

**AN ANALYSIS OF THE PROSPECTIVE BENEFITS AND
CHALLENGES OF THE AFRICAN CONTINENTAL FREE
TRADE AREA (AfCFTA) TO ECONOMIC DEVELOPMENT IN
AFRICA**

BY

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DEDICATIONS

I dedicate this work to God who makes all things possible, to my loving husband for the unwavering love and support always. To my children Anotida and Nashe thank you for being my cheer leaders.

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ABBREVIATIONS AND ACRONYMS

AfCFTA	African Continental Free Trade Area
AFTA	Association of South East Asian Economies Free Trade Area
AMU	Arab Maghreb Union
ASEAN	Associating of South East Asian Economies
AU	African Union
CEN-SAD	Community of Sahel- Saharan States
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECA	Economic Commission of Africa
ECOWAS	Economic Community for West African States
EU	European Union
FTA	Free Trade Area
GDP	Gross Domestic Product
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
JETRO	Japan External Trade Organisation
LPA	Lagos Plan of Action
NAFTA	North American Free Trade Area
NEPAD	New Economic Partnership for Africa's Development
OAU	Organisation of African Unity
OBOR	One Belt One Road Policy
OECD	Organisation for Economic Cooperation Development
RECs	Regional Economic Communities

SACU	Southern African Customs Union
SADC	Southern African Development Community
SME	Small to Medium Enterprises
TI	Transparency International
TFTA	Tripartite Free Trade Area
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission on Africa
US- MCA	United States Mexico-Canada Agreement
USA	United States of Africa
WB	World Bank
WTO	World Trade Organisation

ABSTRACT

This study sought to analyse the prospective benefits and challenges of the African Continental Free Trade Area (AfCFTA) to the economic development of Africa guided by the complex interdependence and realism theories. The main objectives of (AfCFTA) is to strengthen intra-African trade by abolishing trade barriers as well as promoting a single market for goods and services through the free movement protocol across Africa. Free trade agreements over the years have been viewed with mixed sentiments for their role in economic development. The main aim of free trade is to lower tariffs and encourage trade between countries that would have signed the agreement. Free trade agreements bring about employment opportunities as industries expand, competition and efficiency in production methods, which contributes to economic development. In Africa free trade agreements have been spearheaded by Regional Economic Communities (RECs) such as Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC) to promote deeper economic integration, which triggered the launch of the African Continental Free Trade Area (AfCFTA). This research was conducted in two distinct parts of in-depth interviews with different stakeholders and analysis of documents to gather data about AfCFTA. Key findings were that AfCFTA has the potential to advance economic development from the huge market of Africa comprising of 1, 2 billion people including the diverse natural resources. The findings also revealed that enhancement of the free movement of people and services could improve intra-African trade, which has been extremely low due to trade barriers. The study concluded that the African Continental Free Trade Area is important to the African Union as a way to foster deeper economic integration. Elimination of tariffs and other trade impediments coupled with free movement of people and business, is anticipated to increase intra-African trade. Despite the potential to boost intra-African trade, the research found out that free trade agreements require commitment to achieve its objectives. The findings indicated that overlapping memberships to current trade agreements, lack of political will, heterogeneous customs systems as well as poor industrial and agricultural practices are the main challenges affecting economic integration efforts in Africa. The main recommendations from the study included that there is need for Africa to invest in industry to be able to sustain open markets as well as open borders and ultimately realise benefits such as employment creation and economic growth. There is need to improve good governance and fight corruption through independent institutions in order to gain credibility. There is also need to manage conflicts and increase stability. Lastly, investments on value addition and infrastructure need to be prioritised to promote trade of the finished products instead of exporting raw materials.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Akyeampong (2018:85) posits that Africa is failing to feed itself although it possesses the largest arable land in the world. Africa has been characterised by extreme poverty levels, diseases, tribal conflicts, poor infrastructure and stagnant economic development. Several trade arrangements have been put across to address the socio-economic problems but have not been a success. However, in March 2018 the African Continental Free Trade Area (AfCFTA) was launched to integrate markets and address economic development through trade. The United Nations Economic Commission for Africa (UNECA) (2012:4) notes that the African Continental Free Trade Area is a flagship of Project Agenda 2063 of the African Union, Africa's development vision based on inclusive growth and sustainable development for a productive and successful Africa. In this study, focus will be on analysing the prospective benefits and challenges of AfCFTA to economic development in Africa.

1.2 Background of the Study

Africa is characterised by numerous socio-economic and political problems that can be traced back to the slave trade era. Settles (1996:2) states that, "the African economy was significantly changed by the Atlantic slave trade through the process of imperialism and the economic policies that accompanied colonisation". The demise of slave trade introduced a scramble for raw materials for the then rapidly industrialising European countries which led to the scramble for Africa. Heldring and Robinson (2012:4) expand that Africa experienced an intense deterioration in living standards as a consequence of colonialism thus the Organisation of African Unity (OAU) was formed in 1963, with the objective to eliminate all forms of colonialism in Africa (Adejumobi and Olukoshi 2009:30).

As African countries began to gain independence, states sought a roadmap that could improve economic development through trade. Agubuzu (2004:72) posits that severe poverty levels forced the OAU to take up challenges of developmental issues which led to the adoption of the Lagos Plan of Action and Final Act of Lagos in 1980 which was a blue print for economic development. Bach

(2016) as quoted by Ismail (2016:5) criticises the Lagos Plan of Action for not having a comprehensive implementation plan for execution as a result did not yield the intended results of economic development. New strategies were needed to address the ongoing socio-economic problems that were affecting social wellbeing of Africans as well as lack of economic integration in the continent.

In 1991, the Organisation of African Unity adopted the Abuja Treaty that fostered creation of new Regional Economic Communities (RECs) at the same time strengthening some old RECs as a means of progressing towards trade liberalisation and reducing the after effects of colonialism (Ismail 2016:6). However, UNECA (2012:5) posits that two decades after signing of the Abuja Treaty there was no significant impact on Africa's trade performance with intra-trade and external trade accounting for 12% of continental total trade and its share of global trade highlighting slow progress on economic integration. This became an indication that regional economic communities were not performing as expected to improve economic integration and eventually economic development.

Adejumobi and Olukoshi (2009:32) argue that the OAU's incapacity to enhance economic wellbeing due to weak RECs, resulted in its unpopularity leading to the OAU being amended to be the African Union (AU) in the year 2001 with the objective of addressing present day needs regarding socio-economic development and to strengthen the economic position of Africa in the global economy (Ibid .8). In 2011, the heads of state of Southern African Development Community (SADC), Economic Commission for West African States (ECOWAS) and the East African Community (EAC) launched the Tripartite Free Trade Area (TFTA) which was signed in 2015 which re-affirmed the development integration approach which focused on pillars of industrial development, infrastructure development as well as market integration (Ismail 2016:6). Mabuza and Luke (2016) as quoted by Ismail (2016:18) note that the Tripartite Free Trade Area triggered African heads of states to launch the Continental Free Trade Area to be run parallel with the second phase of the Tripartite Free Trade Area.

The Extraordinary Summit of the African Union, in Kigali on 21 March 2018 led to the signing of a free trade agreement called the African Continental Free Trade Area (AfCFTA) by 44 members

of Africa, (Hartzenberg 2018:4). The historic milestone achieved by African states has been applauded as a great step towards deeper economic integration and economic development. Chidede (2018:3) postulates that the “African Continental Free Trade Area can support Africa’s economic growth and development, and structural transformation. Its implementation can create economies of scale and regional value chains and generate employment opportunities”. It is against such a background, that the gist of this research is to assess and analyse the potential benefits and challenges of the African Continental Free Trade Area to Africa’s economic development.

1.3 Statement of the Problem

Despite various trade arrangements amongst African states, deeper economic integration has been a challenge in Africa which has led to poor economic development. The problem is evidenced by very low intra-African trade as compared to other continents. Bello and Gass (2018:3) note that Africa has the lowest level of intra-continental trade at 18 % with Latin America at 35 % and Asia at 45 % indicating that there are poor economic relations within African states. Dembele (2007:3) is of the view that despite the foundation of the African Union and the New Partnership for Africa’s Development (NEPAD), neo colonial ties are still stronger with the former colonial powers, trade is more with colonisers than amongst African countries perpetuating lack of economic development in Africa.

Poor economic relations have contributed to the social and economic challenges that African states experience. It is estimated that 70 % of the poorest countries in the world are found in Africa, almost half of the population lives in extreme poverty and hunger , HIV/AIDS , underemployment, corruption which all have a negative consequence on economic development (Mkwezalamba and Chinyama 2007:1). Africa has various trade agreements with the objective of improving the continent but the progress has been slow as argued by Dembele (2007:3) that the slow pace of integration and lack of solidarity is a reflection of the unwillingness of many African leaders to place their fundamental interests of the continent above national interests in order to work towards genuine unity and cooperation. The United Nations Economic Commission for Africa (2012:4) expands that Africa suffers from poor implementation of existing economic integration treaties. National interests have led states to belong to more than one economic bloc leading to overlapping memberships. Bello and Gass (2018:3) argue that overlapping memberships the “spaghetti bowl

effect” undermines regional economic integration efforts and is burdensome as it strains member states capacities to cope with often contradicting requirements.

Smith (2013:1) quotes former President of Zimbabwe Robert Mugabe ahead of the 2013 African Union Summit that “Africa has not become integrated into a real union and there is need to move beyond regional blocs”, calling for a revival of the late Libyan president Muammar Gaddafi’s United States of Africa which will address current socio-economic needs for development. The African Union in its Agenda 2063 laments on the problem of poor economic integration as a result calling for the African Continental Free Trade Area. The research aims to focus on the problem of deep economic integration which has led to various socio-economic challenges highlighted above through the African Continental Free Trade Area.

1. 4 Research Questions

Main Research Question

1. What are the potential benefits and challenges of AfCFTA to economic development in Africa?

Other Research Questions

2. What is the African Continental Free Trade Area?
3. How do Free Trade Agreements affect economic development?
4. What is the status of economic development in Africa?
5. What can African governments do to fully utilise and benefit from the AfCFTA?

1.5 Research Objectives

Main Research Objective is to:

1. Analyse the potential benefits and challenges of AfCFTA to economic development in Africa.

Other Research Objectives are to:

2. Understand the purpose of AfCFTA.
3. Examine Free Trade Agreements and its impact on economic development.

4. Examine the status of economic development of Africa.
5. To provide recommendations for Africa towards an efficient and effective Continental Free Trade Area.

1.6 Justification of the Study

Various literature has been put forward on continental free trade areas with regards to the European Union (EU) and Association for South East Asian Nations (ASEAN). However, for Africa, free trade has been an objective of regional economic communities like Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA). The African Continental Free Trade Area (AfCFTA) is a new creation and there is limited scholarly work and knowledge on the subject. The study will expand on AfCFTA, which will cover a literature gap as well as to unearth other areas for research in trade and development aspects. The study will provide guidelines to the African Union, heads of states, policy crafters, economic analysts as well as the academia for effective implementation since it's still an ongoing project to reduce the likelihood of the AfCFTA being another paper project with no tangible results.

1.7 Theoretical Framework

The researcher used realism and complex interdependence theories to guide the theoretical framework. Realism was chosen to highlight the power theory in trade and economics that states will use their power in trade negotiations to gain and protect their interests. However, the drawbacks of realism were addressed by complex interdependence that due to globalisation states have shifted from statism to interdependence.

1.7.1 Realism Theory

Realism seeks to explain how and why states behave the way they do. Morgenthau as quoted by Diez, Bode and Da Costa (2011:178) purports that states are in constant struggle for maximising power and conceptualised humans as rational and egoistic, constantly seeking to maximise power. Power comes in the form of the geography of a state, its military, national resources as well as the economic status which can be used as a tool to pursue national interests, (Kat 2015:1). Realism is state centric meaning that states are the main actors in the international system and focus on their

national interest to shape their domestic and foreign policies. “In realism there is no centralised global authority that limits sovereign states and determines their actions”, (Ibid). This implies that, nation states have the power and freedom to shape their national interests without the influence of external parties. Survival becomes key in the changing environment where neither supranational bodies nor civic organisation can influence and limit states actions.

States will enter into trade agreements if there is a benefit for the state and in Africa states join many regional economic groupings to pursue and protect their interest’s .However, some states are against free trade areas arguing on the basis of their policies being dictated by a regional or international body. The USA president has been criticising free trade agreements to the extent of threatening to leave some trade agreements that it had entered to protect its domestic markets as well as dominate the international system showing that realism is still at play in the contemporary world. Britain’s exit from the European Union is an indication that states survival is paramount and to protect its interest it has opted to exit the European Union.

At the launch of the AfCFTA in March 2018, the big economies Nigeria and South Africa did not sign the agreement citing that they needed more time to discuss its effects and impact on their country’s productivity and local industries as a way of safeguarding their states interests (Signe 2018:3). Realism has been criticised for its rigidity and focus on power politics neglecting other social and economic challenges that cannot be solved by power politics. Kat (2015:5) points out that realism focuses more on the materialist approach underestimating the roles, values and institutions that play a role in shaping international relations. Bilateral and multi-lateral trade agreements like the World Trade Organisation entered into by various states highlight different perceptions of state actors and how they have moved from self-help to interdependence and the complex interdependence theory addresses challenges of realism. Furthermore states are not fully committed in the regional economic agreements as a result of safeguarding its sovereignty and leading to poor commitment in African trade agreements as nations push for their national interests. Realism purports use of rational actors who weigh the cost and benefits of free trade agreements and hence the overlapping membership in Regional Economic Communities. Continental free trade in Africa will be a competitive and complex trade arrangement among states to dominate economically and as such realism addressed the behaviour of states in trade agreements.

1.7.2 Complex Interdependence Theory

Complex interdependence is a theory that challenges realism and propounded by Keohane and Nye (1977:12) who state that “the decline of military force as a policy tool and the increase in economic and other forms of interdependence should increase the probability of cooperation among states”. States are shifting from statism to mutual cooperation as stated by complex interdependence theorists. Globalisation has increased states to prioritise and be involved in economic and social policies besides military policies. The post –Cold war era has conscientised states that achieving real power has shifted from military power and now requires an economic and technological approach (Rana 2015:290). Status and security issues have been delegated by rise of non-state actors dominating the international system which focus on the importance of trade and welfare issues.

The launch of the AfCFTA was a sign of growing trust and ties amongst Africa that despite economic and political differences there was need for interdependence to foster deep economic integration. The growing ties is an indication that there has been a movement by nation states to foster mutual dependence to address the ever changing world challenges. Nations states have become vulnerable and sensitive to each other’s needs as stated by Genest (1996:140) that social welfare issues are currently as important as security issues .Therefore, to address the global challenges there was need to cooperate for their common interests . Institutions such as the African Union have indicated that states need to cooperate and work together for a common cause.

Despite the call for interdependence and its benefits, on the launch of the African Continental Free Trade Area 44 out of the 55 African states signed the agreement with some heads of states not attending the launch (Signe 2018:3), indicating that some states are subscribing to the realist theory whilst some have grown to accept the theory of interdependence and its benefits to the African continent. Complex interdependence is affected by states interests especially the economically advanced use their economic power to dictate policies that will benefit their self-interests like Nigeria not signing the AfCFTA.

1.8 Research Methodology

This section focuses on research methods, how the researcher acquired information regarding AfCFTA. Harding (1987:3) defines methodology as a theory and analysis of how research should proceed. This study was informed by the interpretive paradigm that is qualitative research as it gives an in-depth analysis of the feasibility, prospects and challenges of continental free trade in Africa.

1.8.1 Research Philosophy

Saunders (2009:123), states that research philosophy is a system of beliefs and assumptions about how knowledge is developed. Hennick, Hutter and Bailey (2011:14) stipulate that interpretivism is subjective and acknowledges people's perceptions, views and ideas and experiences of reality and therefore there can be multiple perspectives on reality than a single position. Interpretivism was used in this research as AfCFTA is a new trade agreement and multiple perspectives were needed from different stakeholders to gain deeper understand of the agreement.

1.8.2 Research Approach

Hennick, Butter and Bailey (2011:14) postulate that qualitative research methods are typically used for providing an in-depth understanding of rich issues that embraces the perspectives of the study population and the context in which they live. AfCFTA is a complex and extensive economic project involving the whole continent that needs a deeper understanding and exploration. Qualitative research was used to explore perceptions of different interviewees on the potential benefits and challenges of AfCFTA.

1.8.3 Research Design

A research design is defined by Creswell (2009:3) as “plans and procedures for research that span decisions from broad assumptions to detailed methods of data collection”. A case study was used to inform this research to understand free trade from a broad perspective to the African Continental Free Trade Area. Yin (2014:16) defines a case study as an empirical enquiry that investigates a contemporary phenomenon within its real life context, especially when boundaries between

phenomena and context are not clearly evident and for this new phenomena of understanding and analysing AfCFTA a case study was relevant.

1.8.4 Data Collection Methods

Data was collected using primary and secondary methods. Primary data is data gathered directly from the affected subjects whereas secondary data according to Flick (2011:33) is whereby “several primary sources of data have been summarised, condensed elaborated and reworked by others”. The researcher used both in-depth interviews for primary data and documentary analysis on secondary data to collect adequate data on AfCFTA and one method would complement another where there were shortcomings.

1.8.4.1 In-depth Interviews

In depth interviews with trade, economic development specialists from various sectors and the academia was used to collect data. The researcher conducted eight in-depth interviews with members from various trade ministries, policy analysts, civic organisations as well as Doctors and Professors from the academia to gain a broad and deeper understanding of AfCFTA.

The interview guide was pretested to identify any problems such as response bias, unclear wording, and duration of interview as well as reevaluation of the administration method. Face to face interviews conducted with the use of an interview guide allowed the researcher to probe for clarification and more detail on the subject matter. The interview guide was also emailed to participants who were willing to participate but had tight to schedules for face to face interviews. Gray (2014:382) notes that the use of semi-structured interviews allows the researcher to probe for more detail to discover other angles of free trade and economic development that secondary documents cannot provide. To supplement information collected from in-depth interviews, documentary analysis was be applied.

1.8.4.2 Documentary Analysis

Documentary methods is the analysis of documents that contain information about the phenomena under study (Bailey 1994:221). The research made use of public documents that is books, journals, and newspapers, government publications as they were accessible and provided different angles of

continental free trade agreements. Yin (2014:106) expands that documentary analysis is a stable method of obtaining information as it can be reviewed repeatedly without appointments as compared to interviews. Since it is an ongoing project some documents did not have adequate and up to date information in which the researcher addressed with in-depth interviews to elaborate and expand on documentary analysis.

1.8.5 Population and Sampling

Gray (2014:105) defines population as the group of people whom we want to draw conclusions from. The population in Africa is huge and this study used a sample to gather information that represented the population. In-depth interviews were conducted with various policy analysts, trade experts as well as the academia to represent the population of Africa. (Ibid:686) notes that non probability sampling findings require judgment and interpretation before being applied to a population and the research sought to gain deeper understanding and draw conclusions about AfCFTA. Neuman (2013:273) purports that “purposive sampling is exploratory and it uses the judgment of an expert”. Therefore, experts on free trade and economic development were selected for in-depth interviews. The sample was gender balanced with participants from different fields of trade and economic development to explore different perspectives of AfCFTA.

1.8.6 Data Presentation and Analysis

Various aspects of AfCFTA were analysed from the in-depth interviews to identify similarities, differences of how participants viewed and understood AfCFTA. Flick (2014:369) notes that the aim of data analysis is to arrive at statements that can be generalised in one way or the other by comparing various material, or texts or several cases. The researcher used thematic analysis and content analysis to analyse the data collected in themes and categories that were brought up by the participants and documents reviewed. Braun and Clarke (2006:79) define thematic analysis as a method for identifying, analysing and reporting patterns (themes) within data. Flick (2014:429) posits that content analysis is used to analyse textual material and uses categories often derived from theoretical models. Content analysis and thematic analysis was used to bring out the different perspectives of AfCFTA from the interviews and documents analysed.

1.8.7 Validity

Validity is as a measure of how trustworthy and genuine the information collected is (Neuman 2013:218). During interviews the researcher emphasised on confidentiality and created rapport to the participants as a way to encourage them to be truthful about their opinions. The use of a pre-tested interview guide improved validity and reduced gathering of irrelevant information. Use of authentic documentary sources and well-reviewed documents was engaged to ensure collection of valid information.

1.8.8 Ethical Considerations

Homan (1991:1) notes that research ethics are moral principles guiding research and therefore the researcher respected the ethical principles of avoiding harm to participants, ensuring informed consent as well as ensuring confidentiality and anonymity. A research approval letter from the University of Zimbabwe department of Political Science and Administrative Studies was used during field work and it protected the researcher from any potential harm or doubt about the intentions of the research.

1.8.8.1 Avoiding Harm to Participants

In pursuit of knowledge, Neuman (2014:104) stipulates that researchers should never cause any form of harm to participants. Gray (2014:74) explains that harm can embrace wide issues ranging from physical to mental and emotional harm. The researcher did not encounter any termination of interviews but was challenged by some identified participants who were not forthcoming to be interviewed for fear of being misquoted as such the researcher widened the sample base to try and get participants from all relevant sectors and engaged in documentary search.

1.8.8.2 Informed Consent

The principle of informed consent means that research participants are provided with sufficient and accessible information about a project so that they can make an informed decision whether to participate or not (Gray 2014:75). A University of Zimbabwe departmental letter and introductory letter was used which explained the purpose of the research that it was a voluntary exercise whose information would be used for academic purposes only.

1.8.8.3 Confidentiality

The research was purely for academic purposes and will be forwarded to policy crafters and the African Unions heads of states. Israel and Hay (2006:175) note that the principle of confidentiality states that information obtained will be used only by the researcher and in particular ways as in this case was for academic purposes.

1.8.8.4 Anonymity

Neuman (2013:154) notes that researchers should protect privacy of participants by not disclosing a participant's identity after information is gathered. Participants will remain anonymous as the researcher constructed pseudo names that would protect their identities or link them to the research.

1.9 Delimitations

Although continental free trade agreements have been practiced in Europe, Asia, America, the study focused on Africa and the effects of free trade, its prospective benefits from the AfCFTA towards economic development. The period was from the year 2012 when continental free trade negotiations started to the year 2018 as it is still an ongoing development.

1.10 Limitations

The key informants were experts in the field of economic development and the researcher faced appointment postponements due to participants work commitments but emailed the interview guide and only one out of the three emailed guides was responded to. The researcher also faced no response challenges from the Ministry of Industry and Commerce of Zimbabwe which is the core ministry that deals with trade and development issues and their input was of great importance but failed to get an interview after several attempts. Some participants interviewed were not forthcoming with detailed information regarding AfCFTA despite the fact that they partake in Zimbabwe trade negotiations as they gave general information. To enrich the content of the research the researcher used online journals, newspapers, conference papers and African Union reports to supplement the in-depth interviews.

CHAPTER TWO

AN OVERVIEW OF FREE TRADE AGREEMENTS ON ECONOMIC DEVELOPMENT

2.1 Introduction

Many states have embarked on joining free trade agreements as a way to boost the political, social and economic environments. Free trade agreements are believed to bring some impact to a country resulting in the bilateral and multilateral trade agreements sprouting throughout the world. This chapter will examine how the world views free trade agreements, how they operate, and their impact on nations including an analysis of the benefits and drawbacks of free trade agreements to economic development.

2.2 Free Trade as a Form of Economic Integration

Trade can be traced back to the economist, “father of trade” Adam Smith (1776) who emphasised the role of trade as a means to attain wider markets allowing greater specialisation and division of labor (Lopez and Thirwall 2008:4). Trade allows for the opening up of domestic markets to the wider world thus McConnell and Brue (2002:731) expand on Smiths ideas on the importance of trade that nations have uneven distribution of natural, human and capital resources as a result trade will bring about interdependence amongst states. As noted above the differences of resources indicates that for nations to access scarce resources they need to trade amongst each other and the principle of specialisation and division of labor is fulfilled. The World Trade Organisation (WTO) put forward that trade has played a pivotal role in strengthening economic development and promoting peaceful relations among nations. It is against this background that trade has come in various forms such as bilateral, multilateral trade agreements as a way to foster political and economic relations.

Globalisation has led to an increase of interdependence of states as nations cannot produce everything thus need to embark on trade agreements to fill in the gap of scarce resources. Shaikh (2007:76) is of the notion that globalisation has led to rapid industrialisation and economic interdependence in the world economy. In this context nations are being joined together due to global trends fostering interdependence with the hope of improved socio-economic and political

relations. The worldwide integration of trade has led some states to relax protectionism and break down barriers to trade for economic growth through the free flow of goods and services. Free trade is a form of economic integration defined by Murinde (2001:14) as whereby states eliminate all trade barriers but retain their own trade policies and trade barriers with the outside world. The removal of tariffs, quotas and other trade barriers opens up markets within the free trade agreement members in such a way that encourages interdependence and in the long run economic growth.

David Ricardo (1817) as quoted by Hass (2010: 25) expands on Adam Smith's trade ideas citing that free trade is of benefit to states as they specialise in producing and exporting the goods produced at a cheaper price applying the principle of comparative advantage. The principle of comparative advantage states that "total output will be greatest when each good is produced by the nation that has the lowest domestic opportunity cost for that good" (McConnell and Brue 2002:737). A country concentrates on a specific product it produces best at a cheaper price, in this manner labor is divided and allocation of resources is efficient. Faced with open access to other markets and exposing their markets competition is promoted through free trade, states put all efforts in producing the best goods reducing monopoly tendencies (Ibid). States are challenged by competition which triggers innovation leading to a wide range of quality products for consumers contributing to economic development.

2.3 Economic Development

Todaro and Smith (2015:17) define development "as a multidimensional process involving major changes in social structures, population attitudes and national institutions, accelerating economic growth, reduction of inequality and eradication of poverty". When a state is said to be developed citizens should have better standards of living, access to food, health care and education and shelter. McConnell (2002:137) is of the notion that a growing economy can undertake new programs to alleviate poverty and protect the environment without disturbing existing levels of consumption, investment and public goods production. In this context statistics of gross domestic products do not translate into real progress of economic development. Economic development is a process by which a nation improves its economic, political and social wellbeing of its citizens. Citizens should experience better standards of living by accessing healthcare, education, food, civil and political rights, gender equality for an economy to be viewed as developed.

2.4 Implications of Free Trade Agreements

As noted above free trade agreements emphasis is on interdependence, specialisation and division of labor such that communities abandon self-reliance and embrace dependence (Nader et al. 1993:141). In this context free trade is viewed as fostering interdependence as a result improving state relations as well as economies which Sally (2004:11) propounds that open and rapidly developing international commerce brings about better understanding between communities as well as cementing peaceful relations. Free trade integrates national economies that were once separated into a worldwide trading system that caters for complimentary wants (Ibid). This shows that free trade has been sought by nations as it provides a platform for isolated, small economies into the global trading platform which then spill over to improve political and social relations.

Free trade has been believed to bring about development to developing states as stated by Haufbauer (2008:15) that if done right free trade states can reduce poverty levels as they bargain on equal terms with large countries. In Sub Saharan Africa countries are at different developmental stages hence small nations like Malawi benefit from being part of the Common Market for Eastern and Southern Africa (COMESA) Free Trade Area rather than negotiating trade agreements on their own. Schott (1989:10) is of the notion that free trade areas are seen as a means to promote trade liberalisation since free trade negotiations are likely to involve countries that share similar or complementary objectives and maybe more likely to lower trade barriers. When trade barriers are reduced, countries produce different products which can complement each other through accessing other markets and benefiting from free trade agreements. Trade flows are reduced as countries work towards one objective of economic development as follows benefits of free trade push states to sideline national interest and advocate for interdependence.

Schott (1989:19) argues that free trade agreements can create new trading opportunities by reducing bilateral flows between partner countries. In this regard trade creations is experienced. Murinde (2001:5) defines trade creation as a welfare gain whereby the removal of tariffs makes it possible for member countries to replace high cost domestic production with lower cost production from another member. This implies that countries can concentrate their efforts on efficient production of their best product and consumers enjoy quality goods at affordable prices because of the efficiency brought about by specialisation.

Free trade is believed to bring about economic growth to member countries with respect to volume of trade. UKessays (2013:1) states that the doctrine of free trade which provides for unrestricted movement of commodities between places is the best way to advance mutual prosperity. The anticipated benefits of free trade have motivated nation states to enter into free trade arrangements with the hope to increase economic growth which in turn helps with economic development.

2.5 Impact of Free Trade on the Economy

Mastel (2004:24) strongly argues that free trade agreements are tools of foreign policy aimed at cementing economic ties and building broader relationships amongst nations. Some nations, economists and policy developers are against free trade highlighting its negative impact on economies while some strongly believe in free trade because of the sense of belonging and interdependence that comes with being part of the free trade agreements. UKessays (2013:2) contends that some economists strongly believe that free trade areas are economically inefficient and those in favor of it believe it creates freer trade. Sally (2004:14) propounds that historically countries that are more open to world trade economy grow faster than those that remain closed. The post 1945 gradual liberalisation of trade and capital flows in the Organisation for Economic Cooperation and Development (OECD) spurred West Europe reconstruction, rehabilitation and economic growth (Ibid). In this regard free trade opens up avenues for deeper economic integration consequently addressing social and political challenges.

Consumer's satisfaction is vital in determining economic growth as noted by Sally (2004:12) that individual choice is the engine for free trade and a progressive commercial society. Oxley (1990:194) strongly believes that the rationale of free trade is efficiency, opening up of markets means that goods are produced at a relatively low price and the benefits trickle down to consumers who enjoy a wide variety of goods at low prices saving funds that can be used for other purposes. Sally (2004:15) further expands that free trade contributes to peaceful international relations, freedom, prosperity and security. When consumers are confident and satisfied with products on the market there is likely to be stable political, economic and social environment as goods will be available in wide ranges as well as at affordable prices.

McConnell (2002:737) is of the notion that "free trade promotes competition and deters monopoly". Free trade opens up local markets to competition, imports will not be restricted

challenging local industries to produce the best products at prices within the reach of the majority. Competition compels local industries to be innovative with respect to both product quality and production methods thereby contributing to economic growth (Ibid). Sally (2004:12) expands on competition stating that the exposure of markets in the long run will improve transfer of technology and skills to world class standards of practice. This implies that local industries will embark on industrialisation to keep afloat with the competitive industries and at the same time contributing to economic development.

Free trade comes with free movement of labor and services helping to reduce unemployment especially in developing countries as they move from their less developed to more developed countries in search of job opportunities (UKessays 2016:1) As more people are employed, industries produce more to meet the high demands which in turn increases economic growth through remunerations sent home therefore standards of living are improved. The North American Free Trade Area (NAFTA) has been applauded for creating close to five million new United States of America jobs in seventeen states (Amadeo 2018:1) indicating that free trade agreements positively impact on economic development. The high demand of goods leads to opening up of more factories which employ more people reducing unemployment levels.

Nader et al. (1993:141) postulates that when nations engage in free trade they surrender their supreme power or authority over their affairs, in return for a promise of more jobs, more goods and higher standards of living. Free trade agreements have conditions that should be met to achieve objectives of the agreement and some might affect domestic trade policies which results in some states not keen on being part of free trade agreements. Some scholars like Skarten (2007:347) argue against free trade stating that most free trade is not balanced for both developing and developed countries, developed countries will increase their productivity leadership over the less developing countries widening income gaps. NAFTA has been criticized for affecting the United States of America jobs since labor is cheap in Mexico, most manufacturing industries from California, New York and Michigan moved to Mexico resulting in loss of American jobs causing debates and lack of confidence over NAFTA (Amadeo 2018:1). While free trade agreements reduce barriers to trade, the availability of cheap labor has a negative effect as companies abandon labor expensive areas and as such citizens lose jobs affecting economic development.

The inequality of benefits of free trade can be attributed to the narrow definition which overlooks

the changes in economies and environments (Nader et al. 1993:139). Free trade focuses more on movement of people, goods and services overlooking the autonomy of the sovereignty and culture of local communities (Ibid). The local peoples choices, culture, beliefs are undermined and diluted, local trade policies are burdened due to free movement of people such that some states argue against joining free trade areas to protect their sovereignty and to preserve their cultural statuses. Opponents of the European Union state that the “EU does not understand the power of nationalism” , individual nation’s power to make decisions regarding their affairs is undermined which has led to countries like Britain opting to leave the EU as a consequence of the shortcomings of the free trade agreements (Freidman 2016:1).

Fouda (2012:353) states that when barriers to trade are eliminated imports flood developing countries at the same time affecting local infant industries which struggle against competition leading to industrial failure, closure of firms and an increase in unemployment. Local industries fail to then keep pace with cheap imports leading to some countries to forgo free trade agreements to protect their local industries. UKessays (2013:2) asserts that despite free trade benefits it sometimes has a negative impact on domestic industries because the removal of tariffs makes it difficult for domestic firms to compete with cheaper imports of that good coming from partners of the free trade agreement. Some states are therefore not part of free trade areas to protect their local industries applying the theory of realism of putting national interests above bloc interests.

The elimination of tariffs through free trade agreements affects revenue collection by governments (Fouda 2012:353). Most developing countries revenue comes from tariffs and with free trade it becomes a loss of revenue. Trade expert Kapuya as quoted by (Tshwane 2018:2) affirms the loss of revenue by free trade agreements stating that countries like Malawi are deprived part of their fiscal base like as they rely heavily on tariff revenue such that part of its national budget depends on taxing imported products . The Southern Africa Development Community (SADC) Free Trade Area has failed to produce positive results that improve economic development due to this loss of revenue as most of their signatories rely on tariff revenues (Ibid). Import duty collections contribute to a country’s revenue and with the free trade agreements revenue is lost which has seen nations being part of regional blocs but do not partake in free trade agreements for the purpose of revenue collection.

Trading involves extraction of natural resources through mining and agriculture. The demand for

products affects the environment as there is poor agricultural practices as well as extreme extraction of minerals to meet the high demand of open markets. Fouda (2012:353) argues that environmentally, free trade can be harmful to the environment as less developing countries may use up their natural reserves of raw materials in specialisation of exports. This leads to unsustainable development which will cripple resources, industries, employment and increase poverty levels. The Mexican environment deteriorated in response to NAFTA's competitive pressure as the agribusiness sector resorted to using more fertilisers and other chemicals harmful to the environment to cope with the high demand of products (Amadeo 2018:1).

Some economists are against free trade agreements and view them as some form of colonialism and imperialism instead of contributing to development it results in exploitation of small developing countries resources while industrialised countries benefit because of their capital potential (UKessays 2013:3). Mexico lost 1, 3 million farm jobs as most rural farmers were put out of business by highly subsidised American farmers as they exported corn and grains at below cost (Amadeo 2018:1). Competition hit Mexico as the exports were at a cheaper price and the rural farmers could not compete leading to loss of jobs and abandonment of farms. It can be concluded that states are either for free trade or against free trade with much considerations on how the agreements will affect their economies as well as shape their relations with other states.

2.6 Free Trade in Practice

Collins (1992:26) is of the notion that economic regionalism and the formation of trading blocs is the result of fears that the level playing field pictured by economist does not exist, there is an imbalance in the trading system. The trading system is under threat due to protectionism by most powerful states therefore to survive in the protectionist world it is necessary to be member of some regional grouping. States enter into regional trade agreements as a way to deal with economic exclusion thus gaining from benefits of interdependence and to be protected against the changing unpredictable trade policies. The section below will focus on the North American Free Trade Area (NAFTA) as well as the Association of South East Asian Nations Free Trade Area (AFTA) to bring out the realities of free trade agreements from different continents.

2.6.1 North America Free Trade Agreement (NAFTA)

Hufbauer and Schott (1992:3) state that the North American Free Trade Area is a trilateral free

trade treaty between the United States of America, Canada and Mexico created in 1992 as a step towards gradual economic integration. The North American Free Trade Area aims to “strengthen the special bonds of friendship and cooperation among their nations and create an expanded secure market for the goods and services in their respective nations” (Udbye 2017:459) .This implies that NAFTA was created to encourage trade amongst the three countries as well as deepen economic and social relations .

The objective of NAFTA is to eliminate trade barriers, promote competition, increase investment, protect intellectual property rights and establish further cooperation (Ibid). The trilateral agreement was created to boost economic growth by removal of trading barriers .UKessays (2017:3) contends that NAFTA was created to boost economic growth by stimulating competition in domestic markets and promoting investment through national and international sources. In this case all the three countries stood to benefit from open access to markets through industrial competition as well creating a conducive environment for investors.

As noted above states commit to free trade agreements to gain access to bigger markets and this was the case with Mexico and Canada. Urata (2002:26) is of the view that countries like Canada and Mexico had to participate in NAFTA because by dismantling the trade barriers the countries would gain access to United States of American market at the same time provide export opportunities for their domestic companies . Ukessays (2017: 3) is of the notion that with the creation of NAFTA trade relations improved and tripled from 1993 to 2008 from \$297 billion to \$946 billion because NAFTA brought efficiency and productivity to North American firms who benefited from economies of scale as well as intra-industry specialisation.

In Mexico and Canada, NAFTA brought about reduction of prices for consumers along with efficiency in business relations leading to countries gaining from free trade agreements (Ibid). Due to open borders goods could move from USA, Canada, and Mexico without restrictions leading to more products on the market at low affordable prices. Hafbauer and Schott (1992:11) argue that “for the United States of America NAFTA has a strong and abiding interest in promoting economic growth, political stability and progress towards democracy in Mexico” which is a strategy to reducing risk of instability on its southern borders. Stability is important for industries, resources as well as investors thus America had to improve relations with Mexico to stabilise the environment.

Although NAFTA brought about benefits to the countries, Udbye (2017:460) argues that Mexico experienced macro financial crisis in 1995 despite trade relations improving, Mexico suffered aggressive competition from China in consumer goods produced with inexpensive labor rendering some NAFTA benefits to be controversial. As nations enter into free trade agreements they are affected by global economic changes indicating that that they are not immune to competition which might worsen the economic challenges.

NAFTA has been under a lot of criticism due to its effects on employment, agriculture as well as industries to the extent of reforming the agreement. As stated above free trade agreements depend on what leadership views as their national interests. The Obama Administration criticised and attacked the NAFTA agreement in its campaigns blaming it for the growing unemployment in the USA as well as not protecting exploitation of workers and the environment along the border of Mexico (Amadeo 2018:1). This was also echoed by the Trump administration who then renegotiated and reformed NAFTA to the U.S-Mexico-Canada Agreement (USMCA) (Whiton 2018:1). Free trade agreements become foreign policy tools to safeguard national interest by different leaders and as such the benefits of free trade vary according to the development status of the nations.

2.6.2 Association of South East Asian Nations Free Trade Area (AFTA)

Yue (1998:213) posits that ASEAN Free Trade Area (AFTA) was formed in 1992 after being motivated by economic, political, domestic and external factors that were hindering economic integration and economic growth. Fukase and Martin (2001:2) put forward that after decades of war and isolation, poverty was a critical problem of ASEAN members which needed a trade policy to address the challenges. Policy makers in ASEAN countries recognised the need to take advantage of the opportunities created by free trade to lift them out of poverty emphasising the need to open up their economies to the world. Ashok (2018:1) notes that ASEAN Free Trade Area intends to increase the regions value as a production base for the world market. The integration of countries into a single market has the advantage of a stronger and larger market which can eventually emerge as an economic power in the world.

Fukase and Martin (2001:3) states that the AFTA increased potential for the development of ASEAN economies as membership in the free trade agreement meant raising efficiency of firms

by exposing them to greater competition. Robbles (2004:95) highlights that in 1993 ASEAN intra-regional trade amounted to 19,3 % of ASEANS total trade, rose to 22, 6% by 2005 by tariff reduction which led to a 3,3% increase in intra trade indicating that the free trade area brought about progress in economic growth .The Japan External Trade Organisation (JETRO: 2001) revealed that the free trade area of ASEAN has enhanced its attractiveness and 98,5% of Japanese firms plan to increase their investments in ASEAN pointing out that free trade opens other trade opportunities and markets which are beneficial for the developing countries.

2.7 Conclusion

There have been different opinions with regards to free trade agreements as highlighted above. Free trade has brought about both positive and negative effects in global economics. Nations have sought to be part of free trade agreements due to benefits of interdependence as well as penetrating other markets to supplement domestic production .Free trade agreements have received much attention as they bring about a common front in negotiating trade terms especially for the less developed countries as they negotiate as a trade bloc rather than as individuals .On the other hand some nations dismiss free trade agreements citing their exploitative nature politically, economically as well as affecting their environment as discussed above. Nations are guided by the theory of complex interdependence and realism depending on how they view the effects of joining these free trade agreements. It can be concluded that free trade agreements bring out economic development but not at equal levels as highlighted with the NAFTA challenges that there are some gains and losses as nations remove barriers to trade and open their markets.

CHAPTER THREE

A HISTORIOGRAPHICAL OVERVIEW OF ECONOMIC INTEGRATION EFFORTS IN POST-INDEPENDENT AFRICA

3.1 Introduction

This chapter will focus on economic integration post-independence efforts of the African states with the assistance of the African Union. Prior to independence Africa's objective was to decolonise and economic development was not a priority. After colonisation African states were both economically deprived as well as socially constrained. The African Union with the assistance of New Partnership for Africa's Development (NEPAD) began a process of fostering deep economic integration which will be discussed in the chapter as well as highlighting some benefits and challenges of economic integration using the regional economic communities.

3.2 The Call for Regional Economic Integration in Africa

UNECA (1963:395) stipulates that after independence African countries were presented with the task of achieving economic development in the face of extreme problems arising from a shortage of trained and skilled human resources, lack of managerial entrepreneurship, scarce capital resources and inadequate infrastructure. African countries after long periods of colonial rule were economically underdeveloped and they found it necessary to work together and form technical linkages in the immediate post-independence period (Jiboku 2015:29). Colonisation brought about the exploitation of resources, infrastructure and human rights which Africa sought to emancipate itself from leading to the fight for independence. The formation of the Organisation of African Unity in 1963 by independent African states was a step towards African unity and integration by decolonisation and attainment of independence for the whole of Africa (Ismail 2016:2). Therefore, after independence nation states sought efforts to decolonise themselves economically to develop and sustain Africa without the colonisers influence creating a self-reliant Africa.

Europeans brought about technology in Africa that benefited their businesses as such technology was concentrated where their interests were. Settles (1996:2) is of the notion that Europeans gave more support and concentration on the development of certain commodities, a cash crop agriculture system and built a trade network that was linking the economic output of a region to the demands

of the colonial state. The movement of Africa's raw materials and commodities to the colonisers meant that Europeans built and operated railways to connect the African countries to coastal markets for the purpose of making Africa a source of raw materials (Ibid). In this way there was little, specific development in Africa that benefited the colonisers as such after independence countries sought to address economic development programs that would address the effects of colonialism on their economies. Infrastructure was developed to connect major cities to the coast for exportation to the colonisers. The Kenya-Uganda rail road built from 1896 to 1901 was meant to connect Uganda to the coast and Kenya was a cheaper route which led to Kenya benefiting from the railway system (Jedwarb, Kerdy and Moradi 2017:5). Therefore, infrastructural systems were built for economic reasons by the colonisers and they would use the least possible economic option which meant unproductive areas were not included in infrastructural development.

The African situation of extreme poverty amidst vast natural resources is rooted in past colonialism, absence of technology and lack of capital to develop (Onwuka and Sesay 1985:62). It is further noted that most African countries are attached to the economic and strategic interest of the developed countries as well as their colonisers. Efforts of economic independence from the colonial masters led African states to adopt several treaties to strengthen economic integration for the continent. Witsche (2018:2) agrees that colonialism created a situation whereby African neighbours stopped trading with each other and the main trading route was between African countries and the United States of America as well as Europe. Therefore, African countries lacked development as colonisers had created boundaries that made intra-African trade very difficult as a result development of the continent was not feasible due to the above problems.

Most African states are small in terms of population and per capita incomes, as a consequence of its limited markets Africa does not attract potential investors (Uzodike 2009:26). Lack of attractive markets caused by the lack of diversified production methods and exports increased Africa's vulnerability and isolation and these conditions indicated a need for African states to pool their resources and work towards intensifying economic integration. These challenges motivated African states to create synergies amongst each other after realising that individually economic development might be extremely difficult due to their small fragile states.

3.3 An Analysis of Economic Integration Efforts by the Africa Union

Independence from the colonisers meant that Africa was free from exploitation of its resources and manpower. The freedom to make decisions concerning Africa by Africans meant that Africa could embark on restructuring and reconstruction of its economies. Geda and Kribert (2002:2) postulate that regional integration initiatives in Africa date back to the establishment of the Southern African Customs Union (SACU) in 1910 and the East African Community in 1919 and since then a number of regional economic communities have been formed. However the initiatives during that time lacked adequate support and appreciation of economic development as at that time gaining independence was the most important objective. Ismail (2016:5) indicates that only in the 1980s was when the vision of regional integration given substantive meaning and direction through establishment of the Lagos Plan of Action (LPA) which meant to raise awareness to African states on the need to economically integrate to address economic challenges in Africa.

Africa failed to industrialise efficiently and there was need to facilitate trade amongst Africa leading to the Lagos Plan of Action in 1980 as well as Africa's Priority Programme for Economic Recovery of 1985 which meant to create a consensus on the need to embark on regional integration (Uzodike 2009:27). The declarations emphasised the need for economic cooperation for Africa to facilitate industrialisation through sharing of skills, expertise as well as reducing the vulnerabilities of world trade price fluctuations as a continent than as individual states. Most African countries had gained independence and that is when economic development negotiations and dialogues started to be given attention. Bello and Gass (2018:3) postulate that the 1991 Abuja Treaty proposed the creation of Regional Economic Communities (RECs) and strengthening existing ones, with the hope to improve regional economic integration and advance certain peace and economic initiatives. It can be noted that regional economic communities were viewed as a stepping stone towards continental economic development that would address socioeconomic ills in Africa.

The World Bank (2004:51) supports regional integration stating that regional integration is critical in opening up nations to larger markets, economies of scale are enjoyed by the manufacturing sectors, promotes competition as well as attracting foreign direct investment. The United Nations Conference on Trade and Development (2013:98) contends that since gaining independence most African countries have embraced regionalism as a supporting structure to address obstacles to intra-

African trade and to improve the competitiveness of their small, isolated and fragmented economies. The Abuja Treaty divided the continent into five regions namely South, North, East, West and Central Africa rendering Africa to have more regional groupings than any other continent namely the Arab Maghreb Union (AMU), The Community of Sahel-Saharan States (CEN-SAD), Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), The Economic Community of Central African States (ECCAS), the Economic Community for West African States (ECOWAS), Intergovernmental Authority on Development (IGAD) and Southern African Development Community (SADC) (UNECA 2017:4). These efforts of dividing the continent were meant to foster development according to regions as a starting point as the continent is very big as such small regional groupings would advance continental development. The RECS became an important tool for Africa's development strategies aimed at increasing productivity, securing larger market and improving intra-African trade.

Jordaan (2014:520) further notes that regional integration is perceived as a basis to address barriers to intra African trade, once the barriers are removed, larger regional markets can sustain production systems through economies of scale to improve overall competitiveness and higher economic growth. Balkanisation by the colonisers affected intra-African trade as a result for Africa to develop economically the African Union sought regionalism as a pathway to foster intra-African trade which might lead to economic development of the continent in the long run. Trade barriers had to be addressed to breakdown the difficulties of movement of goods and services within neighbours in Africa. Mkwezalamba and Chinyama (2007:13) agree that regional integration has made progress in some areas which include free movement of people in some regional economic communities, adoption of common currencies in some regions, establishment of free trade areas and customs union in some regions improving regional integration efforts.

3.4 Justification for Regional Integration in Africa

Adetula (2004:33) postulates that regional integration signifies interdependence among nation states and in establishing regional integration sovereign states within a geographical space enter into formal agreement to work together in order to actualise political and socio-economic benefits. Interdependence was seen as a rescuer from economic decline as globalisation effects started to affect Africa. African nations coming out of war which had caused destruction of infrastructure and resources could not individually recover from the losses of war as well as the systems and

policies put across by the colonisers had limited their markets and there was need for economic integration to uplift the economies from collapsing. Jordaan (2014:517) states that the reason why states enter into regional integration agreements is because regional integration expands regional markets, attracts more suppliers and specialisation opportunities arise. African states have vast mineral resources that could increase its revenues and regional integration was a way to improve specialisation, interdependence and improve intra African trade. Specialisation is achieved as the states concentrate on the best production of the resources they possess most leading to efficiency and improved revenue for the nation.

Wapmuk (2009:659) argues that regional integration in Africa was seen as “building blocks” to continental integration, it had to start from regions working towards the continental integration efforts. The borders that were put across by the colonisers hampered trade amongst Africa coupled with the limited infrastructure to move the goods and services between neighbours meant that trade was extremely difficult. Trade was limited to the colonisers stated by Ngepah and Udeagha (2018:1177) who postulate that due to Africa’s relatively low share in global trade, regional trade agreements became vehicles for the promotion of trade, regional economies of scale and market access for sustained growth and development. The fragmented African states had to integrate to access larger markets as they were only exposed to markets of their colonisers leading to slow economic growth and lack of economic development. Regional integration was seen as a way to secure better markets in groups rather than individuals protecting themselves from unfair trade systems from developed countries and better leverage in international trading.

Geda and Kribet (2002:5) argue that the liberalisation initiatives undertaken for almost all countries in Africa (mainly sponsored by Bretton Woods’s institutions) created a favourable environment for African states to pursue outward seeking policies that exposed them to economic cooperation. This meant that opportunities of expanding African markets were availed and the support was given to regionalism. Mkwezalamba and Chinyama (2007:3) connote that the change from Organisation of African Unity to African Union with emphasis on continental integration and the adoption of the New Partnership for African Development (NEPAD) as a socio economic program of the African Union represents a historic commitment by African leaders to accelerate integration and development in the continent. The change to the African Union became a stepping stone to

embracing interdependence for the continent to jointly address their economic disparities, challenges and jointly work together to develop Africa.

Jordaan (2014:517) is of the notion that regional integration is justified due to its benefits that result in technological spillovers resulting in massive production levels and lower production costs which attracts additional investment. Africa needed to integrate to gain from interdependence and improved production as jointly working together meant that the better developed nations of South Africa, Nigeria, and Egypt would share their expertise on how to increase production at the same time enjoying economies of scale. Technical staff would also be available from fellow Africans who through the free movement of goods and services would impart their expertise to the less developing countries as the environment would be favorable. The desirability in reducing trade costs, lessening of border formalities and simplifying tax revenues are generally seen as the process of selecting partners in regionalism hence tendency to form trade blocks between neighboring countries to ease trade and development agreements (Ibid). One can note that the division of the African continent mapped a way for countries in the same proximity to work together to improve their regions.

3.5 Challenges of Regional Integration

Despite efforts towards integration with regionalism at the forefront, regional integration in Africa has faced some challenges in attaining its objectives of deep economic integration. As noted above Africa was divided into five regions. However, Ismail (2016:6) notes that by early 2000s eight significant RECs were advancing the process of regional integration within five regions leading to overlapping membership by African states who had joined many RECs.

3.5.1 Lack of Financial Support to RECs

Geda and Kribet (2002:13) concur that integration in Africa faces human and financial challenges associated with membership. African countries fail to pay up subscriptions and there is limited financial support for the RECs as such implementation becomes difficult. There are financial costs associated with regional economic communities to operate efficiently and achieve its objectives. Regionalism is lacking behind in Africa as states fail to provide financial assistance to the RECs due to lack of funds and commitments to RECs considering that Africa has some of the poorest economies in the world.

3.5.2 Limited Specialisation in Africa

As noted above the aim of regional integration is to allow specialisation and gain from economies of scale. However in Africa, Sall (2003:23) notes that there has not been much progress on product specialisation. Africa still produces the same products rendering it difficult for intra -African trade as they will be no markets for the same products. Bello and Gass (2018:2) contend that these regional economic communities have struggled to yield the results necessary to spur substantial economic growth and harmonise the continents disparate markets hence there is still poor economic growth. Malawi, Zambia , Zimbabwe , Swaziland are all cotton growers and all affected by the same pests, decreasing cotton prices which has led to some farmers abandoning the crop (Tsiko :2017:4) . Therefore, their proximity indicates that if there is limited speciation such that if the prices fluctuates the regions is affected .One can conclude that specialisation lacks in regionalism as there is little innovation and poor incentives for exports , economies of scale are not achieved leading to high trading costs within Africa which affects economic development.

3.5.3 Lack of Political Commitment

Economic integration requires commitment from both leaders of the country down to its citizens for the benefits to materialise. Adetula (2004:33) is of the notion that regional integration requires independent states to surrender their national sovereignty, make political commitments, sacrifices and forgo certain benefits in the interest of their regional grouping. The performance of RECs has shown that most African countries are reluctant to cede their control of economic policies to the RECS as such commitment is very poor as nations join RECs but do not adhere to the rules and regulations for the attainment of the objectives. Lyakurwa et al (1997:176) contends that the lack of progress within regional economic communities is fueled by the unwillingness of governments to surrender sovereignty of macroeconomic policy making to a regional authority. African states have joined many RECs but in terms of commitments it is very poor leading to the regional economic communities to be talk shows with no concrete results. Geda and Kribert (2002:13) propound that the Secretariats that are formed the Economic Community of West Africa States (ECOWAS) and the Southern African Development Community (SADC) do not have strong legal institutions to follow up on countries to fulfill the RECs obligations. Jiboku (2015:31) argues that the contradictions in the integration efforts were the principle of the Organisation of African Unity Charter Article 11(1) which endorsed the territorial integrity of African states and the principle of

noninterference in the domestic affairs of member states. The noninterference principle focused on political issues while the territorial integrity was on the economic realm which constrained the efforts of the OAU in achieving its objective of integration as African leaders exploited these principles to misgovern the states (Ibid), leading to lack of popular interests and support for the continents integration agenda.

3.5.4 Overlapping Membership of States in RECs

The eight RECS in five regions with more than fifty countries meant that states could join as many RECs as they wanted. Memberships in RECs is not limited thus countries have joined many RECs depending on their interests. Overall unity is difficult to achieve when a country is part of multiple RECs as harmonisation and coordination becomes challenging resulting in poor loyalty to economic integration initiatives (Uzodike 2009:35). RECs objectives and programs are different as a result overlapping membership increase the gap of poor commitment as there are conflicting objectives leading to contradictions in fulfilling RECs objectives. Jordaan (2014:517) further contends that conflicting aspects such as programs with third parties, different regulations governing imports and different technical standards all contribute to complicating the regional trade agreements due to overlapping memberships. Burundi, the Democratic Republic of Congo belong to more than four RECs despite their joining of RECs these countries remain extremely poor as there is duplication of efforts due to complications and contradictions of the various RECs (Mengistu 2015:3).

Melo and Tsikata (2014:5) argue that overlapping membership complicates the task of coordination of policies and slows down attempts to deep economic integration for example Zambia is a member of the COMESA Customs Union which requires applying Common External Tariffs (CET) with nonmembers and also a member of SADC Free Trade Area putting the country on a conflicting position .Uncertainty on rules of origin and tariffs has led to some countries withdrawing from other RECs citing duplication of duties as well as conflict of interests amongst the RECS , indicated by Angola which withdrew its membership from COMESA in 2007 citing duplication with its members from SADC (Taole 2014:10). Jordaan (2014:521) notes that overlapping memberships adds costs to regional integration efforts as a country needs to use additional resources and capacities to participate in the various RECs creating a complex entanglement of political

commitments and institutional requirements as well as creating inconsistencies and lack of cooperation among its members.

3.5.5 A Skewed Nature of Costs and Benefits of Integration

Trade agreements can yield results that can improve economic development. Uzodike (2009:35) points out that in every regional economic group there are dominant economies that benefit more than weaker countries. These hegemonies tend to exercise control over the regional economic group and at times overrides rules and regulations because of its economic power. Weaker countries become suspicious of the hegemony intentions and become reluctant to commit in the REC (Ibid). This unbalanced nature of affairs is seen especially with Nigeria (ECOWAS) and South Africa (SADC) as they dominate regional groupings because of their powerful economies. This constrains regional integration efforts as small, weak states feel alienated and dominated by these hegemonies which end up controlling the affairs of RECs. In this manner RECs benefit the dominant countries which results in poor commitment by the weaker states due to the skewed costs and benefits of RECs.

3.5.6 Political Instability

Ndegwa (1986:107) argues that colonial boundaries that cut across traditional ethnic or precolonial state divisions have caused border conflicts and have affected development and cooperation from RECs. Monrie (2018:2) indicates that the Arab Maghreb Union (AMU) has had little success in economic integration as a result of political deadlock and chronic disagreement over its union structure. Conflicts cause instability socially and economically which makes it difficult for states to trade with states in conflict as the movement of goods and services can be affected by the unstable environment. Uzodike (2009:36) is of the opinion that the unending conflicts have affected regional integration efforts as focus is shifted from economic programs to peace and security programs.

The instability and conflicts in Burundi, the Democratic Republic of Congo and Central African Republic has retarded performance of the Economic Community of Central Africa States (ECCAS) despite the adoption of several protocols (Ibid). SADC has put more effort in trying to contain the Democratic Republic of Congo conflict through numerous political and diplomatic efforts peacekeeping, mediations to try and contain the war but it's still raging on affecting the regional group economic activities as funds are spent on peacekeeping missions (Mutisi 2016:6). (Ibid)

further contends that conflict in the SADC regions has provided a setback to regional integration as the Democratic Republic of Congo is bordered by nine countries which have been exposed to numerous risks and conflict spillovers as a result there is continuance of armed violence which is a setback to economic development. Somalia has experienced intense political instability that rage from cross border crime, terrorism, maritime security, as well as electoral violence which has led to human displacement and influx of refugees (Meyer 2015:4). These conflicts reduce investment opportunities as investors fear loss of their properties and investments. Despite having a wealth of resources these countries remain poor because of the conflicts affecting economic integration.

3.5.7 Production of Primary Goods

Onomide and Synge (1995:39) lament that the interest of the European powers in Africa was to disrupt existing lines of intra-African trade, and channel all effort into the production of primary crops required for export, and encourage importation of European goods even if it means destroying local manufacturers, crafts and industries. Trade among African states is still influenced by historical and colonial ties as explained by Jordaan (2014:521) that more than 80% of African exports are still destined to non-African countries despite geographical proximity leading to poor commitment to regional economic integration. The impact of colonialism is still affecting African states as the trading patterns are more aligned to the colonisers and in this manner development of regional trade is limited. South Africa has a trade agreement with the European Union which it places more emphasis than African regional economic groups influenced by the historical ties it has with Europe (Lee 2002:81).

Jordaan (2014: 516) concurs that there is a narrow range of primary products and lack of product diversification. Few complementary products exist to enhance trade between African countries as a result more exports to non-African states which jeopardises the objectives and benefits of regional integration. Hartzenberg (2011:5) is of the notion that inadequate production, poor diversification and low levels of competition has hampered African regionalism thus the benefits of regional integration are difficult to attain leading to lack of economic development in Africa as there is more production of primary products than finished goods. Over 80 % of export products from Zimbabwe are unfinished products such as cotton, tobacco and various minerals (Mhlanga 2018: 3) which is a worrying statistic that shows that Zimbabwe is empowering other nations who process the raw

materials into finished goods and export back to Africa at a higher price contributing to stagnant economic development.

3. 6 Performance of Regional Economic Communities (RECs)

Despite the constraints that hamper regional integration, there have been some noteworthy developments from various RECs across the continent. The performance by RECs has been challenged particularly by lack of political commitment which then affects attainment of RECs objectives. However RECs like COMESA have made significant strides in trying to integrate the economies by improve productivity as well as economic growth and development. COMESA has recorded some successes as a regional economic community and some of them is the Yellow Card Insurance Scheme which facilitates ease of movement across countries with common vehicle insurance as well as the Chirundu One Stop Border Post (Cheluget and Wright 2018:489). The Yellow Card scheme as noted by the COMESA (2013:5) is an effective trade facilitation tool that members should utilise as it provides minimum compensation to would be road traffic accidents. These achievements have promoted regional trade as there is significant progress in eliminating tariff and non-tariff barriers through simplification of the rules of origin, adoption of single customs document as well as the Yellow Card Scheme (Ndomo 2009:30).

The Economic Community of West Africa States (ECOWAS) has made some remarkable performance mostly in the political and security area where it has successfully provided peacekeeping in Liberia and Sierra Leon (Uzodike 2009:34). Containment of peace is vital for economic integration as there is security of the local industries, human resources as well as foreign investors. In terms of economic integration ECOWAS has also made significant progress in the adoption of the abolition of the entry visa encouraging free movement of persons within the community as well as the creation of the ECOWAS bank Ecobank to give assistance to the region (Ibid). Despite the constraints of RECs, ECOWAS has made efforts in infrastructural development as it has various financial institutions that provide financial assistance for progressive development.

Some RECs have been performing dismally in economic integration of the regions. This is due to instability of the region's leading to less focus on economic development. The border disputes between Eritrea and Ethiopia, crisis in Somalia and Sudan has brought economic development to a standstill in the Intergovernmental Authority on Development (IGAD) region as much efforts is directed on peace and security issues. Mondo (2009:24) argues that the Arab Maghreb Union

(AMU) has been affected by instability regarding the Western Sahara dispute limiting efforts towards economic development. Regional integration agreements have not recorded satisfactory results in terms of economic progress thus Jordaan (2004:32) comprehends that the economic policies implemented by African leaders, lack of financial resources, skilled manpower and infrastructure, political instability and insecurity resulting from intra and interstate conflicts, economic disparities and levels of development of African states affect the realisation of regional economic integration efforts of the continents.

3.7 Conclusion

Regional integration has been viewed as the backbone of economic development as such states have embarked on creations of regional economic communities. The benefits of regional integration range from a secure and larger market, competitiveness, and economies of scale as well as an increase in standards of living for the people. However, as discussed above the benefits of regional integration have been achieved although at a slow rate and some not at all. Lack of political will has been the biggest challenges as nations states join the RECs but do not adhere to the principles and objectives resulting in RECs losing their credibility. Other constraints discussed include overlapping membership, conflicts and disputes within the continent all contributing to the failure of RECs performance in attaining regional integration.

CHAPTER FOUR

THE BENEFITS AND CHALLENGES OF AFCFTA TO THE ECONOMIC DEVELOPMENT OF AFRICA

4.1 Introduction

This chapter presents data collected in the field through in-depth interviews from different participants of trade and development. Documentary analysis was also used in to supplement the in-depth interviews for more content on the subject of the African Continental Free Trade Area (AfCFTA). The major aim of conducting this research was to analyse different perspectives about AfCFTA with respect to its prospective benefits and challenges to economic development. Data was collected from various stakeholders ranging from the academia, representatives from trade ministries, policy analysts and the private sector who had the knowledge on free trade agreements, economic development of Africa with some of them having been involved in stakeholder meetings and negotiations of the AFCFTA. The researcher conducted eight interviews with pseudonyms being used to protect the research participants and named them participant 1, 2, 3, 4, 5, 6, 7 and 8. Thematic analysis was used to capture narrations that kept recurring from various in-depth interviews. Documents were analysed using content analysis on different views about AfCFTA as a way to complement in-depth interviews and bring out more details and knowledge about AfCFTA.

4.2 The Purposes of the African Continental Free Trade Area

The theory of complex interdependence and its benefits to economic development has led to African states seeking integration in various ways. Nations have been seen participating in various trade agreements with the World Trade Organization setting pace for the benefits of economic integration. Regional economic communities have been attempting to address deeper economic integration in different communities with limited successes which has led to the move by African states to embark on the continental free trade area. Various participants brought out the purposes of the AfCFTA ranging from fostering deeper economic integration, improving intra -Africa trade as well as creating a single market for goods and services.

4.2.1 Fostering Deeper Economic Integration

In understanding the purpose of AfCFTA, the researcher found out that the trade agreement has roots and values of Pan Africanism of strengthening and uniting Africa through economic integration. Africa has been working on ways to transform its economies since the 1980s through the Lagos Plan of Action of 1980 (UNECA 2011:6) which sought to foster trade amongst African countries to impact on economic development of the continent. Nations states sought to improve their economies through bilateral and multilateral trade agreements with the hope to benefit from trading amongst each other. Participant 1, pointed out that, “There has been a trend worldwide to integrate economies and Africa is looking to leverage on economies of scale, address common issues of trade thus the birth of the African Continental Free Trade Area.” This implies that globalisation has stirred consciousness among African states to follow suit on developed continental trends of opening up their markets as they have achieved economic integration through free trade. The trends can be seen worldwide through the European Union and Association of South East Asian Nations who have had positive developmental milestones through opening up of their markets.

Economic integration in Africa has been lagging behind due to differences in trade policies that have led to African states failing to trade amongst each other. The trade barriers have made it more difficult and cumbersome to trade and move goods from one place to another within the African borders (Participant 2). The call for the AfCFTA has been seen as a way to take a leaf from the developed nations who have managed to integrate their economies as well as improve the economic status of their countries. Participants 1 pointed out that the opening up of borders, elimination of visas and tight border controls will ease the movement of exports, imports and deepen trade relations. Furthermore, the free movement of goods and services will eventually develop the African continent through increased revenue as trading becomes efficient and countries will be equipped to address socio-economic problems that Africa faces.

4.2.2 Boosting Intra –African Trade

Trade amongst African countries has been very low due to trade barriers that African states have enacted amongst themselves. Various participants pointed out that it is extremely difficult for

African countries to trade together as there are trade hindrances ranging from high tariffs, strict quotas as well as inefficient border systems. Participant 2 posited that “the AfCFTA is a follow up of the Abuja Treaty of 1991 which seeks to integrate African economies by breaking barriers to trade and encouraging intra-African trade”. The AfCFTA is set to liberalise services and aims to tackle non-tariff barriers which affect trade between African states. Ladu (2018:1) argues that the AfCFTA seeks to “expand intra –African trade through better harmonisation and coordination of trade across Regional Economic Communities”. There is an indication that currently intra-African trade is very low as there are no uniform standards of dealing with exports and imports which have discouraged trading within Africans as the processes are different and inefficient. AfCFTA seeks to standardise trade for Africa which in turn will encourage intra- African trade as the systems will be uniform and well organised. Africa will eliminate trade tariffs by 90% as noted by (Signe 2018:2), which indicates that intra-African trade will improve as the trade barriers are eliminated. The removal of 90 % tariffs will foster competition to African industries as they will be exposed to all the signatories’ economic performances. Therefore, competition will expand economic diversification of the continent which will lead to economic development.

4.2.3 Free Movement of Goods, Services and a Single Market for Goods

Participant 4 alluded to the fact that colonisation left a boulder that affects intra-Africa trade through enacting borders. The borders have been a hindrance to free movement of goods, people and services as they require various complex and tedious documentation which at the end demoralise trade amongst Africans. Participant 3 remarked on the issue of borders stating that:

Major economies like the European Union developed through free movement of goods and services through the Schengen Zone, and one reason why Africa did not develop as fast as possible is the thick border controls that makes it difficult for movement of people and services.

The African Continental Free Trade Area aims to create a single continental market for goods and services as well as free movement of capital and travel undertaken for work or business purposes (Wigne 2018:2). In this vein, AfCFTA is all about opening up of borders to ease free flow of transactions that had previously been hindered by tariffs and barriers. Participant 1 further highlighted the purpose of AfCFTA stating that, “Africa is trying to negotiate as a bloc and less as

individual states because the integration of economies and globalisation makes a common trend for neighbors to negotiate and work together than work as individuals”. Africa has been negotiating as individual states with the West and East countries and have always been sidelined due to small economies which gave the West an upper hand in trade agreements leading to exploitation. It is evident that the borders created by the colonisers were meant to tighten and deter free movement of services within Africa to such an extent of promoting trade with the colonisers who exploit African resources. Luke (2018:2) highlighted the importance of coming together as Africa towards economic integration indicating that the past days are over when larger economies would pick African states individually for trade and now with AfCFTA the economically developed states would have to deal with the whole continent or not at all. Participant 2 alluded to the fact that previous agreements on trade amongst African countries were with the outside world like the European Union-African Caribbean Pacific States which led to the Abuja treaty of 1991 igniting the idea to integrate economically as Africa.

Agyemang and Panford (2006:23) are of the view that global trade is unequal which is benefitting Europe and the United States of America and for Africa to develop it begins with improving intra-African trade. From the above it is evident that economic integration has been evolving from the Lagos Plan of Action to setting up of RECs up till the big AfCFTA. The ultimate goal of the African Union is to attain full political and economic integration leading to a United States of Africa (UNCTAD 2016:1). It is clear from the interactions with various stakeholders that the AfCFTA is a way to emancipate Africa from dependency from the West by trading as a bloc.

4.3 Current Status of African Economies

The economy of Africa consists of trade, industry, agriculture, and human resources of the continent. Participants pointed out that Africa is one of the richest continents in the world, but amongst the poorest in the world. This irony is brought about by the different challenges that the continent faces despite having natural resources that should contribute to economic development. Themes were singled out during interviews and they will be analysed in their categories.

4.3.1. Colonial Structures Affecting the Status of African Development

Participant 1, stated that African economic development is in regression, and further pointed out that Africa has been faced with a system of separate development in that some sectors develop while other sectors do not develop. Participant 1 blamed colonisation for the status of African

development stating that “the systems that the colonisers put for Africa were to disfranchise the continent from participating wholly and fairly in world trade matters. It implies that the scramble for Africa left a legacy of dependency to the West and African states still struggling to develop economically.

Most African countries post - independence have not made any efforts or changes to the structures which were left by the colonisers to delink from the structures of colonisation and put in place structures that suit African countries. There is still unbalanced development whereby there is more concentration of urban areas development neglecting the rural areas. The colonisers put across a system that benefitted the urban areas and neglected the rural folk. Most rural areas in Africa are currently in serious underdevelopment faced with high poverty levels, lack of proper water and sanitation as noted in Mali where 90 % of Malians live in acute poverty in the rural areas with lack of access to schools and health care (Brottem 2018:1). The urban areas are over populated with rural to urban migration causing a burden to social amenities which the independent African states have failed to integrate in their post-colonial efforts of developing their nations.

4.3.2. Lack of Modern Production Methods

The continent lags behind due to lack of industrialisation, adequate infrastructure and lack of technological expertise to foster complete production systems. Africa due to lack of technical expertise and financial injections is failing to modernise its industries. Most participants echoed the fact that most African industries have not been modernised from what the colonisers left. Participant 3 noted that the industries that were built by colonisers have not been improved or modernised to keep pace with the global new systems of production that are efficient. This goes back to failing to meet demands as the population is growing in Africa but the current industries do not have the capacity and expertise to meet the demands. Participant 8 pointed out that in Zimbabwe industries are collapsing because what was left in the Ian Smith regime has not been improved to meet world class standards leading to failure to produce finished products.

Africa exports many products in raw form creating jobs for the developed countries in adding value to the raw materials into finished products. Reliance on primary products shapes Africa to be dependent on developed states who will complete manufacturing and export back to Africa at an extra cost. Zimbabwe has various mineral deposits like diamonds, gold, platinum but exports them

in raw form as they do not have processing plants to Europe for further processing losing revenue meant for economic development.

4.3.3 Political Economy

The political economy of most African states hinder economic development as the systems entrenched in them hinder open access to economic development. Politics are at play in determining economic policies such that African governments engage the current political status in economic policies. Participant 6 elaborated on political economy stating that “African economic policies are politically motivated for example Uganda’s Buy Uganda, Build Uganda mantra was meant to promote local industries but affected regional trade as the policy did not fit well with regional integration initiatives”.

Internal policies contribute to the regression economy as they are politically motivated and not economically sustainable. Political status has been used in Africa by leaders as a way to protect and preserve the status quo. Participant 4 pointed out that by 1980 most Africans were uneducated and they were the bulk of government employees recruited under partisan lines. Participant 3 elaborated that the government’s economic development employees would adopt a policy, along the way dump it, take up the next policy, dump it and this cycle created welfare problems due to inconsistencies of politically, motivated economic policies which protects interest of the minority leaving the majority to endure poverty. Welfare is a facet of economic development which Africa is failing to address due to inconsistent political and economic policies.

Participant 3 pointed out that after independence most African states adopted western approaches to development that demanded privatisation, deregulation and less state intervention. The structural adjustments led to high unemployment rates, raised costs of living as there was limited government intervention thus leading to the collapse of most Africa economies. The effects of the structural adjustment by the West are still being felt as this led to serious debt challenges which most African countries are still trying to repay the loans affecting the development of their economies as funds are channeled towards debt repayment.

The political environment of most African states does not reflect the rights of its citizens. Africa is faced with human rights violations leading to an atmosphere of unrest, fear and intimidation. UNECA (1991:2) stipulates that in Africa citizens are excluded from policy making thus they fail

to devote their energies to development and productivity. Participants echoed that there is limited respect for basic human rights in Africa, Africans lack democratic participation and development becomes slow as there is no grassroots participation. Muroyi (2018:3) echoes that most of the African leaders have claimed monopoly over its citizen's that they liberated to become dictators for instance Mabuto Seseseko, Robert Mugabe, Yoweri Museveni and Idi Amini to mention just a few were dictators focused on enriching themselves at the expense to the masses. These dictators paved way for a government that does not listen to the voices of the people only concerned about syphoning resources to their benefit. Social unrest due to the political environment has led to civil strife in countries like South Sudan, The Democratic Republic of Congo, and Sierra Leon which hampers development of economies. Citizens are in constant fear for their lives hence production time is spent moving from one area to the other for safety and economic development is affected under these circumstances.

4.3.4 Poor Agricultural Practices

Another factor that was highlighted by participants was the challenge of Africa's poor agricultural practices. It is noted that agricultural productivity remains very low in Africa despite the sector contributing more than 32 % of the gross domestic product of the African continent (Veras 2017:3). This is because agriculture faces poor farming techniques as well as lack of access to markets and finances. Participant 8, pointed out that Africa is reliant on primary products that is the agricultural practices are more of subsistence farming and less on broad aspect of exportation.

The United Nations Economic Commission for Africa (1991:1) stipulates that Africa's agriculture depends on primitive technology and highly relies on rainfall, when there are no rains there is drought and famine and if the rains are too much there is flooding and loss of crops. One can note that Africa's status in economic development is stagnant as there are no mechanisms and technology to practice modern and effective agricultural practices that can reduce agricultural imports. Veras (2017:3) argues that Africa is faced with soil health challenges as farmers in Ghana use 7,5kg of fertiliser per hectare while South Asia uses 100kg per hectare leading to low output as the soil lack nutrients for effective production. Poor government intervention in the agricultural sector has led to failure to meet the demands of the consumers resulting in Africa resorting to imports that prove to be beyond the reach of majority.

4.3.5 Corruption and Bureaucracy

Participant 4 was of the opinion that Africa's lack of economic development can be blamed on maladministration practices on the part of government. Africa has been faced with bad governance issues, human rights violations as well as corruption. Corruption in Africa has led to abuse of resources which in turn contributes to the collapse of African economies (Participant 3). Participants pointed out that if communities are marginalised they fail to contribute to economic development as they are alienated from policy making. Citizens capacity to contribute to economic development is hindered due to lack of participatory programs.

Participants noted that most African states are rich in resources but very poor due to corruption. There is lack of accountability from the responsible ministries who embark on self-enrichment at the cost of development (UNECA 2011:2). Corruption in Africa is very high and it is evidenced by the setting up of the African Union Convention on Preventing and Combatting Corruption in 2003 which saw the birth of Anti-Corruption Commission's in Zimbabwe, Kenya, Namibia and several African countries (African Union 2018), as a way to reduce the malpractices. According to Transparency International (2017: 30), Africa has the highest number of corrupt countries in the world thus the embezzlement of funds available for development increases poverty in Africa with Zimbabwe being ranked number 157 out of 180 countries. The economy of Zimbabwe has been robbed of its potential growth and development as its minerals have been abused by various political leaders leading to the missing estimated 15billion mining proceeds from the Marange and Chiadzwa Mines (Masamba 2018:1).

Corruption has penetrated in donations and foreign aid as significant funds meant for developmental issues have been embezzled by African leaders. Ugandan public officials embezzled more than US \$51 million in grants meant for the malaria and tuberculosis programs denying citizens improved health care (Chiwunze 2014:2). Participant 7 highlighted that appointments of government employees in Africa is mostly not done by merit but by party affiliation. This has increased the corrupt practices as well as maladministration as they will be no accountability and commitment from the employees it will be of protecting political party interest. Participant 2, pointed out that in countries like Japan and India recruitment of public offices is done on a strict and merit basis so as to reduce inefficiencies as well as poor administration. In most

African countries employment in government agencies is more of party affiliation than on merit which has increased corruption and excessive incompetencies.

4.3.6 Science and Technology

The continent has very few scientists and engineers that drive the African economic transformation. The share of students in science subjects like engineering, manufacturing and construction are very low with Burundi as low as 3%, Morocco 12, 8 % compared to Germany, Austria and Malaysia which are all above 20% (African Development Bank Group 2017:1) .These statistics show that Africa is lagging behind in the uptake and support of science and technology subjects starting from schools to university. Lack of improved and efficient industries was highlighted by participants. African industries are seen to be using obsolete machinery and limiting potential to produce more for both domestic and continental needs. Participant 4 noted that Africa lacks adequate technological advancement to improve its production processes. Participants lamented on how industries are collapsing as a result of lack of innovation which is a facet of a developing state. African industries still use old methods of production hence their production levels are still very low compared to other continents.

Participant 2, further posited that, “most African leaders are not innovative and there has not been a Nobel Prize for Science in Africa”. This is an indication that Africa has not yet fully grasped the impact of improving technology for economic development. Science and technology in Africa is still very low as the budget for the Ministry of Science and Technology in African states are very low indicating that the sector is yet to be prioritised (Participant 4). Technological challenges has also led to lack of entrepreneurship skills in that there is no financial support for research and development thus innovation is hindered. Entrepreneurs can only go as far as local cities, beyond borders it’s very difficult as they lack the financial support. Participant 7 lamented that, “Africans cannot go outside with their businesses to export and produce at large scale for global markets. It is outsiders like the Chinese who come and exploit our ideas and our skills because they have the funds”. In this state Africa still remains behind in economic developmental issues as science and technology are not yet a government priority.

4.3.7 Africa's Identity Crisis

Africa faces a lot of divisions from culture, religion, beliefs and values which has led to some nations not regarding themselves as Africans. Currently Africa is divided in religion, culture beliefs, there is no unity. Competition on whose religion is better and should be practiced, whose beliefs and values are more important than others has led to identity crisis and divisions. These division's stretch to affect even within a nation there is identity crisis. Participants indicated that African countries have so much differences that have affected its efforts to integrate economically. Participant 6 pointed out that countries like Nigeria are faced with Christians and Moslems and over 300 tribes which has led to crisis as to who is a Nigerian, the Moslems or the Christians while Ethiopia has more than 80 tribes. The differences within the African countries have contributed to lack of economic development as each tribe, religious group is pushing for its own interest not the country interest.

The Arab countries associate themselves with the Middle East countries to the extent of countries like Egypt, Tunisia, and Morocco saying we are in Africa but we are not Africans (Participant 3) associating themselves more with the Arab nations than Africa. Developing as a continent has been a challenge as the identity crisis on what and who is to be united as North Africans do not consider themselves as Africans. Tribal conflicts have also contributed to the lack of economic development as some countries like Nigeria, South Sudan, are divided due to tribal conflicts leading to poor development as it is a scramble for resources and unbalanced developmental policies depending on the tribe of the area or the political status of the country.

4.3.8 The Natural Resource Curse and Conflicts

Africa has been severely affected by land and natural resources conflicts despite the fact that the resources are meant to transform the African economies. Participant 4 noted that Africa is faced with a "resource curse" that has created unending conflicts. Oil, land and mineral wealth have been more of a curse than blessing as the discovery of natural resources has been followed by conflicts, abuse of the environment as well as economic instability (Tutton 2010:3). Natural resources have potential to develop Africa and improve standards of living for the citizens, however in Africa the discovery of minerals becomes a source of conflict on who owns the resources leading to bloody wars (Participant 5).

Participants agreed that the general trend in Africa has been that the more resources it has the more unstable it becomes with countries such as Angola, Sierra Leone, The Democratic Republic of Congo, Somalia and Liberia amongst others being affected by resource conflicts. Kishi (2014:2) contends that natural resources can cause more harm than good if used for motives other than development for the nations, for instance South Sudan oil and water conflicts have reduced the nation to extreme poverty due to the unending conflicts. The monopolisation of the resources by oppressive governments have led to the minority groups excluded from benefiting from the resources to engage in brutal conflicts therefore, economically there is stagnation as there is corruption of the resources.

4.4 Prospective Benefits of the African Continental Free Trade Area

The potential benefits of continental integration have motivated Africa to negotiate the AfCFTA to deepen its economic integration process. Participants noted that the size of the continent itself, its land and its citizens provide a huge potential for the AfCFTA to bring out successes. Prospective benefits of AfCFTA will be discussed in themes on how Africa intends to benefit from this trade agreement.

4.4.1 Larger Free Market for African Goods

Africa has a huge population as well as vast land masses which proves to increase the prospective benefits of AfCFTA. Cazares (2018:3) states that the AfCFTA is the largest trade agreement in the world as well as the world's largest single market of 1, 2 billion people and an expected progressive GDP of over 3,4 trillion dollars. This means that the single market provides a platform for increased production levels to cater for the huge continent. Participant 7, acknowledged that AfCFTA will present the largest set of business opportunities compared to RECs. The larger market is set to boost opening up of new industries to cater for the huge demand of goods and services for Africa. As production increases so does labor demands hence employment will be created that will in turn reduce poverty levels which indicates economic development.

The greater reason for AfCFTA is moving towards deeper economic integration and fostering a united Africa. Negotiating as Africa under the banner of the African Union will be an effective bargaining mechanism which will provide Africa to increase opportunities and leverage in

negotiating with big economic powerhouses. Trade negotiations as individual countries have proved to be unbalanced with the developed countries having more bargaining power and having to dominate in trade matters. The adoption of AfCFTA will provide a better standpoint for Africa as pointed out by participant 3 that some African countries are too small to negotiate on their own as such AfCFTA bridges the gap. Participant 3, went on to say that, “Pan African economic development and solidarity will spill over to the ordinary citizens, to the ordinary small scale farmer’s leading to improved economies as the gap between the poor and the rich is reduced by trading as Africans”.

As noted above on economic development when the benefits spill over to the ordinary citizen, Africa would start to show signs of economic development. Development will come about when there is involvement of the societies as a result the larger markets pose an opportunity for both employment, higher sales as products have more demand as well as social and economic improvement of livelihoods.

4.4.2 Economic Growth and Development

The more production takes place the more there is excess for exportation to other countries leading to increased revenue. Economic growth is anticipated to increase, as Cazares (2018:3) stipulated that by the year 2020 intra-African trade will increase by 52%. This improvement means that African countries will increase revenue through exports as well as be able to meet the demands of the locals. Participants noted that economic growth will be realised if the general population is well fed and people are employed including access to basic amenities. To cater for the huge population it means opening up of many industries in different parts of African countries and this reduces lopsided development as even small cities and towns will have opening up of industries which will in turn reduce migration to big cities. Participant 8, pointed out that as demand for products increase, competition of best production methods will increase. Competition has a potential to improve the products on the market as well as reduce overheads as the best and efficient methods of production are engaged in. Consumers will enjoy a wide range of different products from all over Africa and this in turn lowers prices. The welfare of Africans is set to improve as they enjoy lower priced products leaving them with more savings that will improve their lifestyles.

Participant 5 also highlighted that when AfCFTA is in full force resources will be better allocated as specialisation will be engaged in by different countries. Participant 3 was of the view that African countries will concentrate more on what they can produce best for example Botswana to concentrate on beef production, Zimbabwe on tobacco and other agricultural produce Kenya to specialise in horticulture. This means that resources will be channeled towards the improvement of the sector to produce efficiently and be competitive worldwide.

4.4.3 Foreign Direct Investments

As industries expand and decentralise to other areas to meet the high demands of the larger free market, participants highlighted that the environment becomes conducive for foreign investors to invest in Africa. A thriving economic environment is attractive to foreign multinational companies who become eager to be involved in African businesses. Akeyewale (2018:4) expands that when the market expands multinational companies' partner with domestic African companies improving the raw materials to be finished products through their technological expertise. Employment is created as investments pour in as well as increase in revenue from massive exports of finished goods. Exchange of technology, skills and training in best practices will be prospective benefits of the AfCFTA.

4. 4. 4 Small to Medium Enterprises Growth

A larger market is characterised by many different demands that pose an opportunity for the growth of Small to Medium Enterprises (SMEs). If trade barriers are reduced and there is efficiency at the borders, SMEs and cross border traders which account for most African households will contribute towards economic development. TRALAC (2018:1) indicate that SMEs create 80% of Sub – Saharan Africa employment which boost economic development as women and the youth are employed. Participants 7, pointed out that AfCFTA will provide opportunities for SMEs who might struggle to penetrate the more advanced economies, through proper logistics and distributions channels and networks. The free movement protocol has potential to increase trade as stated by UNECA (2018:3) that by reducing Tariffs AfCFTA makes it possible for informal traders to operate through formal channels that offer more protection. The restrictions and tight border controls would have been eliminated. Cross border traders are vulnerable to harassment, violence

and confiscation as they try to smuggle their wares because currently the import duties and tariffs are too high as a result they resort to illegal ways. Cross border traders have been contributing to economic development as well as rescuing high levels of unemployment which is a prospective benefit of AfCFTA to create potential for economic development.

4. 5 Challenges that AfCFTA might face Towards Attaining its Objectives

AfCFTA was launched in March 2018, and only 44 countries out of the 55 signed the trade agreement (Hartzenberg 2018:1). African economic powers like South Africa and Nigeria were lukewarm towards the agreements and did not sign the agreement on the launch date. In this regard it has affected AfCFTA as the African Union Agenda 2063 is stating that if Africa works together it can reduce some socio-economic challenges therefore improving the status of African economic development. The signing of AfCFTA has been met with challenges that might affect the trade agreement to meet its objectives.

4.5.1 Lack of political will

Africa currently has eight regional economic communities that are recognized by African Union. These trade arrangements have not culminated into a better economically developed nation. Participant 3, declared that African leaders have no political will to develop the continent as they are failing in regional trade agreements. Participant 4 pointed out that the will is there on paper but practical exercise of the objectives lacks indicated by Tshwane (2018:3) that when countries remove tariffs they increase non-tariff barriers that is why SADC Free Trade area is facing challenges of commitment. “SADC has fourteen members but is failing to improve the region, the whole continent working together becomes a very huge and risky task” (participant 4). The challenge is on whether all the African countries have the will, strictness and integrity to commit to AfCFTA.

Participant 1, asserted that if the political will is not there, then AfCFTA has no potential to achieve its objectives. Participant 2, affirmed on lack of political will, highlighting that the current African leaders have no spirit of unity and working together stipulating that, “The spirit of Pan Africanism and economic development existed with the likes of Kwame Nkrumah and Gaddafi”. The current

leaders do not even talk about what is happening in the African Union especially during RECs meetings. African leaders are seen to be sidelining interdependence and rallying behind realism that they focus on what will benefit the state rather than regional blocs and the continent .Pan Africanism is when avenues, platforms, opportunities for the most vulnerable and marginalised Africans voices are heard and addressed which the current leaders have ignored as they oppress citizens which has caused social unrest in the continent (Niyiragira 2017:1).

4.5.2 Fear of Open Markets

The opening up of borders and free movement of people and services is a cause for concern for some states. South Africa and Nigeria did not sign the agreement on the launch citing that they had to do consultations with their domestic stakeholders on the effects of opening up markets. In July 2018 South Africa finally signed the agreement (Tshwane 2018:1). Nigeria is still to sign and the domestic market is against AfCFTA citing that open markets will negatively affect their infant industries indicating the need for economic protection (Eweniyi 2018:1).

Participant 5, highlighted that big economies stall free trade agreements because of their negative impact to their domestic industries. Nations also fear that with AfCFTA their countries might be a dumping site for substandard goods affecting local industries. Participant 8, was of the notion that some small states fear free trade agreements as their infant industries might lose production and close up due intense competition of opening up markets citing that Nigeria's angle of not signing the trade agreement is more aligned to the consequences of opening their markets to substandard goods which will suffocate its thriving manufacturing industry. Participants alluded to the fact that with many free trade agreements the potential to develop is there but not every nation will benefit equally resulting in the reluctance from other states. Cazares (2018:2) contends that countries like South Africa, Morocco, and Egypt have a large manufacturing base and possess adequate manpower as well as improved infrastructure to gain from the expected benefits of AfCFTA but the small poorly industrialised countries will suffer from serious competition leading to collapse of their industries.

4.5.3 Financial Challenges and the Debt Crisis

The majority of African states are facing deep financial challenges due to heavy debt crisis as they are struggling to repay loans from the International Monetary Fund (IMF) and the World Bank. Participants echoed that these loans were meant to improve economies through structural adjustments but the results of the loans have been a burden as they did not yield positive results and worsened their debts. Gwata (2018:4) contends that debt has made Africa slaves to its creditors especially economies that have dollar-dominated debts are affected by the changes in the financial markets. In the same vein Adegoke (2018:6) points out that Cape Verde, The Gambia and the Democratic Republic of Congo have the largest heavy debt loads which has affected their development as all revenue proceeds go towards debt repayment. The IMF and the World Bank have raised concerns on the increasing national debt of Ghana which has risen to close to 70 % of the country's gross domestic product which is far above the 40% considered to be feasible for developing countries by the IMF (Welle 2018:2). Therefore the debt problem burdens Africa as governments have to engage in stringent policies on spending patterns that affects the welfare of citizens in trying to solve the debt crisis.

Participant 4, posited that most African states are in arrears in their Regional Economic Communities subscriptions. Furthermore participant 4, expanded that “the African Union is financed by western donors therefore they will influence African policies as well”. The lack of funds to run the African Unions or RECs leaves the African states vulnerable and dependent on the west and its colonisers. This poses a challenge to AfCFTA as the donors would then dictate unfavorable policies to African states perpetuation poverty. Participant 3, also commented on the financial crisis stating that AfCFTA might face lack of financial obligations by states just like the other regional economic bodies.

China one of the financers of the African Union is pushing for opening up of markets to improve economic development. China has penetrated many African states and offering financial assistance with favorable terms and conditions as compared to the World Bank and International Monetary Fund. Participant 7 expressed concern over the Chinas One Belt One Road Policy (OBOR) highlighting that it might not be a surprise that China is pushing and financing the AfCFTA as a way to penetrate and exploit all African countries resources since it is already financing the African Union and other western countries.

Mataboge (2015:3) purports that the African Union relies heavily on donors and in 2015 only 33% of the budget was expected to be from member states and the remaining 67 % to be sourced from international and development partners. Nkosazana Dlamini Zuma the then African Union Chairperson expressed concern about the organisations heavy dependence on the West for funding exposing AfCFTA to the risk of its activities being dictated by the donors (Ibid). In 2016 the AU adopted a new approach to finance its programmes as a way to reduce dependency from external partners. Apollos (2018:2) indicates that African heads of states adopted a “Financing of the Union” decision in 2016 whereby member states agreed to implement a 0,2 % levy on eligible imports to finance the AU. (Ibid) further contends that there has been noteworthy progress on financing the AU decision as 14 countries have started to meet that obligation.

Participant 3 argued that Africa does not have the capacity to run the big AfCFTA, as it is failing with RECs and it leaves a question on who is pushing for the open markets. Infrastructural challenges and poor political commitments limit the capacity of Africa’s readiness to work towards continental integration. Participant 3 further argued that globally there are changes in terms of trade with big powers in trade wars such that Africa’s call for a continental free trade agreements is a cause for concern on who is pushing for the project. Participants 3, referred to what is happening globally stating that:

Trump is calling for protectionist measures and China is saying lets open up markets, and there is Brexit on the other hand, and Africa’s comes in with a Continental Free Trade Area. This is a cause for concern on who is calling for the continental free trade area.

The USA is pushing to protect its markets, boost its industries by protecting it from foreign competition. President Donald Trump has been enforcing steep tariffs for goods from the EU and China which has led to retaliation by the countries by raising levies which has fuelled a trade war. (BBC 2018:3). China on the other hand is promoting free trade pushing for international openness and cooperation citing that due to globalisation the economic and social wellbeing of countries is interconnected as a result nations need to open up their markets (Rosenfeld and Cheng 2018:3). These antagonistic trade beliefs by the major world economies creates uncertainty to the practicality of the AfCFTA as it seeks to open up markets to a wider network while USA is calling

for restrictions to trade and on the other hand Britain is working on leaving the European Union citing that open markets have caused social and economic losses for their country. Therefore with the global changes in world trade by superpowers there is suspicion on whose agenda AfCFTA is rallying behind.

4.5.4 Poor Industrial and Agricultural Performance

African industries have been failing to supply the domestic market. African states like Zimbabwe who have very few industries performing due to economic challenges have resorted to bilateral trade agreements with South Africa, Zambia and Botswana to be able to complement the local industries. Africa remains a net importer of food although it has 60% of the world's uncultivated land (UNESCO 2016). Poor land management has led to soil erosion which is the main cause of poor agricultural productivity. Participants indicated that there is no meaningful production in Africa that can supply the 1, 2 billion people as most farmers are small holder farmers able to produce in limited quantities. Farmers lack adequate funding as the government's efforts towards agriculture budgets are very small.

Participant 7, affirmed that Africa is faced with production of raw materials as the available industries are not adding value to their raw materials. This implies that Africa is still lagging behind in industrialisation, it is failing to modernise its industries to add value to primary goods. Potential benefits will be limited due to lack of modern machinery to produce on a large scale as well as compete competitively on a global scale. Participant 3, disputed the potential benefits of AfCFTA citing the agricultural sector which is not performing as expected and pointed out that Africa has nothing to trade amongst each other. This is because African countries produce the same products, and mostly primary products limiting trade amongst each other. The feasibility of AfCFTA was challenged by participant 7, who put forward that "what can Zimbabwe produce that Botswana cannot produce" indicating that there is limited room for intra-African if the same products are being produced.

4.5.5 Inconsistent Economic Policies in Africa

African economies are mainly controlled by political environments. Participant 3, stipulated that politics play a role in shaping economic policies. Participants highlighted that there is weak relationship between private sector and the public sector as the government policies limit the private sector activities and favour public entities. Participant 8, argued that the governments adopt policies that benefit the government ministries without any consultations with the private sector. The private sector is often neglected leading to vulnerability to market shocks as a result company's struggle to break even leading to cost cutting measures and eventually closure of firms. Inconsistent policies also hinder foreign investments as there is an atmosphere of uncertainty and

Zimbabwe was raised as an example that it adopted Statutory Instrument 64 of 2016 (SI 64) that was set to limit imports to protect local industries (Mureverwi 2016:1). In 2018 after realising the negative impact of the policy it had on the economy and retaliation threats from trading partners the policy was repealed to Statutory Instrument (SI) 122 (participant 4) with changes and a relaxation on imports. These policies indicate the role played by the government in affecting economic development plans through inconstant policies which paints a gloomy picture to the stakeholders and the foreign investors.

4.5.6 Infrastructural Challenges

Although Africa has the natural resources, its infrastructure is very poor as compared to other continents. Participant 2, lamented that “there is no common infrastructure that will integrate Africa”. This implies that Africa is faced with disjointed infrastructure as follows trading in Africa is very expensive and burdensome. Various participants were concerned about the state of African roads, airports, telecommunications which are in a bad shape which will have an effect to AfCFTA. Participant 7, echoed the state of roads in Africa, postulating that the state of Africa's infrastructure is affecting intra-African trade through increased transport costs as the cost of moving goods to another country is 3 to 4 times more expensive in Africa as compared to other continents.

The state of roads and fluctuating prices of fuel have led Africa to fail to trade with each other. Dovi (2018:1) argues that the poor state of infrastructure is the major spoiler to intra African trade as importing raw material from Germany to Lagos, Nigeria amounts to 850 Euros for a 40 foot container, whereas the same container from Lagos to Ghana costs 1350 Euros due to the African

high costs of customs duty, poor road and rail system. In Burundi only 17% live in zones connected to electricity grids which states that it becomes difficult for traders, farmers to produce perishables as there is insufficient electricity to keep the produce fresh (Allen 2016:1). Power cuts are the order of the day in Africa and companies are affected opting to use generators which are very costly and increase operational costs. (Ibid) connotes that Africa invests only 4% of its GDP to infrastructural development as compared to China's 14%. In this manner poor infrastructure becomes a key obstacle to economic development.

4.5.7 Harmonising Different Economies

The launch of AfCFTA was met with skepticism as some nations did not attend the launch and some not signing the agreement. Participants were of the position that there is no harmony in African due to the borders that were embedded by colonisers. The economies are at different levels of development and have different domestic policies it will be a big challenge for AfCFTA as some states show reluctance towards the trade agreement. Participant 7 declared that the huge market might be there but to harmonise trade facilitation for the continent is close to impossible considering divisions and different economic gaps and policies. Harmonisation will be a big challenge and powerful states are likely to dominate the trade agreement and development becomes concentrated on the few. Akeyewale (2018:1) asserts that harmonising the different economies under AfCFTA where over 50% of Africa's GDP is contributed by Egypt, Nigeria and South Africa is an indication that those are the few countries that will dominate and benefit more than the whole continent.

4.6 Conclusion

The chapter focused on the findings from the in-depth interviews done by the researcher to find out the views, perceptions and knowledge about the African Continental Free Trade Area. Documentary analysis was also engaged to complement the in-depth interviews. It can be concluded that there are different perceptions on the prospective benefits and challenges as highlighted above. The overall consensus is that trade agreements can only be successful if there is political will and the products to trade with. AfCFTA is viewed by many as having potential considering it is one of the largest trade agreements in the world. However despite the projected

outcomes the researcher found out that there are structural deficiencies that need to be addressed by Africa to realise the full potential of AfCFTA.

CHAPTER FIVE

CONCLUSION, RECOMMENDATIONS AND IMPLICATIONS FOR FURTHER RESEARCH

5.1 Introduction

The African Continental Free Trade Area is a backbone of the African Union as a way to foster deeper economic integration for Africa to economically develop. Elimination of tariffs and other trade impediments coupled with free movement of people and business, is anticipated to increase intra African trade which will impact on economic growth and eventually economic development. Prospective benefits and challenges have been discussed and this chapter sought to discuss possible recommendations on how to tackle these challenges for an efficient trade agreement. Implications for further research is also included on areas that could be researched further for AfCFTA to realise its potential and produce the desired benefits.

5. 2 Conclusion

The research project sought to analysed the prospective benefits and challenges of AfCFTA to the economic development of Africa. Free trade in Africa was explained in the framework of the realism and complex interdependence theory. Trade agreements have been a way to foster interdependence of states through a sense of belonging, spirit of “brotherhood” and avoiding isolation. African states have signed these agreements although at the core of it realism plays a big role in that the big motivation is what will the state benefit from joining hands with fellow African states on trade issues. The low levels of economic integration in Africa is due to various reasons that include colonial structures, lack of advanced technology to mordenise industries and the agricultural sector, poor commitment to trade agreements and stringent tariffs and duties in Africa. The participants indicated that these duties, tariffs and border controls have led to Africa not trading amongst each other as it is very expensive. The participants also raised concerns on the fact that in Africa it is very flexible to trade with China than with fellow Africans due to these trade barriers. Africa has launched the AfCTFA to remove these barriers to trade and open up markets for deeper economic integration.

The removal of barriers has the potential to open up markets to serve the massive population of Africa. From the findings opening up of borders will increase demand for products increasing more exports which will improve foreign currency. However there was an outcry from participants that opening of markets up might affect domestic industries as there will be a flooding in of cheap goods thus affecting infant industries. These concerns are being raised up by economically advanced states such as Nigeria hence they have not yet signed AfCFTA. The spirit of Africa must Unite has been revived through the AfCTFA as 44 states signed on the launch and therefore shows the solidarity among Africa states.

The analysis of the data collected indicated that free trade agreements have the potential to improve the development of economies but the extent of benefits varies according to how developed a nation is. The participants argued that countries like South Africa, Egypt and Nigeria have better economies and have a functional industry therefore they can cope with the demand that will come with AfCFTA. The demand will then increase production levels as well as open up more industries countrywide and strengthen infant and small to medium enterprises. On the less developing countries the benefits will be on a low scale as they are still to industrialise to cater for open markets.

The study also evaluated the free trade agreements in the world and noted that there is need for commitment from politicians as well as all stakeholders to achieve benefits. Lack of political will was realised to be a big challenge for Africa as they sign trade agreements but commitment has been a challenge due to poor monitoring mechanism and ineffective legal frameworks on defaulting states. The continent is faced with divergent trade interest across various nations consequently to harmonise the interests will be a challenge to AfCFTA.

The study analysed some of the opportunities that are ahead of AfCFTA if implemented well that is the extensive development of industries due to competition from open borders, free movement of goods and services which will in turn lead to export of labor and bring in foreign currency for economic diversification. Another opportunity highlighted is the strong bargaining position as a continent on continental trade issues. Opening up of markets will lure investors and increase innovation in Africa. Employment will be created through industrialisation and economic

diversification thus improving the standards of living for African communities. Although the African Union managed to have a breakthrough of the launch of AfCFTA, for it to realise its potential there is need for adequate funding from African states as well as involvement of citizens in the process as at the end for Africa to be economically developed it goes back to analysing the access to basic amenities to the citizens. As noted above growth rates may increase due to open markets but if the ordinary citizen's life is not improved through the opening up of markets it ceases to be a developmental initiative.

5.3 Recommendations

There are possible measure that African states can adopted whilst awaiting AfCFTA to be fully functional as it is an ongoing process to realise economic development.

5.3.1 Development of Industries and the Agricultural Sector

There is need for Africa to invest and revitalise its industries to be able to sustain open markets as well as attract investment. African governments need to build efficient and stable economic environments to the private sector and foreign investor in their industrialisation process. Trade is important to economic growth and development but it has to be accompanied by an operational and efficient industry. There is need for support of improving existing industries as well reopening the closed industries with the support of investors. The opening up of industries will require input from the private sector, think tanks, policy analysts, academics to identify which industries need to be supported and the effect of opening them up whether it will have an impact on economic development as well.

Africa needs to invest more into its science and technology for the improvement of industries to increase performance and leverage on economies of scale. Science and technology improves agricultural practices that instead of relying more on rainfall as noted, there is introduction of irrigation as well as research on best agricultural production and preservation of the environment. Africa should devote more concentration on supporting research and development from tertiary institutions to cultivate a culture of innovation. Research and development is important as it opens up avenues for new technologies that increase production levels that are sustainable. Africa should encourage and sponsor students who excel in innovation projects through setting up of funds that

motivate creativity among the youth. In the same vein, laws to protect intellectual property through new inventions should be tightened as these innovations need to be protected.

Africa should embark on a sector by sector development approach to reduce rural to urban migration. Agriculture is affected as the able bodied move to cities in search of better employment opportunities. Sectorial approach should be engaged in building a strong rural economy in Africa where employment is created in the rural areas and there will be no need to move to cities for employment. Government should promote and financially assist the manufacturing industries as well as boosting agricultural sectors to improve livelihoods and develop all the areas of Africa.

African countries should provide subsidies to farmers to improve their productivity and promote markets for their produce. Programs like Command Agriculture that was launched by Zimbabwe should be adopted by African countries to boost agriculture by providing inputs at a subsidized prices. Agricultural production is vital as it improves food security and at the same time creating employment. Africa should re engage agricultural extension services in every area enabling greater uptake of improved farming and production methods as well as post-harvest handling technologies to reduce losses by farmers.

Land rights issues must be addressed for farmers to be confident of their agricultural activities. Land ownership issues are problematic in Africa leading to violent land conflicts. If the land issue is addressed and land rights are issued transparently and fairly farmers have the confidence to produce on a large scale. Human labour must be replaced by focusing on mechanization of agriculture to improve productivity as well as quality of produce. The government should increase its commitment towards agricultural production.

5.3.2 Development of Infrastructure

As highlighted above the poor infrastructure has limited intra African trade. The roads, railways, airports are in need of development to be able to cater for open markets. As it is now movement of goods by road or rail is cumbersome due to the state of roads thus goods take more days to move from one place to another contributing to loss of revenue. In terms of technology Africa is lagging behind with telecommunication services as it is concentrated in urban areas neglecting the rural areas where there is massive agricultural practices. There is need to invest in proper infrastructure

to avoid power cuts, water shortages in industries to avoid production stoppages. Investment in solar power is vital to complement and reduce electric consumption as well as back up during power cuts. There is need for Public Private Partnerships with relevant stakeholders to resuscitate roads, railways and logistics companies for the rural farmers, cross border traders, trucks to access transportation in a flexible and reliable way. The private sector can also provide loans for development programs to improve the economic status of African countries.

5.3.3 Specialisation and Value Addition to Products

Value addition is vital to improve the state of exports and increase foreign currency inflows. Exporting raw materials to the West and East and importing them as finished products has been the backbone of Africa's lack of economic development. African states need to explore and agree to focus on the comparative advantage principle and specialise on what each nation can do best. Zimbabwe has graphite a mineral that is used in South Africa in the technological sector. However due to lack of value addition it is exported to Germany for processing and exported back to South Africa yet these are neighbors. With the introduction of AfCFTA Zimbabwe can concentrate on adding value to graphite and export a finished product to South Africa thus improving intra Africa trade and spilling over to economic development.

Specialisation will bring about interdependence as resources are not wasted in industries that are not competitive enough. African states need to reduce producing everything and search for what it can do best. This includes dialogue with various stakeholders as well as the need to engage in Public Private Partnerships to produce relevant policies as well as thorough analysis of what a state can focus on that can bring about economic development without neglecting any sector. There is need for transparent dialogue and consultations with SMEs, informal traders, and the general populace on the trade agreement and its impact on the nation to reduce that gap of ignorance as well as improve citizen's participation.

5.3.4 Improve Governance Issues and Address Corruption

Africa is faced with poor governance and rule of law that is not favorable for investors. In terms of property rights some Africa states are not protecting the rights of investors hence creating an unstable economic environment. Investors need security when they invest to safeguard their

interests and investments. For industrialisation to take place Africa needs investors to resuscitate and technologically advance its industries. There is also need to stabilise and reduce tribal conflicts especially in West Africa as investors need security as well as stability. Corruption, maladministration and long winding processes for investors should be addressed to create a conducive environment for investors as they need a transparent and accountable environment. The anti-corruption commissions in Africa set up to fight corruption should be independent and not partisan to improve credibility of the institutions.

5.3.5 Effective Dispute Resolution Mechanism

There is also need to have a partial judicial and legal system in Africa to discipline those found abusing or not complying with trade policies as well as those as engaging in corrupt activities. In the same vein there is need for an efficient dispute resolution mechanism that will be binding upon all states. This will improve the credibility of the African continent worldwide and improve its relations with the developed world. AfCFTA can engage in disciplinary measures for countries which do not comply with trade agreements rules and regulation by suspending and isolating them from trade matters. This might encourage discipline, integrity and commitment towards AfCFTA for fear of isolation.

5.3.6 Sound Environmental Management Policies

Free trade brings about competition and massive production due to the high demand of goods and services. In the process of meeting demand and supply the environment is prone to be abused by over extraction of resources, poor agricultural practices as well poor waste disposal by the production sectors leading to unsustainable development. There is need for research on environment management to address the degradation that would be brought about by AfCFTA. Legal policies have to be put across for any form of environmental degradations as well as close monitoring of manufacturing and production waste disposal system. Cancellation of licenses and imprisonment for those found guilty of poor management practices should be part of the environmental policies.

5.3.7 Public Private Partnerships

Africa to achieve its objective of deeper economic integration there is need to introduce and strengthen policy dialogues and consultations with the public and private sector. Governments need to engage in consultations with relevant stakeholders and the general public to sensitise about AfCFTA how it will impact on economic development including the changes and challenges that the country might face during implementation. Consultations with citizens will enable uptake of AfCFTA opportunities thus improving social safety nets. The consultations cultivate mutual understanding and it creates a conducive environment for rebuilding of factories and infrastructure as well as attracting foreign investors. AfCFTA should engage in comprehensive policy making to give preferential treatment to countries that are at most risk in term of development so that they are not benefit from AfCFTA.

In summary, Africa should consider and address the domestic and continent wide problems addressed in the research. There is need for comprehensive consultations and awareness about AfCFTA to every community to encourage support. The governments of African states should invest in research and development in terms of fully understanding what AfCFTA entails and its impact both positive and negative should be known. Political will is of paramount importance as it affects the operations and commitment to AfCFTA. There is also need to engage with the private sector as they contribute to the economy of the African states.

5.4 Implications for Further Research

Economic development through AfCFTA has been seen to have prospective benefits and challenges that need to be addressed for the trade agreement to realise its objectives. There is need for researchers to embark on a monitoring and evaluation exercise to assess every stage of the AfCFTA and come up with intervention mechanisms that will reduce the challenges that Africa is currently facing in its endeavor to achieve economic development.

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APPENDIX A

INTERVIEW GUIDE

Letter of Introduction.

My name is Sithabile Mabeza and I am Master of Science student in International Relations at the University of Zimbabwe. I am currently doing my field research in partial fulfillment of the Msc in International Relations Degree. I kindly request assistance with my research topic, **An Analysis of the Prospective Benefits and Challenges of the African Continental Free Trade Area (AfCFTA) to Economic Development in Africa** which was signed in March 2018 as a stepping stone towards deeper economic integration in the continent. This study seeks to inquire the prospective benefits that Africa might gain with regards to economic development through the AfCFTA agreement as well as the potential challenges of this trade agreement.

Your participation in this study will be voluntary and you may withdraw from the interview without any consequences. You will not be paid for participating in this study and you are not expected to pay anything to be interviewed. The interview will be conducted at a time convenient to you. The information you are going to provide will be used for the academic purposes only and will be treated with strict confidentiality.

Should you have any inquiries about the research please contact me on +263772832764, or the Department of Politics and Administrative Studies on 04- 303211 or email polad@sociol.ac.uz.zw.

Your assistance will be greatly appreciated

Mabeza Sithabile.

INTERVIEW GUIDE

Research Topic: An Analysis of the Prospective Benefits and Challenges of the African Continental Free Trade Area (AfCFTA) to Economic Development in Africa.

1. What is your understanding of the African Continental Free Trade Area?
2. What is your comment on the status of African economic development?
3. What is your general overview of Free Trade Agreements in economic development?

4. What do you view as potential benefits of AfCFTA to economic development of Africa?
5. What challenges can be faced by AfCFTA in its implementation?
6. What can the African states do to solve these challenges?

Thank you