Draft Paper

Regional Trade Liberalisation as a Prisoners' Dilemma: The Case of the SADC Protocol on Trade

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Introduction

Regionalism has a long history in Africa dating back from the formation of the Southern African Customs Union (SACU) in 1910. Today, regionalism remains popular among African governments and regional initiatives with ambitious goals continue to be forged making Africa the region with the highest density of regional economic agreements in the world. Trade liberalisation has been pursued vigorously, African leaders signed a number of ambitious trade liberalisation agreements, with the expectations that free intra-regional exchange will produce wide spread economic gains that can be channelled to sustain the national economic growth agenda and development. In theory, the implementation of regional trade liberalisation agreements would generate mutually beneficial economic gains as regional economies begin to specialise in production and export of goods in which they hold comparative advantages, while engaging in regional exchange to meet their other needs. African governments also pursue trade liberalization as an antidote to the pervasive problem of small, non-viable national economies with limited domestic market capacities.

However, and in spite of the strong rationale and enduring support by African political leaders, the record of action behind regional trade liberalisation initiatives in Africa has been profoundly disappointing. Past initiatives to liberalise trade have collapsed, while others stagnated, therefore failing either to deliver envisioned economic gains or create larger more efficient market entities that can sustain national economic growth and development.[1] African trade liberalisation initiatives have been significantly

[1] Percy S. Mistry, "Africa's Record of Regional Cooperation and Integration," African Affairs 99, (2000:556).

outperformed by similar initiatives in other developing regions of the world. For example, in the 1990s, the magnitude of trade barriers in sub-Saharan Africa were equal in magnitude to similar barriers in Latin America, but after decades of liberalisation efforts, sub-Saharan Africa still has significant amount of barriers to trade and the magnitude of the current barriers is today significantly higher than those in Latin America and Asia.[2]

The explanations of why regional trade liberalisation seems particularly difficult in Africa are many but unsatisfactory. There are two main sub-types of these explanations. The first type of these explanations, questions whether regional trade liberalisation in Africa carries any real prospects for traditional free trade gains. These studies imply that in Africa, the national cost of implementing trade liberalisation provisions almost always outweigh possible gains from free trade.[3] Therefore, the argument is that, potential economic gains from liberalising regional trade are so miniscule that they are not sufficiently attractive to motivate policy makers to take trade liberalisation seriously. According to this argument, the potential gains from free trade are limited by a number of features that characterise many African economies. These features include among others, insufficient price competitiveness, high dependence on primary commodity exports, incompatible production and market structures and inadequate logistical connections.[4]

The second type of explanations acknowledge that there is some prospect for mutual economic gains from regional trade liberalisation, but these cite overwhelming domestic political costs of implementing free trade provisions as a stumbling block for achieving trade liberalisation. The political cost of implementing trade liberalisation provisions tend to exceed potential national economic gains from such policies. By implication, regional trade liberalisation initiatives fail because political leaders do not accord prominence to

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[2] Andrew Mwaba, "Trade Liberalisation and Growth: Policy Options for African Countries in a Global Economy." ADB: Economic Research Papers No. 60. p. 16. Accessed on 17th July 2012, www.afdb.org

[3] Hazelwood, "Problems of Integration among African States," p. 6.

[4] Arthur Hazelwood, "Problems of Integration among African States," in African Integration and Disintegration: Case Studies and Political Union, ed. Arthur A. Hazelwood, (London: Oxford University Press, 1967: Mistry, Africa's Record of Regional Co-operation and Integration," 558-559: Richard E. Mshomba, Africa in the Global Economy, (Boulder: Lynne Riennier, 2000), 194.

free trade policies because strategically, politicians prefer to be responsive to their domestic political constituencies. Henry Bienen has argued that, the implementation of trade liberalisation policies in Africa would in all likelihood be piecemeal and characterised by frequent incidences of backsliding as individual governments pander to various domestic political groupings opposed to free trade policies. [5]

The common argument is that, the gains from regional trade liberalisation in Africa do not exist or they are inadequate to justify the cost of implementing trade liberalisation provisions. The proponents of the second strand of explanations acknowledge liberalising trade confers some economic gains to the liberaliser, but these gains remain too low to motivate respective national policy makers to implement trade liberalisation policies. Both sets of explanations make a valid point which is that liberalising trade has economic and political costs and since the national policy decisions flow from the cost-benefit calculations of national policy makers, implementation or non implementation of trade liberalisation provisions depends on perceived costs and benefits associated with either of these options.

My take is that, while there maybe some threat of truth in these conventional explanations, they are also problematic and tend to raise more questions about trade liberalisation in Africa. For example, if economic gains from free trade do not exist, the implication is that African leaders have been devoting large amount of time and scarce resources forging regional trade initiatives which they do not believe were mutually beneficial. The second argument is about confusing the means and ends. These explanations implicitly suggest that African policy-makers lack strategic sense to recognise possible long-term economic gains from regional trade liberalisation initiatives. Extended to all African leaders, this systemic defect prevents them from acting upon their strategic self-interest. These explanations tend to fly in the face of simplistic and common portrayal of African leaders as more 'Machiavellian' than their counterparts in other regions of the world. I find these explanations and the arguments flowing from them, not

[5] Henry Bienen, "The Politics of Trade Liberalisation in Africa," Economic Development and Cultural Change, 38, (1990), 713-32: Dani Rodrik, "Why is Trade Reform so Difficult in Africa?" Journal of African Economies, 7, (1998), 67.

convincing, analytically deficient and generally unsatisfying. For example, conventional explanations do not help us explain why, despite abysmal record of past trade liberalisation initiatives, African political authorities continue to show overt interest in regional trade liberalisation and integration.

It is a fact that official declarations and formal agreements to liberalise trade in Africa have seldom been met by commensurate action from participating governments. Efforts to explain this phenomenon must resume by addressing the following key question. Why is it that regional governments that enthusiastically sign trade liberalisation agreements at one point, so spectacularly fail to implement subsequent liberalisation provisions; a necessary step towards mutually desirable free trade gains. Put differently, why is it that African governments, generally seem eager to embrace trade liberalisation on paper, while they loath to act cooperatively to achieve it in practice?

In addressing these questions, this paper does not attempt to dispute conventional explanations of the poor record of trade liberalisation in Africa, rather it seeks to compliment these explanations by providing a more comprehensive explanation which goes beyond simple material considerations. A new dimension embraces examination of the effects of strategic factors on governments implementing a regional trade liberalisation agreement. I use the game theoretic approach to analyse problems of collective action and how they may prevent a group of regional governments from realising mutually beneficial gains from regional free trade. I am not claiming that game theoretic analysis is adequate for understanding real world cooperation problems, I also carry out a detailed empirical enquiry to complement my game theoretic analysis. The next section identifies and maps out a strategic problem that affects sovereign governments implementing a regional free trade agreement. It presents a game model of the trade liberalization exercise and systematically draws out a number of theoretical propositions based on the inherent logic of action reflected by the model. Finally, I test the validity of these theoretical propositions through extensive empirical research.

Easier said than done: Regional Trade Liberalisation as a Prisoners' Dilemma Game

Free trade and its economic benefits can only be achieved on condition that regional governments sustain reciprocal implementation of their tariff reduction measures. Therefore, a successful trade liberalisation initiative is dependent on the ability of participant governments to deliberately coordinate their policies towards achieving a free trade area and mutual economic gains. Put differently, successful regional trade liberalisation is directly linked to cooperation by participant governments. Logically, failure to achieve trade liberalisation is essentially, a problem of cooperation between participant governments. Therefore, to an explanation of poor performance of trade liberalisation initiatives in Africa by necessity must include the study of the conditions that can aid or inhibit cooperation between sovereign governments.

As self-interested actors, governments implementing a trade liberalisation agreement face a collective action problem because the potential free trade gains are dependent on the actions of other sovereign governments. Eliminating one's trade taxes translates into immediate revenue and welfare loses, while the potential gains from free trade can only be realised in the long-term and are dependent on other governments' actions. Firstly, implementing tariff reduction measures has cost implications to potential liberaliser, particularly because African economies have higher than usual ratios of external trade to GDP which generally makes trade policy even more critical to the functioning and stability of these economies. Consequently, national governments tend to perceive national trade policy as sensitive, and a key instrument for advancing the national development agenda.

Secondly, in regional trade liberalisation arrangements, one government's liberalisation can also be taken advantage of by other governments who may opt to retain equivalent tariffs and continue to exploit other governments. To each government, how other governments may behave is unpredictable, therefore the realisation of mutual free trade gains uncertain and the likehood of being exploited very real. Therefore, the collective action problem emanates from the fact that realisation of mutually desirable free trade gains depends on sustained reciprocal action by governments facing even stronger incentives to defect from cooperation.

The collective action problem suggests that even if mutual economic gains from cooperation were obvious, a group of self-interested regional governments implementing successive trade liberalisation provisions encounter strategic challenge that affect policy decisions about implementation or non implementation of trade liberalisation commitments. I apply the game theoretic logic to examine effects of strategic to regional cooperation. This logic suggests that a government's decision to implement free trade provisions is not taken independently, but it is contingent on decisions made by partner governments. Decisions whether to implement a tariff reduction or not, takes into consideration, the probability that the FTA with its envisioned benefits will eventually be achieved or not. Inevitably, willingness to implement one's liberalisation commitments is higher, where prospects for realising the FTA are deemed higher and vice versa.

This problem is often analysed in international relations studies by a game called prisoners' dilemma.[6] This dilemma is often depicted in a simplified model that features only two governments, facing only two policy options each, trying to maximise mutual gains from their cooperation. The game got its name from a hypothetical scenario involving two criminals in custody for a particular crime. Lacking sufficient prove to secure a straight conviction in court, the authorities isolate the two and offer each a deal. The one who agrees to testify against his mate goes free at once, while the mate gets a lengthy sentence on the strength of the evidence from his mate. But if none of them accept the offer; cooperate against the authorities, each can only get a minor punishment based on weak incriminating evidence the authorities' posses. However, should one betray his mate by confessing, he gains his freedom and the mate who remains silent gets

[6] See Mattli, The Logic of Regional Integration: Europe and Beyond. Cambridge: Cambridge University Press, 1999: Nolan McCarty and Adam Meirowitz, Political Game Theory: An Introduction. Cambridge, New York: Cambridge University Press, 2007, p. 252.

even a longer jail term. If they both confess, both will receive a severe but relatively light punishment than if they had refused to confess.

The prisoners' dilemma scenario highlights the collective action problem where pursuit of narrower self-interest leads to mutually damaging outcomes. The situation of the two prisoners can be represented figuratively in a diagram 1 below, showing the payoff matrix and the order of preferences in this game.

Diagram 1: The payoff matrix for Prisoners' Dilemma game

		Government B	
		Cooperate	Defect
Government A	Cooperate	**3, 3**	**1, 4**
	Defect	**4, 1**	**2, 2**

In terms of international cooperation, *figure 1* above illustrates that if they act in their own individual self-interest, the two governments will opt for their first choice strategies-government A will opt for block **DC** at (4, 1) and B will opt for block **DC** at (1, 4) respectively. However, mutual defections produces sub-optimal outcomes at **DD** at (2, 2), while alternative strategy (Cooperate, Cooperate) produces an improved outcome at (3, 3), which is still inferior to one-sided defection (Defect, Cooperate) at (4, 1). There is a higher dividend for defection than for cooperation, which acts as an incentive for unilateral defection, rendering mutual cooperation difficult to sustain as governments face the temptation to cheat on their counterparts.

The logic of action in the prisoners' dilemma game is as follows; any action that benefits governments individually, conflict with the group's overall objective, hence also undermines potential for voluntary cooperation. According to the basic logic of this game, action that benefits governments the most individually, conflicts with the group's overall objective, thus undermines the prospects for sustained voluntary cooperation.

Hence, this problem has been referred to as "an archetypical example of a disjuncture between individual and group rationality."[7] Therefore, regardless of the value of possible future gains from free trade, cooperation will be problematic due to considerations of strategic self-interest by individual governments.[8]

Game theoretic logic suggests that governments aspiring to form a regional FTA in the future for mutual benefit remain keen to maximise their national gains in the present. Therefore, once implementation starts, the temptation to maximise ones gains by cheating on others is as real as the fear of being exploited by them. Therefore, national policy makers' decisions are influenced by considerations that go beyond simple material factors. Any decision whether to remove or retain trade duties, is based on a number of considerations including intuition and judgement of policy makers regarding the prospects for the realisation of a functional free trade area.

A game theoretic perspective therefore, helps clarify why governments often struggle to achieve mutually desirable outcomes, such as mutually beneficial free trade gains, even if these gains are obvious. Therefore, game theoretic perspective provides a unique tool for analysing interaction among rational actors in situations where achieving one's preferred outcome depends on the ability to anticipate the choices made by others. The logic of action in the prisoner's dilemma game depicts the central problem that faces sovereign governments trying to achieve free trade and its potential gains. If unmitigated, this dilemma can scuttle cooperation and undermine the regional initiative despite the presence of obvious mutually desirable economic gains. The game theoretic reasoning has been widely used in social sciences, but it has not informed much of the research on regional cooperation, in particular, it has not been applied to analysis of trade liberalisation arrangements in Africa.

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[7] Snidal "Coordination versus Prisoners' Dilemma," 926.

[8] For in depth discussion on game theory Dixit and Nalebuff, Spieltheorie fur Einsteiger (1995), 84. Accessed July 13, 2011.
http://www.grin.com/e-book/48016/world-trade-policy-and-the-game-theory-overming-t

The logic of the prisoners' dilemma game gives rise to a number of theoretical propositions about regional cooperation. It shows that governments involved in regional trading arrangements, first have to decide on the desirability of joining a regional free trade arrangement. A decision to join and later to implement the liberalisation provisions will only find support if and only if;

1. The envisioned gains from cooperation are higher than the gains from unilateral action. (CC>DD).

Each government is better off if all governments choose CC rather than DD because mutual the payoff is highest at CC than at any other point. However governments individually risk unilateral disadvantage if they proceed to reduce their tariffs, therefore none of the governments would expect any of its counterparts to give up its own tariff voluntarily in return for nothing. And reciprocal action is unlikely since,

2.
    a. The gains from unilateral action (DC) are higher than the gains from reciprocal action CC. When others are cooperating that the incentives for unilateral action kick-in (DC>CC).

Despite a mutual desire from governments to achieve free trade gains, the incentives to cheat are significantly high and all governments expect that their counterparts are going to cheat. Therefore to avoid unilateral disadvantage and exploitation, all would rather defect. Cooperation is simply not a rational strategy and not the most preferred option to any self-interested actor. This gives rise to my subsequent game theoretic proposition;

    b. Incentives to avoid being exploited leads to an overall outcome where unilateral action becomes a stable outcome or equilibrium point synonymous with the pre-agreement status-quo (DD>CC).

In regional trade liberalisation terms, the above proposition means implies that governments hold on to their trade duties, and pre agreement status-quo prevails as the strategic dilemma prevents governments from achieving potential gains from reciprocal action.

One way to overcome this type of dilemma is if the game is played repeatedly. Subsequent rounds provide an opportunity to back up strategies; if one's concession is not reciprocated in the present, an opportunity exists to get even by punishing the cheater in the future. The certainty and the effectiveness of punishment diminish the gains from unilateral action, hence raises the incentives for self-restraint, translating into compliant behaviour. Therefore, my third theoretical proposition is as follows;

3. The prisoners' dilemma can be overcome and reasonable levels of cooperation sustained if retaliatory strategies can be applied post fact. Lower levels of defection should be apparent where effective regional monitoring and enforcement mechanisms exist.

Therefore, it is only under specific conditions, that governments can overcome the prisoners' dilemma and achieve sustainable cooperation implementing regional free trade provisions for mutual gains. Firstly trade liberalisation programme has to be implemented on an ongoing basis-not once off. Secondly, the regional arrangement has to be based on an effective monitoring and enforcement mechanism that can engender reciprocal action by punishing selfish action and abuse of others. [9]

The next section is a case study of SADC trade liberalisation process under the regional trade protocol of 1996. A bit of process tracing provides insight into the SADC trade negotiations and implementation processes that enable analysis of cooperation and empirical examination of my theoretical propositions. Firstly, I establish whether economic incentives existed to create sufficient appetite for free trade in SADC. Insights

[9] See, Dionyssis Dimidrakopoulos, "Norms, Interests and Institutional Change," *Political Studies* 53, (2005), 668.

from the trade negotiation process make it possible to evaluate positions of different member governments on various elements of the protocol and asses how these affected the cooperation process/content of the agreement. Secondly, I evaluate the propositions about incentives and disincentives for implementing reciprocal liberalisation commitments. Thirdly and finally, I examine the effectiveness of the SADC's monitoring and mechanism and assess its effectiveness and ability to deter non-compliance and anchor reciprocal action.

SECTION TWO

Strategic Dimensions of Regional Trade Liberalisation: The Case of SADC Protocol on Trade and the Quest for the SADC FTA

a) *Envisioned economic gains from free trade/cooperation higher than the gains from unilateral action [CC>DD. = (regional appetite for trade liberalisation?)*

The plans to form a regional trading block were conceived at the SADC conference held in South Africa in 1995. Subsequent talks between the regional governments culminated into the signing of SADC Protocol on Trade on the 24 August, 1996 in Maseru. The Protocol was a comprehensive trade agreement which was meant to facilitate and undergird broader process of trade reform towards a viable economic community in Southern Africa. Member governments aimed to liberalise trade in goods and services on the basis of comparative advantages towards diversification and industrialisation of the region and ultimately to form a regional free trade area.[10] Therefore, the signing of the trade protocol was a unanimous declaration of intent by SADC leaders to cooperate in liberalising their respective national trading regimes and to transform the region into a functional regional free trade area.

In theory a free trade area presents potential gains and opportunities. For example, the efficiency gains from free trade can lead to a rise in intra-regional trade volumes and facilitate economic growth by promoting foreign direct investments (FDIs). Other potentialities include improved balance of payments position of economies, attraction of new technologies and requisite skills to support the national economy with positive impacts on national economic development. The theoretical rationale for free trade is supported by experiences of trade liberalisations in various regions. For example, after ten years of intra-regional trade liberalisation in MERCOSUR (1990-2000), exports between member economies rose from USD$ 4.1 billion to USD$17.9 billion, while imports also grew from USD$4.2 billion to

[10] See Article 2 of The SADC Trade Protocol, signed in Maseru. August 24, 1996.

USD$ 17.9 billion.[11] In this period, the general exports of every MERCOSUR member state to other members maintained a steady upward trend.[12] The successes of MERCOSUR and developments in other regional arrangements such as the European Union go a long way to empirically prove the logic of the free trade theory, in particular, that economic integration helps reduce the risk of investments and bolster cross-border economic activity with potential benefits to all involved.[13]

By forming a regional free trade area, SADC governments expected to create a regional market worth USD$360 billion with a total population of 70 million people. Inclusion of Angola and the DRC adds about USD$71 billion to the regional GDP and 77 million more people to the total regional market. Therefore, the combined income of the SADC market is estimated at around USD$431bn and comprises a total population of 247 million people.[14] The huge regional market and the prospect of intra-market savings represented attractive incentives motivating governments to cooperate in gradually eliminating trade restrictions on intra-SADC trade. Therefore, trade protocol reflected a mutual desire to reconstitute regional trade and enhance regional efficiencies for mutual gain. The FTA was deemed key to enhance intra-regional trade and investment flows from which all regional countries could benefit.[15] Regional governments expressed common desire to “liberalise intra-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements.”[16]

Therefore, the trade liberalisation initiative was based on widely held believe by the regional leaders that modelled properly, the FTA can produce a win-win situation for regional

[11] Alejandra Ruiz-Dana et al., “Regional Integration, Trade and Conflicts in Latin America,” in Regional *Trade Integration and Conflict Resolution*, ed., Shaheen Rafi Khan, (London, and New York: Routledge & IRDC, 2009), 16. Accessed on September 21, 2010.
http://web.idrc.ca/openbooks/414-7
[12] Ruiz-Dana et al., “Regional Integration, Trade and Conflicts in Latin America,” 25-26.
[13] Gabriel Nahimana, “Can Regional Integration Save Africa?” (The Project Syndicate, 2006). Accessed on February 14, 2007.
http://www.project-syndicate.org
[14] TIPS, “SADC Free Trade Area: Growth Development and Wealth Creation,” in *World Economic Outlook 2008*, (SADC Handbook: 2008) 2.
[15] SADC, “SADC Free Trade Area: Growth Development and Wealth Creation,” (SADC Handbook, 2008), 2.
[16] See Article 2, of the SADC Protocol on Trade, signed in Maseru, August 24, 1996.

economies, big and small.[17] Improved regional production efficiencies and easier access to FDIs translates into improved growth prospects and domestic industrialisation for all economies.[18] Smaller economies were expected to take advantage of the economies of scale competing in the bigger and more lucrative regional market. In the medium to long term, acquisition of new production technologies and easier access to regional capital within bigger more competitive market all prepare all regional producers to take market opportunities elsewhere in the world.

In essence, the signing and ratification of the protocol on trade symbolised a rejection by governments of the regional trading status-quo, for an alternative new cooperative trading arrangement. In terms of my analytical framework, the SADC Trade Protocol was perceived by regional political authorities as being a pareto-superior arrangement to what had been the unilateral sub-game perfect equilibrium. The realization of the FTA came to comprise an urgent sub-regional goal in SADC, the success of which would require member states to deliberately prioritise the collective goal over narrower national/private interests in the short-term. [CC>DD].

Insights into the SADC trade negotiations are extremely informative and reveal early signals of strategic challenges for intra-regional cooperation. Despite the strong theoretical rational for free trade and positive statements by political authorities accustomed to long history of regional cooperation, the trade negotiations were arduous and difficult. Governments missed a number of critical deadlines that forced the postponement of the ratification and coming into force of the trade protocol. This apparent reluctance by governments to endorse and resume implementation of the new potentially beneficial trade arrangement may appear imprudent at first glance if not puzzling. This observation actually affirms the logic of prisoners' dilemma game that while regional trade liberalisation is might aim to produce mutually desirable gains, the incentives for national welfare gains often outweigh those for regional gains. More often than not, the consequence is to reinforce and perpetuate the status-quo.

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[17] Benjamin William Mkapa, Foreword of the SADC Regional Indicative Strategic Development Plan, Gaborone, 2004.
[18] Sophie Chauvin and Guillamme Gaulier, "Prospects for Increasing Trade among SADC Countries," (Paper presented at annual forum in Muldersdrift, Johannesburg, November 21-22, 2002.

The SADC trade protocol envisioned a gradual approach to regional trade liberalisation. Governments committed to liberalise about 85 percent of intra-SADC trade over the period of 8 years. The remaining 15 percent comprising sensitive products was to be liberalised by 2012. The trade negotiations resumed in earnest in 1998, the aim was for governments to agree on the details having already agreed in principle by signing the protocol. However, the negotiations indeed tend out to be more difficult and competitive than initially anticipated. Individual governments seemed to be driven by considerations of short-term domestic priorities than by a common desire to realise a mutual regional goal. This means that during the negotiations governments to spent time jostling to align the agreement to their immediate national economic interests.

The challenge that faced and partly explains SADC governments' prolonged and difficult negotiations must be understood as basically as part of the strategic dilemma, as governments approach trade negotiations in shallow integration initiatives well aware that ex post, one's partners can harm one's national welfare. Therefore, from the onset, governments behave strategically with one another and use the trade negotiations to try and achieve the agreement based on most favourable terms and condition possible. In SADC strategic considerations of this nature complicated the trade negotiation process and forced delays for the ratification or implementation of the Protocol. Hilton Zunkel observed that many government negotiators were of the view that, allowing others access to the one's market under favourable conditions was a concession that basically compromised the rights of domestic producers in their own home market. Therefore, any concession given, required a reciprocal 'favour' of foreign market access as a quid-pro-quo. By the same logic, wherever negotiators deemed trade liberalisation offers from other governments to be unsatisfactory of unfair, they would revise their own tariffs upwards which ran counter to both the spirit and letter of the trade protocol.

The behaviour of SADC governments during the trade negotiations proves the point that during trade liberalisation (starting with the negotiations) governments behave strategically with one another. In SADC, strategic behaviour of member governments complicated the negotiations and significantly delayed implementation of the protocol.

According to the former General Secretary of SADC, Kaire Mbuende, following the signing of the protocol in 1996, the expectation-at least by the SADC Secretariat-was that member governments would speedily ratify the protocol into law and kick-start implementation and launch the FTA as early as 2004.[19] In the context of my theoretical framework, this optimism would appear rather naïve, considering that the Protocol was a legally binding agreement, from which withdrawal at the later stages might be costly. The robust nature of the SADC trade negotiations reflected strategic concerns about the immediate cost of liberalisation on their economies.

It was the difficult nature of SADC trade negotiations and the frustrations by other members about the slow progress that led to allegations of deliberate foot-dragging by some members. It was in response to these allegations that forced Alec Erwin then Minister of Trade and Industry to indicate in 1998, that South Africa was not going ratify the protocol without specific details pertaining to the actual lowering of tariffs.[20] The last ditch efforts to urge member governments to achieve the required number of ratifications to put the protocol into force fell flat at the 19th Summit of SADC held in Maputo on the 18 august 1999. Zambia backed by South Africa, and Mauritius proposed further postponement until the issues around textiles, trade in sugar, motor and motor-parts trade were fully resolved.[21] By the end of this Summit, only seven of the participating governments had ratified the protocol, short of one member to spring it into force.

This particular move threatened the official target date of the 1st January 2000, for the resumption of implementation of the protocol. Oldemiro Baloyi, the then Minister of Trade for Mozambique, explaining his own government's position to delay ratification of the Protocol, said that, "We had to think of the losses and gains….(and) ratification was

[19] Kaire Mbuende, "SADC Trade Protocol to be ratified early 1998," Interview with Reuters News Agency, quoted in Zimbabwe Independent, September 12, 1997.
[20] Alec Erwin, "South Africa and the SADC Trade Protocol," (Paper presented at a conference on Regional Integration in Southern Africa, Johannesburg, South Africa Institute of International Affairs, October 27, 1998).
[21] See the Times of Zambia, Lusaka, January 3, 2000. http://www.africanews.org

conditional on this. Thus, it (ratification) became dependent on concluding the negotiations and this was also the South African position."[22]

Yet, South Africa and Mozambique positions at this stage of the negotiations were not unique as more than half of the signatories were yet to ratify the protocol at this stage. While Malawi had only just ratified the protocol, Mauritius, had a very strong interest in the sugar sector, was yet to ratify the protocol. One can reasonably infer that Erwin and Baloyi's statements captured cogently the strategic nature of the motives behind delaying the ratification and signing into law of the SADC trade Protocol. Zambia's Minister of Commerce, Trade and Industry, William Harrington, was even more explicit, he said that his government's aim was "to make sure that our (national) interests are protected." Harrington went on to emphasise the need to protect Zambian local industry.[23]

One of the most controversial areas was the Rules of Origin which according to South Africa and SACU "were just too lax."[24] The SACU's position was that the SADC was linked to the process of viable regional development, "the idea of liberalisation in the region is not liberalisation for its own sake, we have to maintain growth and create jobs for our own people." Thus SACU's position on the trade in textiles and its proposal of a tighter double transformation rule of origin on textiles must be understood in that context. The rule required that two stages of production- production from yarn to fabric and from fabric to finished product-take place within the region. The proposal was challenged by smaller textiles producers, Malawi and Mozambique in particular which were benefiting from producing garments made from lower cost fabric from global suppliers and selling these in the region with a slight profit.

Therefore, for non-SACU economies with their inability to produce their own fabric, felt that the double transformation rule, meant that they were simply going to lose their textile industries. This led to a yet another deadlock in the SADC negotiations. The break through

[22] Oldemiro Baloi, "Mozambique to ratify SADC trade Protocol before 1999," (quoted in The Midweek Sun, September 29, 1999).
[23] William Harrington quoted in The Times of Zambia, Ibid.
[24] Sifiso Ngwenya, was a director for Southern African Trade Relations in the DTI; Pretoria quoted in The Zimbabwe Mirror, Harare, January, 2000.

eventually came during the 13th TNF meeting held on the 3-8 September 1999, this TNF was actually mandated to by Maputo Summit to find solutions to all outstanding issues and make way for implementation of the Protocol.

The breakthrough was eventually reached when members improvised and crafted provisions tailored to address sensitivities of smaller members. Special provisions generally targeted to mitigate polarisation effects, and extend liberalisation periods and limited non-reciprocal market access by vulnerable economies in some sectors.[25] Additional trade-off for a double transformation rule of origin was the adoption of the principle of asymmetry in the tariff differentiation schedules. Members basically agreed on three functional categories of tariff schedules.

Category 1, comprised of South Africa; de facto SACU, who in terms of the 1969 SACU agreement, South Africa had to negotiate their external trade position.[26] Category II, comprised of non-SACU members qualified as developing countries, namely Mauritius and Zimbabwe, and Category III made of non-SACU least developed members of SADC.[27] SADC developed asymmetrical tariff phase down program along these three categories each undertook tariff phase-down commitments at variable scales and speeds. SACU members were expected to generally front load their tariff reductions schedules, and achieve 'substantially all' trade free threshold by 2005, while Category 2 members were expected to generally mid-load their tariff reductions to achieve the targeted threshold the stipulated eight years by 2008. Category 3 members could back-load their tariff reduction schedules, beyond the eight year threshold but not to exceed 12 years; Mozambique was the only exception with up to 2015 latitude.

[25] These comprised the least developed economies in the region outside SACU, Mozambique, Malawi, Tanzania, Zambia (MMTZ countries).
[26] See Article, 4, 5, 8, and 10 of the 1969 SACU Agreement; reviewed in 2002.
[27] These include Malawi, Mozambique, Tanzania and Zambia. Angola, The DRC and Seychelles were not part of the negotiations at this stage.

The Implementation of the SADC Trade Liberalisation Agreement: Strategic Considerations and the Quality of Cooperation

SADC eventually achieved required ratifications and resumed implementation of the Protocol by January 2001, following agreement on outstanding issues late in 2000. The agreement required that to accede to the implementation phase member governments had to submit tariff liberalisation schedules based on the agreed categories to the SADC Secretariat annually. Therefore, the trade liberalisation offers varied significantly on the basis of agreed categories and across countries and commodities with respect to the scope and timing of tariff reductions. And governments each retained the right of gazetting the new tariff rates each year.

However, the submissions or tariff reduction offers made by governments to fellow members deposited annually to the Secretariat were generally conservative and highly restrictive. In particular, the liberalisation offers from the smaller non-SACU members to SACU were so protective-on account of South Africa's economy- to the extend that these countries were asked to prepare parallel offers, one directly for South Africa and another to other SACU members.[28] Even SACU, supposedly the fastest liberalising member, initially offered to liberalise a meagre 34 percent of its planned liberalisation within the first eight years. It is apparent that the drafting of implementation offers and the subsequent implementation of these offers brought in the reality of losing trade duties which raised new practical challenges for governments. This means that the real cost of complying with one's liberalisation commitments became even more pressing once governments were faced with the implementation of the protocol.

Despite the fact that national tariff liberalisation schedules/commitments differed across countries, an overview of progress from the onset of implementation reveals an uneven pace and the general lack of adherence to the official liberalisation schedules. Implementation of category B goods in particular, remained so sluggish that in 2004, half way through the implementation period, only Mauritius, Mozambique and SACU were on schedule with

[28] Angus September, Interview, DFA, Pretoria, February 2006.

respect to their tariff reduction commitments.[29] Other member governments cited various reasons for failing to adhere to their schedules. Tanzania was slightly behind, citing lack of synchronisation between the national and the regional administrative processes.[30] Malawi and Zambia were significantly behind, both cited fiscal difficulties. What is noteworthy is that by this time, Malawi had not implemented a single tariff reduction offer, while Zambia had failed to implement offers for previous two years, 2002 and 2003.[31] According to the WTO Secretariat, about 3385 tariff lines that were also scheduled for liberalisation by 1 January 2005 were only liberalised as late as 2008.[32] Mozambique and Tanzania, formally made block approvals of their tariff phase down programs, but still failed to carryout implementation of these within agreed phase out period.[33]

As a direct consequence of heavily back loaded tariff offers, and significant delays in implementing them, halfway through the official implementation period for trade protocol, disproportional amount of intra-SADC trade was still not free. Logically, non-implementation, whether selective or simply delayed, also fuelled a perception among member governments that non-compliance carried no real cost. Such a perception would further aggravate incidences of non-compliance by creating uncertainty about other governments' activities and crystallising fears regarding the feasibility of the planned FTA. The general effect will be to elevate strategic concerns about the risk as well as real cost of carrying out implementation of one's own tariff liberalisation commitments. This point is particularly poignant in the case of SADC, where individual governments were facing very real challenges ranging from heavy to extremely heavy dependence on trade taxes and high unemployment rates.

The concerns about revenue loss weighed particularly heavy on political decision making in SADC because trade taxes comprised significantly large proportion of total national

[29] The Services Group, "Mid-Term Review of the SADC Trade Protocol," p. 2.
[30] In Tanzania changes to the schedule were made in July each year and not in January as was the case in the rest of SADC, and the other member governments.
[31] The Services Group, "The Mid Term Review of the SADC Trade Protocol," 5.
[32] The World Trade Organisation Secretariat, "Factual Report on Trade," based on data provided by respective SADC member states.
[33] USAID, "Audit Report on the implementation of the SADC Protocol on Trade," Southern African Global Competitiveness Hub, (SA Trade Hub; undated paper). Accessed, January 12, 2010.

revenues. For example, Zambia, Malawi and Zimbabwe, estimated implementation of their liberalisation commitments to cost 8, 9 and 7 percent of total government revenues. For Mauritius Mozambique and Tanzania, the estimates were 8, 9 and 1.6 respectively.[34] As a block, SACU faced a much less severe revenue problem at about 0.1 percent; however, this low figure should not mask the fact that SACU members Lesotho, Namibia and Swaziland faced 58, 38, and 55 percent revenue losses respectively in foregone trade duties. These high magnitude of dependence on trade tax revenues, whittled-down national political support for the implementation of the SADC trade protocol. For example, in 2006, Zodwa Mabuza, of the Swaziland Employers and Chamber of Commerce (SECC), pointed out that since 50 percent of Swaziland's government revenue comes from the SACU revenue pool, implementation of the trade liberalisation meant having to look for alternative sources of revenue.[35]

The potential costs of implementing SADC trade liberalisation commitments differed both in nature and in magnitude across countries. These variations had implications for trade policy decision making and hence direct consequences for regional cooperation. For example, the mid-term review of the Protocol in 2004, estimated that at full implementation, Zambia was to lose about 5 percent of total government revenue; over half of this reduction represented taxes lost from trade with South Africa alone.[36] Which explains why even though Zambia generally delayed implementation of its tariff reduction commitments, it did relatively well on the offer to SADC, liberalising about 2529 tariff lines by 2005, while it only liberalised a meagre 479 tariff lines with South Africa in the same year. In February 2004, Zambian government had informed the SADC Committee of Ministers of Trade that, implementation of the tariff reductions seriously threatened the fiscal stability of the government.[37] The Ministry of Finance indicated that implementation of the 2004 tariff reduction schedule alone, was to cost the Zambian government a staggering 41 billion

[34] Tanzania had already implemented significant tariff concessions to Kenya and Uganda in the East African Community's Customs Union/Common External Tariff.
[35] Zodwa Mabuza was then the Chief Executive Officer of the SECC, presentation on SADC Finance and Investment Protocol; Maseru, Lesotho 2006.
[36] The Services Group, "Mid Term Review of the SADC Trade Protocol," 5.
[37] The Ministry of Finance, "The revenue Implications of the SADC Free Trade Area for Zambia -The Baseline Revenue Loss," Lusaka, 2004.

Kwacha equivalent of $8.6 million USD.[38] And on this basis, a decision was taken to delay implementation of a tariff reduction offer to South Africa until 2008.[39]

Zambia was not an isolated case, by year 2004 Zimbabwe had still not implemented any tariff reductions on Category B offer to the rest of SADC. At this stage only partial implementation of the less critical category A offer to SACU at been implemented.[40] Trade tariffs also comprised significant portion of Tanzanian government revenue, to the extent that, Percy Mistry argued that, Tanzania might have decided to leave COMESA in 2000, precisely to avoid further trade liberalisation.[41] Harries and Kulkarni put it much more emphatically, that Tanzania indeed withdrew from COMESA because “the government refused to further reduce tariffs.”[42] SACU was fairly consistent in implementing its liberalisation commitments, but there were notable discrepancies between its members. Lesotho and Namibia were conspicuously inconsistent implementing their tariff commitments. Lesotho’s tariff schedules were often not up to date, as result higher tariffs would remain in place long after due date. For example, by 2004, the 2001-2003 tariffs were still in force. Similarly in Namibia frequent delays in gazetting the SACU-CET amendments consistently delayed implementation of the new tariff reductions.

An overview of the implementation process reveals various discernable trends. Higher government dependence on trade taxes constraint liberalisation. However, revenue concerns were not only germane to poorer members, richer economies were not entirely unaffected this issues. For example, in South Africa, labour unions challenged the government to provide support to those who might lose jobs as a result of implementing the SADC protocol.[43] This partially explains South Africa’s inflexibility on the ‘Double Transformation rule of Origins’ for the SADC FTA, arguably to limit the number of

[38] The Ministry of Finance, “The revenue Implications of the SADC Free Trade Area for Zambia,” 4.
[39] Zambia planned to liberalize the total of 3385 tariff lines of the offer to South Africa only as late as 2008.
[40] According to the roadmap, Category A products were suppose to be liberalised at once, that is upon entry into force of the Trade Protocol in January 2001.
[41] Percy Mistry, “Africa’s Record of Regional Co-operation and Integration,” 570.
[42] Curt J. Harries and Kishore G. Kulkani, “The Role of International Trade Policy on Economic Growth: A Case of Tanzania,” Global Business Review, 5 (2004), 171-184: Tanzania tendered notice to leave COMESA on the 2, September 1999. The same month that SADC TNF negotiation had a breakthrough on the implementation of the SADC Trade Protocol.
[43] COSATU, “Submission on the SADC Protocol on Trade,” 12.

potential losers. Therefore, national concerns of this kind invariably influenced decisions of member governments and affected both the negotiations and complicated the implementation process of the Protocol.

The implementation of the SADC trade liberalisation agreement from 2001 to 2008 shows that, generally, governments did not behave in a manner consistent with the vision set forth in the Trade Protocol. SADC governments showed mercantilist tendencies and retained a strong penchant for wilful disregard of their liberalisation commitments when it was expedient to do so. Most commonly, governments frequently breached the offer principle whereby implementation has been inconsistent with agreed offers. In many instances, member governments wilfully used a variety of anti free trade tactics ranging from back-loaded tariff liberalisation schedules, extended delays in gazetting annual reductions, and sometimes governments unilaterally suspended tariff reductions.[44]

In worst cases, governments while implementing official liberalisation commitments were simultaneously enacting even more restrictive trade policy instruments or counter liberalisation measures including a variety of protectionist restrictions that were simply not in keeping with the spirit and the letter of the trade protocol. For example, Article 6 of the SADC Trade Protocol explicitly forbids imposition of new non-tariff barriers (NTBs) during implementation of the protocol, SADC governments prolifically used NTBs and other arbitrary trade restrictions throughout the implementation of the protocol.[45]

The hesitant approach by governments to implement their trade protocol commitments highlights the opportunism by individual governments it also speaks to the problem of monitoring and enforcement in SADC. There are numerous examples, when member governments fragrantly disregarded both the article 6 and their commitment to the principle of liberalisation, ostensibly to cushion the effects of liberalisation or their economies or to extend protection to domestic firms. For example, while Namibia was

[44] These governments include Zimbabwe, Tanzania, Namibia and Lesotho that at different times their implementation was not in line with their SADC implementation schedules. Malawi and Zambia actually at some point suspended tariff reductions.

[45] SADC "SADC Secretariat Issues paper: Accelerating the SADC Regional Economic Integration Agenda," A working document, unpublished & undated, 3.

doing fairly well in implementing its official tariff commitments, it was one of those that introduced additional tariffs just on the eve of coming into effect of the trade protocol. New tariffs were imposed on the following; broilers in 2000, milk and milk products in 2001 and a tariff on pasta in 2002.[46] Swaziland amended the Dairy Act of 1968, to lend legal effect to new import levies to selected agricultural and dairy products. And throughout the whole implementation phase of the protocol, Lesotho retained (continues to retain) severe restrictions on beverages and several agricultural commodities including poultry, bread, eggs, pulses and milk.[47]

Other governments employed various forms of NTBs to retain some of the old trade restrictions the effect of which was to reverse the effect of implementing the provisions of the trade protocol. For example, Tanzania invoked a repertoire of NTBs including issuance export permits, import restrictions, local government taxation and other cumbersome administrative procedures.[48] In 2002, about two years into the implementation of the protocol, Zambia imposed a six months ban on imports of 14 Zimbabwean products.[49] Malawi significantly held back liberalization in key sectors such as poultry, salt, maize and tobacco by retaining licensing requirements for imports on these sectors.

The importers in SACU were accused of stifling regional trade liberalization process by demanding 'overly strict standards on quality and consistent flow of fresh produce.' On the 14th of October 2003, Botswana published a new bill called, "Control of Goods, Prices and Other Charges Regulations of 2003."[50] This bill took effect on the 15th of October that year, barely few hours after it was published-remarkably quick under normal

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[46] Frank Flatters, "SADC Rules of Origin: Undermining Regional Free Trade," A paper prepared for TIPS Forum, Johannesburg, September 9-11, 2002.: done under the quise of SACU Agreement – provisions on protection of infant Industries.

[47] See, The Department of Marketing and Department of Planning and Policy Analysis, "The Liberalisation of Agricultural Commodity Production and Marketing," (The Ministry of Trade & Industry and The Ministry of Agriculture, 2003.

[48] Imani Development Austral, Inventory of Regional Non-Tariff Barriers: Synthesis Report, November 2004, 7

[49] Zambia imposed a banned on Zimbabwean beef and poultry in 1993 and 1994 respectively; 2002 were latest ban included poultry products, beverages etc.

[50] Government of Botswana, "Control of Goods, Prices and Other Charges Regulations of 2003," in http://www.mti.gov.bw Accessed on August 16, 2012.

circumstances. The act imposed a new 15 percent levy on imports of wheat flour and wheat flour products such as pie-pastries; it effectively restricted imports of all wheat flour products into Botswana. These actions were essentially unilateral acts sneaked in through the back door. They were neither justified to the partner governments, nor were they officially notified to the SADC Secretariat would be required. Extended delays, reversals and slippages of this kind were intended to offer continued protection to certain domestic industries and their use in SADC extended well after the inauguration of the FTA. For example, in 2009, Mozambique introduced new scanning charges for imports of sugar and refused to cancel despite a deluge of protests from other members. [51] Tanzania also introduced a new 2 percent tax on all goods entering Zanzibar.[52]

The free trade theory and the economic gains that it promises has provided part of the rational for trade liberalization in SADC. Regional leaders strongly advocated free trade and the trade protocol as an instrument to help break the strangle-hold placed on their economies by small inefficient markets. Political leaders believed that the regional FTA was a positive sum game, from which member governments could benefit through various spin-offs from enhanced intra-regional trade. Despite generally poor implementation of their liberalization commitments, government leaders retained believe that the SADC FTA was in their mutual interest. For example, despite poor implementation, the goal of establishing the regional FTA never came into question. The SADC experience seem to challenge the common notion that mere existence of potential gains from free trade can necessarily inspire sovereign governments to surrender trade policy and achieve cooperation. And contrary to some in the literature of cooperation in African regional trade arrangements, the low quality of cooperation implementing the SADC trade liberalization does not indicate lack of believe in potential gains from free trade, rather it is a reflection of a strategic dilemma that faces governments trying to achieve mutual free trade gains.

[51] Ms. Mpho Palime, Interview, SADC Secretariat, Gaborone 9, November, 2009.
[52] Mpho Palime, “Interview” SADC Secretariat, Gaborone 9, November, 2009.

When the SADC FTA was launched in Johannesburg in August 2008, it featured 11 of the 12 signatories of the Protocol. And despite many years of effort, there was doubt as to whether SADC governments had met the terms of their own Protocol, what was immediately clear was that implementation of the liberalization agreement had not resulted in any significant increases in intra-SADC trade. Speaking at the launch of the FTA in Mid-Rand, the then South African President, Thabo Mbeki, blamed this short-coming by the SADC FTA, on a number of factors but chiefly on the underdeveloped production structures and supply side constraints that prevent members to take advantage of a more open regional trading space.[53] However, it is equally plausible that the low performance of the SADC FTA has to do with the fact that, the critical mass of regional trading or exchange in goods occurs through alternative arrangements by-passing the FTA hence rendering it superfluous. Also, the widespread counter liberalization activities Put differently, anti-liberalization activities by individual member governments undermined the collective goal of forming a functional FTA.

In implementing their liberalization commitments, SADC member governments seemed to prefer retaining their own tariffs even as others were removing theirs, this was often achieved by holding on to the tariff either in part or in whole for as long as possible. This generally led to poor implementation of the trade liberalization commitments with frequent delays and widespread use of new trade restrictions including other free trade counter measures such as NTBs. The effect of these activities significantly restrained intra-regional trade expansion jeopardizing envisioned potential economic gains from the SADC free trade area. Therefore, case study affirms a classical prisoners' dilemma problem as reflected by my theoretical propositions 2a and 2b, where self-interest of sovereign governments inhibit regional governments to realize mutual gains from the collective effort.

The mid-term review of the implementation process of the trade protocol in 2004, among other things noted that there was high degree of uncertainty in SADC about what other

[53] Thabo Mbeki, "Speech at Mid Rand to be found. Also quoted in Dale T. McKinley, "Entering the Dragon's Den: Neo Liberalism and the SADC Free Agreement," Economic Justice Network: Policy Brief, March 2011, 3.

governments are doing. The logic of my analytical would direct attention to monitoring mechanism asserts to facilitate reciprocal action as I posit in proposition 3, assist governments rise above the prisoners' dilemma problem. This basically brings up the question about SADC institutions and their in the implementation of the protocol. Throughout the implementation phase of the protocol, SADC lacked the institutional mechanism to monitor the conduct of member. The secretariat itself relied on reports from member states own self-monitoring in assessing regional progress and performance. On two occasions, one in 1998 and second in 2001, reform of regional cooperation structures in SADC, the sovereignty delegated to the SADC Secretariat was still minimal, and without capacity to anchor and sustain the regional trade liberalization process.

It was not surprising that in 2004, the mid term review of the implementation of the protocol, revealed that there was a widespread impression among members that non-compliance was very common. The review identified lack of reporting or communication and lack transparency both within and between member states as one of the main obstacles to cooperation. Therefore, weak institutional framework was identified as one of the key weaknesses in the implementation of the trade liberalization in SADC.[54] The lack of monitoring as a result of the weaknesses in the existing SADC institutional framework undermined SADC own efforts failed to adequately support members sustain reciprocal action.

In the absence of effective mechanism, it is not surprising that despite the trade agreement explicitly calling for elimination of NTBs, implementation of the liberalization commitments, was accompanied by a steady increase in the use of these NTBs.[55] It was only after the inauguration of the of the SADC FTA in 2009, that SADC COMESA and the EAC developed an interactive and real-time online reporting and monitoring mechanism was established. Through direct submissions or complaints to the Secretariat,

[54] The Services Group, "The Mid-Term Review of the SADC Trade Protocol, 2004, 8.
[55] The Services Group, "The Mid-Term Review of the SADC Trade Protocol, 2004.

by all the stakeholders, the private sector, the Secretariat and national SADC offices in individual members can negotiate and remove NTBs.[56]

[56] Mupelwa Sichilima, Senior Trade Officer Regional Trade and Facilitation-TIFI; Interview, SADC Secretariat, Gaborone, 16-11-2009.

CONCLUSION

The conventional views on African cooperation and integration suggest that existence of potential benefits from potential economic benefits from regional cooperation will inspire governments to realise cooperation. Poor performance of African governments trying to realise economic cooperation and integrate their regional economies is attributed either to negligible magnitude of mutual economic benefits or unaffordable political costs for cooperation. The arduous nature of SADC trade negotiations was interpreted by some as indicative of the low priority that regional leaders accorded to free trade and regional integration.[57] On the contrary, I argue that this highlights the complex nature of multilateral trade liberalization initiatives wherever these maybe.

However, I recognize that by relating the quality of cooperation to the magnitude of material gains the conventional explanations contain an element of truth, but I argue that these explanations are analytically deficient. For example, if the gains from cooperation are non-existent or negligible in Africa, why do African leaders continue to identify regional cooperation and integration as key strategies for addressing mutual economic woes and advancing their developmental challenges?

Applying game theory to the analysis of African cooperation efforts helps to illuminate some of the factors that can inhibit a group of governments from engaging in mutually beneficial cooperation. The story of Prisoners' Dilemma suggests that the poor record of regional cooperation in Africa does not necessarily indicate lack of potential economic gains or the inability of African governments to pursue their interests strategically. From the game theoretic perspective, attempts by a group of self-interested governments to realise mutual gains from cooperation have to overcome collective action problems. A focus on strategic problem helps me overcome the analytical limitations in traditional approaches and their simple logic of analysis that is based almost exclusively on material considerations. For example, the strategic focus help us address the question why it is easy to find governments

[57] Ng'ong'ola, "Regional Integration and Trade Liberalisation in the Southern African Development Community," 485-506.

that are both voluntary partakers in a trade liberalisation initiative, while simultaneously not complying with their own trade liberalisation commitments. The analytical puzzle becomes starker in situations where mutual economic gains from regional cooperation are not in doubt, which should naturally lead regional governments to behave rationally and consistently with the imperatives of successful cooperation.

The logic of the Prisoners Dilemma game highlights how, and under what conditions, governments can promote or sustain cooperation and realise mutual economic conditions. As a Prisoners' Dilemma game, SADC trade liberalisation initiative presents a situation in which retaining control over national trade policy is at odds with the regional welfare. Self-interested national leaders value short-term unilateral payoffs either through gains or avoided losses above long-term mutual gains from the FTA.[58] The actions individual member governments are motivated more by short-term domestic concerns, than by the prospect of mutual gains in the long-term. For example, if implementation of one's liberalisation commitments means that domestic firms are driven out of business, popular support for free trade policies will disappear putting pressure on authorities to either to defect from the agreement or opt for a temporary withdrawal from it long before the free trade gains are realised. Therefore governments trying to achieve a FTA may fail to sustain collaborative action which is a pre-requisite for mutual gains.

Therefore, despite shared optimism and apparent common vision that all SADC governments stand to benefit from fully implementing the trade agreement and functional regional FTA, the process of eliminating the trade barriers by individual members has been far from smooth. Implementation has been inconsistent and riddled with numerous delays many of which were never justified to the regional body SADC. The governments resorted to various evasive tactics to hold on to their individual national tariffs. The tactics included significant back-dating of their national tariff schedules imposition of new non-tariff barriers, and in many instances, SADC member governments ignored their own official implementation deadlines. In spite of the declared common desire by SADC governments to realise a functional regional

[58] George, "Bridging the GAP: Theory and Practice in Foreign Policy,"26.

FTA, throughout the implementation of the liberalisation commitments, compliance levels of SADC governments were remarkably low.

Despite what was broadly accepted as a viable trade agenda in SADC, with real potential for mutual gains if implemented, uneven implementation process by member governments of their respective national liberalisation commitments, highlight a fundamental weakness in SADC. A regional body that lacked a transparent and predictable mechanism for monitoring and enforcing compliance. The main attempts to reform SADC institutions fell significantly short of creating an institution with adequate monitoring and enforcement capacity to ensure reciprocal implementation of trade liberalisation commitments. For example, because the SADC Secretariat lacked authority to enforce compliance to the letter of the Protocol, it never developed a mechanism to detect free-riding activities by members. Other regional bodies such as special committees, sub-committees all played facilitating roles, like the Secretariat they had no legal authority or a mandate to ensure accountability or ensure compliance.

In the final analysis when the SADC FTA was inaugurated in August 2008, many acknowledged that there had been no significant increase in intra-SADC trade volumes since over the eight year trade liberalisation period.[59] The SADC FTA had very limited impact and largely failed to deliver predicted mutual free trade gains that motivated the Protocol in the first place. Many identified the supply side constraints as key obstacles that inhibit SADC members from taking advantage of increasingly open and freer regional market.[60] While this might be true, it is equally true that the poor implementation of the trade liberalisation commitments and the unchecked use of NTBs had huge counter effects on the liberalisation process. As my analysis show, the strong self-interest of by SADC governments largely undermined their regional goal of achieving a functional mutually rewarding FTA. If member governments believed that severe supply side constraints are a problem, they would not be negotiating a new even bigger (possibly more competitive) tripartite FTA between SADC, COMESA and EAC.

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[59] Thabo Mbeki, "Speech at the Launching of the SADCFTA, 17 August, Midrand South Africa. in http://www.polity.org.za/article/sa-mbeki-launch-of-free-trade-area-at-sadc-summit-17082008-2008-08-17

[60] Thabo Mbeki, "Speech at the Launching of the SADCFTA,"

Firstly, poor rates of compliance, particularly reintroduction of non tariff measures will continue to undermine SADC efforts to realise a goal of duty free trade on 85 percent of intra-regional trade by 2012. It will be difficult to realise a WTO compliant and fully fledged FTA where 85 percent all intra-SADC trade will be free. Secondly, there may even be stronger challenges facing governments with the liberalisation of the sensitive sectors that were initially left out of the liberalisation agreement as a compromise. Thirdly, the little trade conducted within the SADC FTA, and the rising use of NTBs among SADC members increases the risk that the SADC FTA may eventually be superfluous. This is quite serious because the bulk of regional trade is already taking place under alternative arrangements. As a result, the new SADC FTA may fail to gain international legitimacy by failing to meet the WTO stipulations on regional trade arrangements.[61]

[61] See, Article XXIV (GATT, 1994) agreement regulating the formation of Regional Trade Arrangements, is interpreted to mean to mean that at least 85 percent of all intra-SADC trade on goods will be free.