Transformation of Africa: Comparison Of Regional Economic Integration between South Asia and Southern African nations

By Srimal Fernando, February 13, 2019

The relationship between regional organizations and member states and intra-regional relationships may vary from one regional organization to the other. Relations among member states and association with the rest of the world of regional organizations are dependent on their individual frameworks, attitudes of member states and regional political economy.

Economic integration is often described as a market led process founded on a stable international system proceeded by a multiplication of independent relationships. From the inception the South Asian Association for Regional Cooperation (SAARC) and the Southern African Development Community (SADC) nations have made enormous strides in diplomatic cooperation.

In this context diplomacy in regional groupings could be vital in the creation of channels for communication and negotiation for SADC and SAARC nations to counterbalance the increasing economic power of the developed world. The South Asian and Southern African region can be described as being economically and culturally diverse.

Although the geopolitical regional unions, the South Asian Association for Regional Cooperation (SAARC) and the Southern African Development Community (SADC) have been effective to some extent in promoting regional cooperation, they have been struggling to make any meaningful impact for a long period of time.

Of late there have been many deliberations on the possible cooperation between the common markets of SAARC and SADC for enhanced trading opportunities between South Asia and Southern Africa. The next great shift in the SAARC relations with SADC is within sight. Intra-regional trade among the SAARC countries, namely India, Pakistan, Sri Lanka, Bangladesh, Afghanistan, Nepal, Bhutan and the Maldives is about 5 percent and is far below its potential. For this reason the road map for implementation of Agreement on South Asian Free Trade (SAFTA) in 2006 has witnessed many dramatic changes in trade and economic cooperation at various levels.
Therefore the SAARC as a regional grouping has articulated common economic policy objectives as a step towards more effective regional continental integration. The creation of SAFTA and other bilateral or tri lateral trade agreements consequently developed and impacted on the two largest economies in South Asia and Southern Africa.

On the other hand South Africa has maintained good relations with the Indian Ocean Rim Association (IORA), Southern African Development Community (SADC), and Brazil Russia India China and South Africa (BRICS) member states on a number of key issues. India’s economy is growing swiftly and the economic policy of India aims to double its economy from $2.5 trillion to $5 trillion in the next eight years (Department of Public Enterprises, April 2018, Vision New India 2022).

Tourism had a direct impact on the domestic markets of both these regions. Since India’s economy is growing swiftly, with around 300 million middle class, the tourism sector of South Africa is seeing improved prospects with an increasing number of South Asian tourists.

This will go a long way in opening up the doors for a bright new future for Southern African and South Asian nations. A combined economic vision plan for South Asia’s eight nations and Southern Africa’s 14 nations will always be a new impetus with distinguished features. Southern African nations have the potential to access the 1.5 billion South Asian consumer market.

Change by nature comes from the past as well as moving towards the future. The South Asian Association for Regional Cooperation (SAARC) and the Southern African Development Community (SADC) nations have a powerful influence on the way forward. Nevertheless many countries of Southern Africa know that they must begin to make sacrifices now for their long run revival of their economies. SAARC and SADC economies should put in place strategies to ensure that bilateral or tri lateral differences are solved in a more pragmatic way.

The crucial question is how to secure such integration. These initiatives will make economies in Southern Africa and South Asia have the potential of linking all the resourceful economies of the region together. Being among the closest emerging markets it is time for regional policy makers to think beyond and make trade transactions smoother and more business friendly.

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