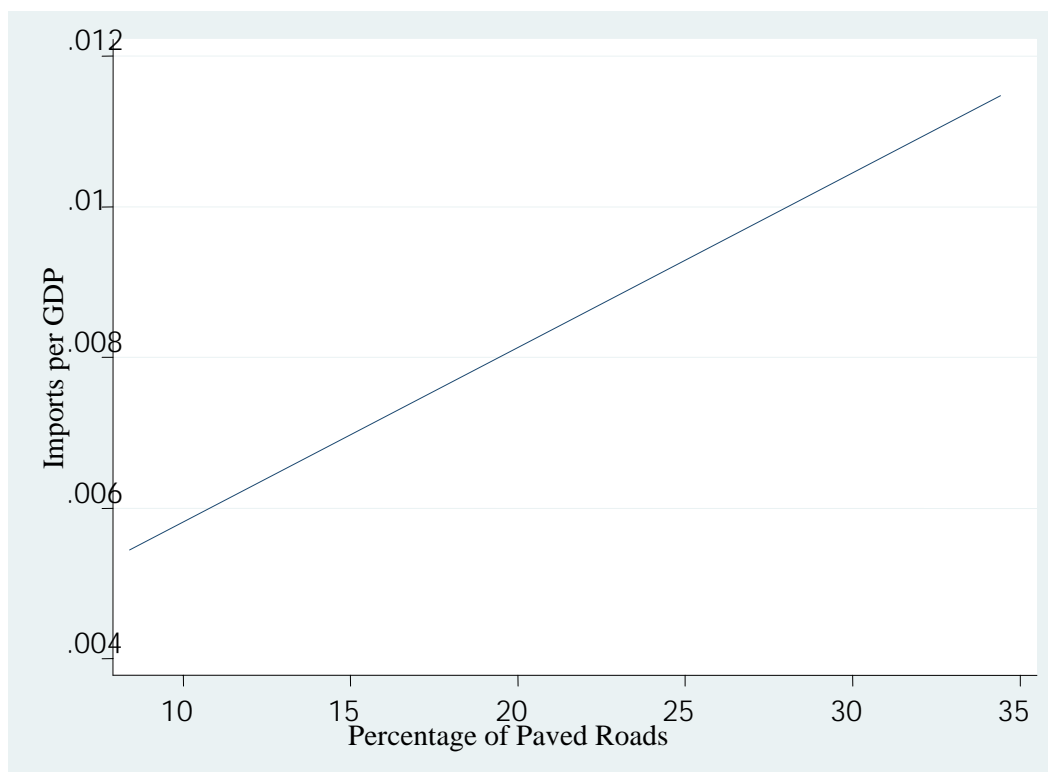
Secondly, the results for governance show that a one unit increase in the governance score will decrease the import per GDP level by a factor of 0.0017, *ceteris paribus*. This implies that as the average level of political rights in each bloc becomes worse, intra-regional imports per GDP decrease. These results confirm the second hypothesis that governance has an effect on trade increase within a regional bloc. Regional blocs whose member-states have governments in power that guarantee accountability to citizens perform better than blocs where there is no such guarantee. By being accountable, the member-states are well-equipped to adopt and implement regional policies aimed at trade creation. Graph 2 below depicts the relationship hypothesized.



Graph 2: Relationship between Imports per GDP and Governance Scores

Lastly, with paved roads, the results show that as the percentage of paved roads within each bloc increase intra-regional trade also increase. A one unit increase in the average percentage of paved roads

within each bloc increases trade by a factor of 0.0002, holding everything else constant. Regional trading blocs with a higher percentage of paved roads had more trade than regions with less paved roads. The results show the impact infrastructure that supports trade and commerce would have in the creation of trade. One of the main purposes of forming regional blocs is increasing the level of trade between members through trade liberalization. Although liberalization is expected to increase trade, without the necessary transportation infrastructure to enable the smooth flow of goods, the increase of intra-regional trade is not assured. The results from this analysis show that better transport infrastructure would increase intra-regional trade, thus affirming the second hypothesis. Graphically, this relationship is shown in Graph 3.



Graph 3: Relationship between Imports per GDP and Percentage of Paved Roads

CHAPTER 6

POLICY IMPLICATIONS AND CONCLUSION

This study has sought to analyze the factors that affect trade in regional integration schemes in sub-Saharan Africa. The paper has applied arguments by various scholars on regionalism and what affects levels of intra-regional trade. These arguments have included overlapping membership, governance, infrastructure, and regional hegemony. Findings from three of these factors were as hypothesized, confirming the arguments made by these scholars. The study confirmed these three factors: overlapping membership, governance, and infrastructure as having an impact on intra-regional trade in sub-Saharan Africa. These findings help in understanding why regional trade in Africa has not increased faster. Because trade contributes to the economic development of members of a regional bloc, the findings of this study also shed some light on factors that may aid sub-Saharan African states to foster economic growth through trade.

The results from the above study demonstrate that there are several factors at work that may explain why some regional blocs have experienced higher levels of intra-regional trade than others. Little to no multiple memberships in other blocs, the presence of effective and accountable governments among the member-states, and better trade-supporting infrastructure increase the level of intra-regional imports of the four blocs examined in this study.

Overlapping of membership in various regional blocs yields interesting results relevant to sub-Saharan Africa. Although the UN Economic Commission for Africa through its reports on regional integration in Africa puts forth the argument that overlap in membership has had the effect of limiting the

benefits member-states accrue³⁷, the statistical findings of this paper affirm this causal link. Yang and Gupta (2005) in their IMF policy report, argue along the same lines writing that overlapping of membership in regional blocs in sub-Saharan Africa has had the effect of weakening commitment and implementation leading to low benefits accrued by the bloc³⁸. This study has sought to add on to the arguments by such policymakers in order to propose viable solutions that may improve the performance of regional blocs in sub-Saharan Africa.

The topic addressed in this paper is important to policymakers both at the nation-state level and the regional and international level. The findings of this study are helpful to these policymakers because they encompass factors that can be altered to improve the performance of regional blocs. The first implication from this study is that member-states should concentrate on one trading bloc as this will enhance their commitment and compliance to provisions meant to increase trade. Secondly, governments are urged to improve their effectiveness and accountability as these are measures that will boost regional policy adoption and consistent implementation resulting in more benefits obtained through the integration efforts. Lastly, improving transport infrastructure should be one of the main goals of member-states. Better roads within a bloc and a well-established transport network would increase the level of trade within a bloc. Efforts at the regional level should be directed at formulating and implementing policies meant to improve the status of the transport infrastructure and its interconnection.

The study failed to affirm the hypothesis on the effect a regional hegemon would have on increasing trade within the regional bloc. Although the results were insignificant, it is the contention of this paper that the presence of a hegemon has the potential of encouraging the deepening of integration. This may have the long-term effect of increasing trade between the member-states. This argument should be examined in future research.

³⁷ “Assessing Regional Integration in Africa.” *UN Economic Commission for Africa*. 2004. <http://www.uneca.org/aria/>.

³⁸ Yang, Yongzheng & Gupta, Sanjeev. “Regional Trade Arrangements in Africa: Past Performance and the Way Forward.” *IMF Working Paper*. WP 05/36. 2005. <http://imf.org/external/pubs/ft/wp/2005/wp0536.pdf>.

Future research projects should also examine other regional trading arrangements in sub-Saharan Africa to see how intra-regional trade has progressed and whether the same factors are affecting trade. Because regional integration is perceived to be a way to foster economic development, future studies should test the effect of joining a regional bloc; whether it enhances economic growth for member-states or not. These future prospects should, furthermore, extend the time period under examination to include the years after 2000. This will be more reflective of current conditions in Africa. Scholars might also want to look at individual states instead of trading blocs as units of analysis. Such an examination increases the number of units of analysis and should yield results more applicable at the nation-state level. Finally, the issue of compliance and intra-regional trade should be examined because regional blocs depend on how member-states implement the agreements to increase trade.

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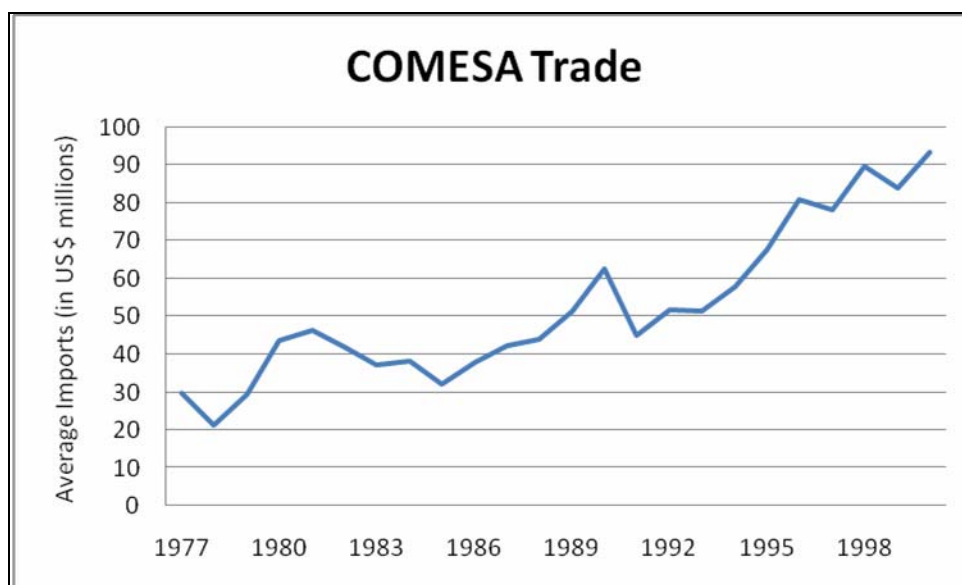
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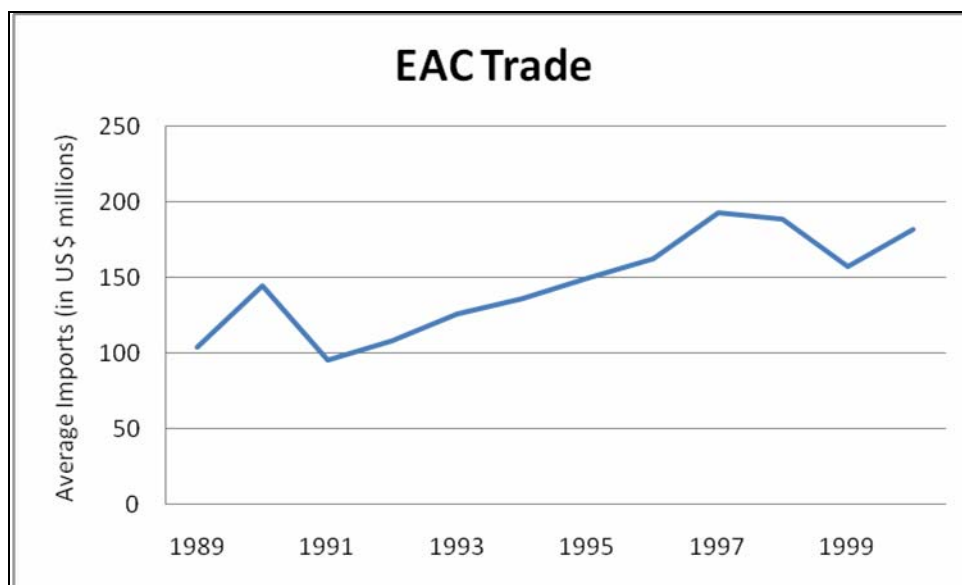
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Appendix A: Graphs on Trade Trends for the four Cases

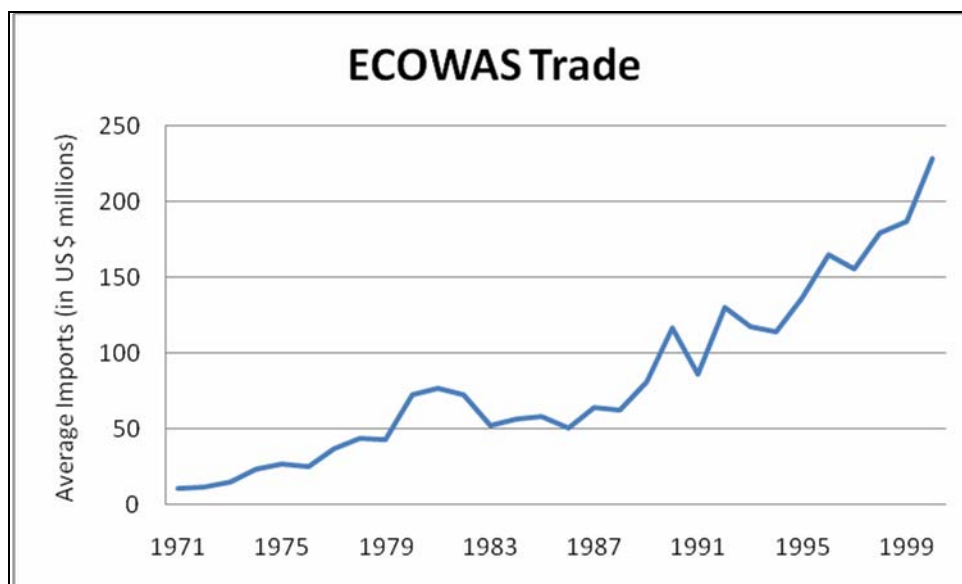


Graph 4: COMESA Average Intra-Regional Imports Since 1977

Data Source: <http://privatwww.essex.ac.uk/~ksg/exptradegdp.html>

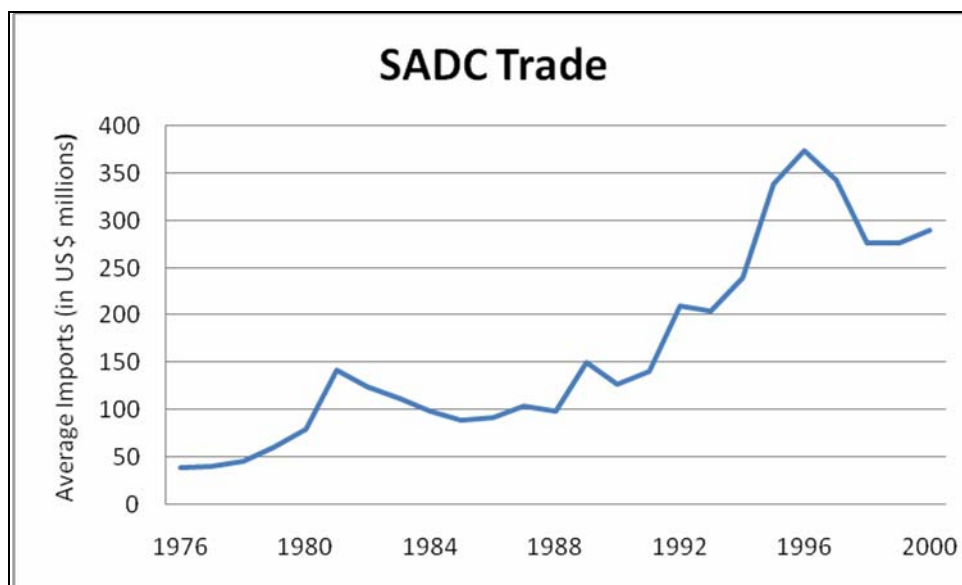
Graph 5: EAC Average Intra-Regional Imports since 1989

Data Source: <http://privatwww.essex.ac.uk/~ksg/exptradegdp.html>



Graph 6: ECOWAS Average Intra-Regional Imports Since 1971

Data Source: <http://privatewww.essex.ac.uk/~ksg/exptradegdp.html>



Graph 7: SADC Average Intra-Regional Imports Since 1976

Data Source: <http://privatewww.essex.ac.uk/~ksg/exptradegdp.html>

Appendix B: Summary Statistics and Correlation Matrix Tables

Table 2: Summary Statistics of the Regression Model

Variable	Number of Observations	Mean	Standard Deviation	Variance	Minimum	Maximum
Imports per GDP	91	0.00733	0.0032	0.00001	0.003	0.16
Overlap	91	0.6118	0.551	0.3036	0	1.455
Governance	91	5.1937	0.6652	0.4425	3.23	6.1
Paved Roads	91	16.5301	6.1363	37.654	8.4	34.45
Hegemony	91	0.4811	0.2238	0.0501	0.06	0.75

Table 3: Correlation Matrix of the Variables in the Model

Variable	Imports per GDP	Overlap	Governance	Paved Roads	Hegemony
Imports per GDP	1				
Overlap	-0.3354	1			
Governance	-0.1956	-0.5913	1		
Paved Roads	0.4417	0.1404	-0.5877	1	
Hegemony	0.2598	-0.1025	-0.1968	0.5945	1