Trade Outcomes in Africa's Regional Economic Communities and Institutional Framework: Some Policy Prescriptions

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Abstract
The occurrence of the global economic crisis that threatened the economic and financial fabrics of most countries has brought again the essence of regional economic communities (RECs) to the fore. This is particularly interesting as it impacted on trade outcomes in many countries including those in Africa. For instance, merchandize exports as a percentage of GDP for SSA reduced by 17.9% in 2007. Thus, this paper examines the effectiveness of RECs in Africa with respect to trade outcomes using some indicators, namely: trade share in world market, trade per capita, and real growth in trade in selected African countries. This was achieved by employing data sourced from World Trade Indicators and World Development Indicators, which were analysed with descriptive, statistical and econometric techniques for the period 1995-2008. It was established, among others that respective measures of trade outcomes significantly differ across RECs in Africa; while some were seen to have fared relatively well, others have not so fared.. Some policy recommendations on how RECs can effectively enhance trade outcomes were made in the paper.

Keywords: Exchange rate, Regional economic communities, Trade per capita, Trade share
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1   INTRODUCTION

Trade outcomes are the benefits that a country/region derives from engaging in trade with the rest of the world. These include merchandise trade, service trade, trade integration, among others. Of recent, some of these trade outcomes have raised some issues in Africa with regards to their performance. For instance, the performance of merchandise exports as a percentage of gross domestic products (GDP) for Sub Sahara Africa (SSA), experienced a decline by 17.9% in 2007 (World Bank, 2010; Osabuohien and Efobi, 2010). This scenario has been adduced to the ripple effect of the recent global economic crisis which affected the trade outcome performance of most African countries at that time. Another characteristic is that most commodity prices at the world market experienced decrease which has some implications on the trade outcomes of African countries such as the share of trade in world market.

To cushion these shocks from adverse external impulses and promote mutual cooperation for international trade and development was the benefit that could arise from regional economic communities (RECs). This is expected to be facilitated through some measures, including: removal of tariff barriers to trade within communities; removal of non-tariff barriers; development and enactment of common trade policies (UNECA, 2010). Another similar measure is development of infrastructural facilities that could enhance intra-regional trade. These developments have led to the development of regional trade blocs (RTBs), which is an agreement by countries in a given RECs that is expected to significantly remove/reduce trade barriers between the countries in such a region. However, the trade outcomes of countries in RECs in Africa have been subject of debate in recent times, which is one of the motivations for this study.

In extant literature, the performance of most African countries even the RECs with regards to trade and other growth and development outcomes has been traced to poor institutions. For example, Fosu (2011) observed that Nigeria's export of crude oil has risen over the years, but her human development (measured as per capita GDP) still cascade below expectation since independence in 1960. A similar observation has been made earlier by Mehlum et al (2006) that institutional consideration are pivotal to enhancing the performance of Africa in terms of trade and development. Thus, the main research question of interest to this study is: what is the level of Arica's trade outcomes at the global market and to what extent has the RECs in Africa influenced their trade outcomes? Also, the level of development of trade facilitators and the quality of institutions in these RECs will be taken into consideration. The indicators of trade outcome used include: trade share in world market, trade per capita and real growth in trade, among others. The objective of the paper was achieved using data sourced from World Development Indicators (WDI) and World Trade Indicators (WTI) for the period 1995 to 2008, which were analysed using descriptive, statistical and econometric techniques.

In addition, comparison was made across the various RECs in Africa with a view to ascertaining their relative effectiveness in influencing trade outcomes. Other parts of the paper are presented

in sections in this order: some background facts; brief review of literature; empirical model and method of analysis; discussion of results; policy recommendations and conclusion.

2   SOME BACKGROUND FACTS

Integrating national economies into the global framework has become a major issue around the world, which has led to the development of several regional economic communities (RECs) with a view to utilising economies of scale. Besides the World Trade Organisation (WTO) that serves as a facilitator of multilateral trade across the world, some RECs exist in Africa that has been established to promote trade in the sub-regions. However, intra-regional trade has remained lower than projections (UNECA, 2010). For example, the average intra-regional export in Africa was only 8.6%, while that of intra-regional import was 10.8% (see Table 1).

Table 1: RECs Trade Direction (Mean Percentage of Exports and Imports 2000-2005)

	Intra-REC		ROA		China		EU		USA		ROW	
Trade Direction	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
AMU	2.5	3.1	4.5	1.7	1.0	3.9	70.4	60.3	5.1	3.9	13.1	19.6
CEMAC	0.9	5.2	2.7	8.9	11.6	2.8	36.1	52.4	28.9	13.0	7.4	11.6
CEN-SAD	12.2	13.0	4.5	6.4	6.0	6.1	35.5	39.1	8.7	4.9	18.3	17.5
CEPGL	2.7	1.6	4.7	35.5	3.9	3.7	39.8	33.5	7.0	4.1	22.2	14.7
COMESA	8.7	11.1	8.6	17.2	6.0	6.2	41.5	26.3	8.1	4.7	17.5	20.8
EAC	12.6	18.7	7.2	9.9	3.6	5.1	30.4	24.5	3.7	4.8	26.8	22.5
ECCAS	0.7	3.8	2.2	14.0	10.1	3.1	42.5	50.6	23.6	11	11.5	9.7
ECOWAS	13.9	15.8	5.5	5.2	4.2	6.8	40.4	40.7	7.3	4.3	10.0	13.7
IGAD	21.5	15.2	5.8	3.6	11.8	8.3	19.9	19.7	2.8	5.0	28.2	30.9
IOC	3.0	3.6	1.8	15.1	0.8	6.4	63.8	32.9	16.6	3.0	4.1	21.1
MRU	0.4	1.3	3.9	9.4	1.4	5.6	68.7	38.7	6.5	4.5	12.4	13.6
SADC	19.9	33.1	2.3	2.6	6.3	3.8	40.7	25.2	9.4	5.4	11.2	16.7
UEMOA	11.5	14.9	18.6	13.7	6.8	4.9	25.2	40.3	3.0	3.0	9.0	13.3
Average	8.5	10.8	5.6	11.0	5.6	5.1	42.7	37.2	10.1	5.5	14.8	17.4

Note: AMU-Arab Maghreb Union CEMAC-Economic and Monetary Community of Central African; CENSAD-Community of Sahel Saharan States; CEPGL-Economic Community of the Great Lakes Countries; COMESA-Common Market for Eastern and Southern Africa; EAC-East African Community; ECCAS-Economic Community of Central African States; ECOWAS-Economic Community of West African States; IGAD- Intergovernmental Authority on Development ; IOC-Indian Ocean Commission; MRU-Mano River Union; SADC-Southern African Development Community; UEMOA-West African Economic and Monetary Union; ROA-Rest of Africa; EU-European Union; USA-United States of America; ROW-Rest of the World
Sources: UNECA, 2010; UNCTAD (2010)

In most of the RECs, market and trade integration is usually facilitated through some measures, including: removal of tariff barriers to trade within RECs; removal of non-tariff barriers; development and enactment of common trade policies (UNECA, 2010). Another similar measure is development of infrastructural facilities that could enhance intra-regional trade. However, the outcomes of such measures have been subject of debate in recent times as their trade facilitation potential is not reflected in their trade outcomes. The memberships of RECs are distributed across the geographical sub-regions in Africa, namely: Central, East, North, Southern, and West. A very few of them has membership that cut across more than one geographical sub-region. For instance, Mauritania, which is in West Africa exited ECOWAS in 2000 and is a member of Arab

Maghreb Union (AMU) since 1989 [Osabuohien, 2007; UNCTAD, 2008]. There are many RECs and diverse performance in trade outcomes. Despite this proliferation intra-regional trade seems not to have performed as desired.

As can be observed in Table 1, average intra-regional export in Africa was 8.6%, while that of import was 10.8%. In some of the RECs in Africa, intra-regional export was as low as 0.4% (Mano River Union-MRU) and 0.7% (Economic Community of Central African States-ECCAS), while intra-regional import was as low as 1.3% (MRU) and 1.6% (Economic Community of the Great Lakes Countries- CEPGL). Similar low intra-regional trade was observed for trade with the rest of Africa, as the lowest percentage export was 1.8% and that of import was 1.7%. Some of the RECs in Africa that can be regarded as good performers in terms of inter-regional trade include Southern African Development Community (SADC) and East African Community (EAC). For instance intra-regional export in SADC 19.9% while the intra-regional import in SADC was 33.1% and that of EAC was 18.7%. The figures in Table also indicate that trade partners of most RECs in Africa is the EU, with the average export and import at the values of 42.7% and 37.2%. However, the trade relation of Africa's RECs with China has been seen to be on the increase in recent times.

3.   LITERATURE REVIEW

RECs are set up to promote mutual cooperation amongst their members and enhance the growth capacity of member states through mutual cooperation leading to subsistence growth and development. These ends can be achieved through several means, which includes human development, growth of capital and investment as well as trade *inter alia.* However, Alemayehu and Hail (2008) noted that this is not the case with Africa's' RECs.

The RECs essentially exist to help the region maximise the benefits of engaging in international trade and minimise possible costs that are involved. This is usually pursued through the reduction of trade restrictions and creation of market access. However, the effectiveness of their roles depends on some other factors (Oyejide, 1997; Elbadawi, 1997; Oyejide and Njinkeu, 2007). For example, Yang and Gupta (2007) noted that RECs in Africa have not been effective in promoting trade due to external trade barriers and low level of resource harmonisation among members. Taking a cue from this, Kwasi Fosu (2011) noted that the distinguishing factor between the performances of one country as against another in promoting their terms of trade is the quality of institutions prevalent in the country. This is because the pivotal force steering the development of trade facilitators like infrastructure, financial system development, favourable social economic environment for investment is the strength and quality of the institutions. This poor institutions includes bueurocracies involved in implementing non-tarriff trades which includes stalling customs clearance papers through rent seeking behaviours of customs officials as well as road blocks mounted by custom officials that harass cross border trading (Ndomo, 2009).

In implementing this, Cassim (2010) investigated the trade potential of the Southern African region using the Gravity model and found that the trade potential especially intra regional trade in this region is high, since their actual outcome is greater than their potential predicted outcome

because further programme such as intra regional trade liberalisation could engender further trade potential in this region.

Several other studies have tried to investigate the causes of performance differentials of Intra trade within RECs in Africa. Some of these studies have attributed the lack of complimentarity and diversification of production structures, high production cost and the domination of export trading by a few countries (Ndomo, 2009). Furthermore, several others have utilised the famous gravity model in arriving at their conclusions. UNECA (2010) noted that in this approach, the probe by studies is focussed on two broad issues, which are the examination of intra trade potential in Africa as well as an autopsy on the causes of poor performance of this potential.

Utilising this approach, UNECA (2010) investigated the determinants of trade potential (bilateral trade) between West and Central African region and their major trading partner. Their result shows amongst others that the difference in per capita income between West African countries and their major trading partner is found to affect bilateral trade. This is called the "Linder effect" where the demand pattern influences trade demand. Another factor that influences trade potential is the access to the foreign market, which negatively influences bilateral trade. Infrastructure was found to boost trade potential, which implies that adequate development of infrastructural facility will enhance trade potential. In support of this, Ndomo (2009) noted that poor and non existence infrastructures are a great impediment to intra regional trade. This is because of the huge capital required to transport the goods in countries with poor infrastructures.

Similar investigation was done for the East and Southern African regions using the Gravity model and the result remains consistent as the former except for some points such as Foreign Direct Investment-FDI was found to be negatively influencing trade performance. The reason being that the form of FDI in this region may be market seeking rather than resource seeking FDI. Also, access to the international market was not found to significantly influence trade performance in this region.

Collier (2008) identified the natural resource trap and the landlocked with bad neighbour traps as one of the traps that can inhibit growth and development of African countries in relation to their trade potential. For instance, a country that is highly dependent on natural resources will fall into the tendency of Dutch disease where the wealth from the natural resources grants opportunity for rent seeking and nonchalance in the development of other key sectors in the nation[1]. This will reduce the tendency of these countries to maximise their trade potential because their trade

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[1] Although Kwasi Fosu (2011) noted that this may not be so in the light of good institutions, but African countries still experience poor institutional quality (Ezeoha and Cattaneo, 2011).

opportunities will be reduced and the commodity that can generate them huge income is only limited to that particular natural resources and less emphasis on diversification. In corroboration with the above, Economic Community for Africa-ECA (2004) noted that this is the bane of African RECs is their over dependence on natural resources and inability to diversity. A vivid example of this is Nigeria, which is highly dependent on the export of crude oil.

With regards to landlocked countries with bad neighbours, Collier noted that a country capacity to generate huge income in intra regional trade is highly dependent on the development of neighbouring countries for which trade is been made with. This development includes infrastructural development-transportation system, telecommunication system, and institutional development amongst others. A country with neighbours that have poor infrastructure will loose much funds in transporting their traded items to their customer, which invariably will influence the price of the commodity.

UNECA (2010) also noted that using Gravity model to examine the trade potential of RECs in Africa noted that trade performance of African countries especially those of the regional communities is largely influenced by geographical proximity, cultural affinity and the size of the economy. Geographical proximity and the size of the economy are no farfetched understanding of their effect on trade in the RECs. The former deals with the issue of transport cost and time it takes to deliver the goods to customers and the latter deals with the size of demand for the product. Cultural affinity has effect on trade potential especially with regards to the issue of communication and negotiation barriers language may pose a barrier (Ram and Prasad, 2007).

However, despite these adjunct submissions, the issue of the institutional framework of these RECs is not adequately taken into consideration. This is based on the note of Kwasi Fosu (2011) and Ndomo (2009) that iterated that the distinguishing factor between the performances of African countries with regards to their terms of trade is the institutional fabrics of such a one. This gap in the extant literature is worthy of note especially with regards to trade outcome in the RECs having in mind that Africa countries especially the RECs is still cascaded by poor institutions.

4.   EMPIRICAL MODEL AND METHOD OF ANALYSIS

Leyaro and Morrissey (2010) noted that in developing empirical model especially for empirical growth literature, selecting variables for the development of models for estimation is always a difficult task. This is because huge number of factors is able to determine the extent to which a particular economic factor behaves. For instance, trade being the issue of discourse, has several factors influencing it, which includes infrastructure (Nordas and Piermartini, 2004; Osabuohien and Efobi, 2010), financial development (Do and Levchenko, 2004; Katircioglu, Kahyalar and Benar, 2007), human capital development (Pissarides, 2000; UNCTAD, 2007), trade openness, political stability (Collier, 2008), institutional quality (Fosu, 2011) *inter alia*.

As a result of the above, this study will lend credence to the empirical model on international trade theory that has the basic maxim that key factors that influence international trade include: exchange rate, the level of growth of the domestic economies, among others (Aluko, 2003).

Also, the submissions of Fosu (2011) who noted that the quality of institutions has a great influence on trade outcome in Africa were taken into consideration. Thus, the formulated model engage the contemporary factors like exchange rate, real per capita GDP and at the same time incorporates the institutional quality variables especially. This is related in a functional form below:

$$trdout^k = f\,(rpgdr,\,exch,\,findev,\,Instq,\,U) \tag{1}$$

Equation (1) is stated in an explicit form as thus:

$$trdout^k_{\,itr} = \beta_{0ir} + \beta_1\,rpgdr_{\,itr} + \beta_2 exch_{\,tir} + \beta_3\,findev_{itr} + \beta_4\,Instq_{itr} + \varepsilon_{it} \tag{2}$$

Thus, the logarithmic form of the equation can be expressed as:

$$lntrdout^k_{\,itr} = \beta_{0ir} + \beta_1\,lnrpgdr_{\,itr} + \beta_{2ln}exch_{\,tir} + \beta_3\,findev_{\,itr} + \beta_4 Instq_{itr} + \varepsilon_{it} \tag{3}$$

where:

$trdout^k$: trade outcomes. Superscript '*k*' signifies the three indicators of trade outcomes, namely: trade share in the world market; trade per capita, and real growth rate in trade. These imply three equations with each indicator as dependent variable with a view to obtaining more robust estimates and arrive at more informed conclusions.

rpgdr: per capita GDP. This is calculated as the real GDP divided by the total population. This measures the productivity of the country. This will indicate ability to engage more in trading. So it is expected positive relationship with trade outcomes.

exch: official exchange rate of domestic currency to the USD. The premix behind the inclusion of this variable is the dynamism in the interaction between exchange rate and trade. For example as the exchange rate depreciates, it will make international demand for countries export higher, which connotes better trade outcome. However, this is dependent on whether the countries involved have satisfied the Marshal-Lerner condition with regards the elasticities of import and export (Appleyard, Field and Cobb, 2010).

findev: financial development. This is the level of development of the financial system in performing their role of harnessing capital and distributing same to deficit unit of the economy. The level of financial development was measured as Private credit by deposit and other financial institutions to GDP.

Instq: Institutional quality. The measure used by Fosu (2011) was adopted in this study. This is because the study of Fosu was focussed on African community. Therefore utilising same measure will be suitable for appropriateness. Four measures were used to capture institutional quality, which are the rule of law, the regulatory quality, civil liberties and executive constraint. The reason for the choice of the variables is that they have values for most countries in Africa.

β_{0i}: intercept of the model.

$\beta_{1...5}$: coefficients of the independent variables, expected to reflect the sign and magnitude of influence of the individual independent variables on the respective indicators of trade outcomes.

it: individual country, the period identifier and the RECs (i.e. i =50, t=14, 1995-2008 and a = 1,...,4).

The model formulated was using panel data econometric technique. Panel data has several advantages which include that it helps to obtain efficient estimates by possibly controlling for

6

unobserved fixed effects and also providing sufficient degree of freedom. The Pooled Ordinary Least Squares (OLS) estimation was first examined. Due to the problem of heteroscedasticity and autocorrelation popularly encountered when using the panel data analysis approach, a choice can be made between Fixed Effects (FE) and Random Effects (RE). This paper used both FE and RE while Hausman Statistic was employed to test relative efficiency between FE and RE.

5   PRELIMINARY ANALYSIS
5.1   Regional Economic Communities in Africa

Though there many RECs in Africa as reported in Table, eight of them are recognised by the African Union Commission (AUC, 2011). These include: Arab Maghreb Union (AMU); Common Market for Eastern and Southern Africa (COMESA); Community of Sahel-Saharan States (CEN-SAD); East African Community (EAC), Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), Intergovernmental Authority on Development (IGAD), and Southern African Development Community (SADC) [UNECA, 2010; African Union Commission, 2011; Osabuohien, 2011]. The activities of the eight RECs have been examined with respect to their status and efforts in promoting trade. It was noted that five of them (COMESA, ECCAS, ECOWAS, EAC and SADC) have launched free trade agreements (FTAs), which are expected to improve intra-regional trade flows and building block for African Economic Community (UNECA, 2008; 2010). From the five RECs discussed above, all of them have been in existence prior to 1996 except the EAC. Though there is the issue of multiple memberships in few of the RECs, it will not portend a serious challenge given the fact that this study is interested in assessing their trade outcomes and the roles of trade facilitators as well as economic institutions.

From the foregoing it is pertinent to describe these RECs and their various compositions. The first is COMESA, which was founded in 1994 and currently has 19 members. The members include: Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, and Zimbabwe. On the other hand, the EAC is the regional intergovernmental organisation that involves Burundi, Kenya, Tanzania, Uganda, and Rwanda. The treaty that established EAC was signed on 30th November 1999 and entered into force on 7th July 2000 following its ratification by the three founding Members –Kenya, Uganda and Tanzania (African Union Commission, 2011).

The ECCAS was founded in 1983 with 11 members, including: Angola, Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, Rwanda, and Sao Tome Principe. The ECOWAS was inaugurated in 1975 and it has 15 members, namely: Benin, Burkina Faso, Cape Verde, Cote D'Ivoire, Gambia, Ghana, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. While the SADC was established in 1992 with 14 members, namely: Angola, Botswana, Democratic Republic of Congo, Madagascar, Malawi, Mauritius, Mozambique, Lesotho, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe (UNCTAD, 2006; 2008a; WTO, 2008; 2009; UNECA, 2010; African Union Commission, 2011).

In the North African region, countries like Algeria, Libya, Mauritania, Morocco and Tunisia make up AMU, which was founded in 1987 after the treaty setting it up was signed by the heads of states of the five members. The main objectives of the AMU Treaty are to strengthen all forms of ties among member States, so as to ensure regional stability as well as enhance policy coordination. Also the treaty introduced gradual free circulation of goods, services, and factors of production among members and common defence and non-interference in the domestic affairs of the partners are also key aspects of the Treaty.
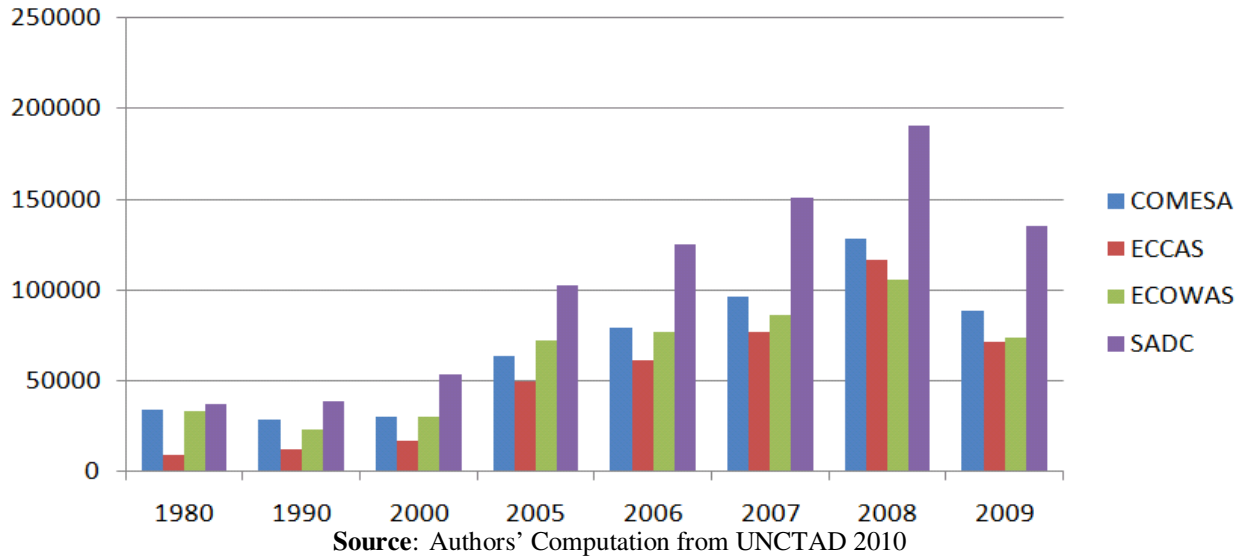
Also the CEN-SAD community comprises of countries that cut across different regions in Africa. CEN-SAD was established in 1998 with the specific objective of integrating member countries and striving towards complementarily development of her member in terms of human development, physical development amongst others. The membership of CEN-SAD includes Benin, Burkina Faso, Central African Republic, Chad, Djibouti, Egypt, Eritrea, Gambia, Libya, Mali, Morocco, Tunisia, Niger, Nigeria, Senegal, Somalia, Sudan and Togo. Finally is the IGAD, which is a regional community, set up in 1986 for a pragmatic approach cantered towards a unified regional cooperation for handling drought and other natural disasters that occur within the region. The countries in IGAD include Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda. Formerly, Eritrea was a member of the community but was no more a member in 2007.

For focus, the study will hence forth focus on five of the RECs that have established FTAs, since the central objective of the study is to explore the trade outcomes of these RECs despite the establishment of RTBs.
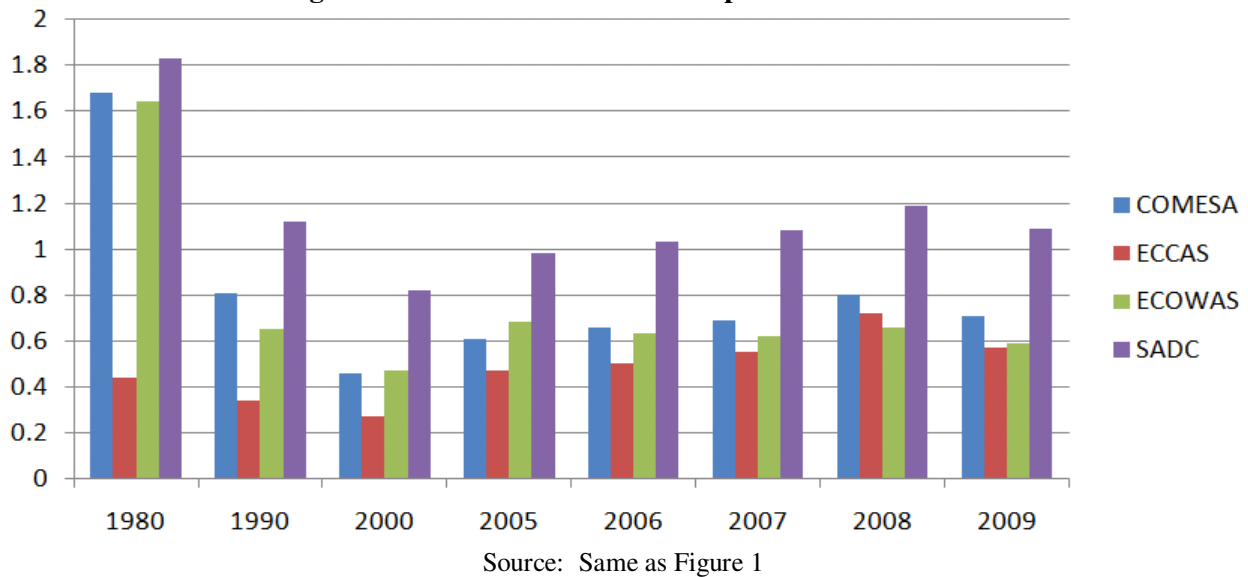
5.2   Trade Performance of RECs

RECs in Africa have had amazing performances in their trade outcomes over the years, for example, from Figure 1, the performance of the RECs with FTAs has been growing over the years. In 1980, the four RECs had their total export value rise above 20 billion USD but slightly below 40 billion USD. In that period, COMESA was slightly below SADC but a bit above ECOWAS sub region. ECCAS performed far below the rest in same period. In 1990, there was no much change in their performance with regards to total export. The value of SADC and ECCAS export slightly rose above the previous year, however COMESA and ECOWAS dropped by 18.46% and 31.55%. From the figure, SADC has experienced a progressive growth in the value of export all through the period. In 2000, COMESA and ECOWAS continue to rise above the previous value in 1990 and maintained that consistency except for ECOWAS that witnessed a decline in 2007. In addition, ECOWAS has been ahead of the other two RECs COMESA and ECCAS) in terms of total export except in 2006, when COMESA performed better and in 2008, ECCAS performed slightly better and the trend has been consistent. The major finding that can easily be made from Figure 1 is that SADC has performed better than all the other RECs with regards to export. SADC have witnessed a consistent increase all through the period except in 2009, which might be traceable to the global economic crisis.

Figure 1: Value of Exports across RECs (FOB) Million Dollars

Source: Authors' Computation from UNCTAD 2010

Further examination pertaining to the trade performance of the RECs is reported in Figure 2.

Figure 2   Growth Rates of Exports Across RECs

Source: Same as Figure 1

In the figure, the maximum growth rate in export was in 1980 when most of the RECs attained a rate that is above 1%, except for ECCAS community which had a growth rate of many fold lower than the rest (0.4%). Surprisingly, the RECs witnessed a decline in the growth rate of export between the period 1980 and 2000. For example, SADC and COMESA experienced a decline from 1.83% and 1.68% in 1980 to 1.12% and 0.81% in 1990 and then 0.82% and 0.46% in 2000, while ECOWAS and ECCAS witnessed similar decrease from 1.64% and 0.44% in 1980, to 0.65% and 0.34% in 1990 and then 0.47% and 0.27% in 2000. After this period, the growth rate of the RECs experienced a rise especially at the advent of the new millennium. This period is characterised by global technology advancement and the increase the *train* of

9

globalisation, which can facilitate trade. This in no doubt may have triggered the growth rate experienced between the period 2000 and 2008.
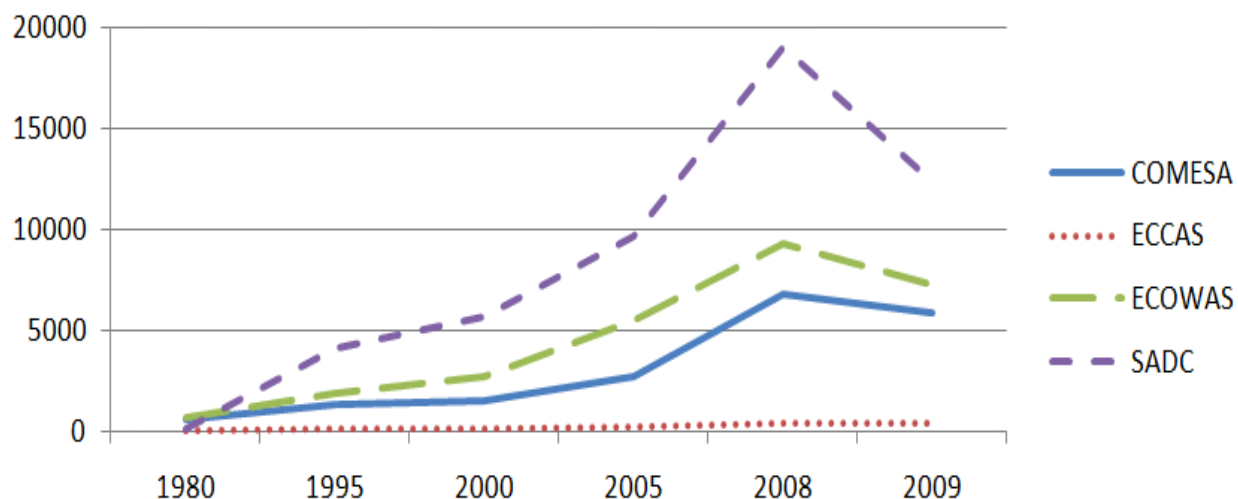
In this light, the need to understand the value of intra trade within the RECs is pertinent. This is having in mind that the RECs especially the ones with trade blocs. From figure 3, the RECs intra-trade all followed similar pattern. They experienced growth in the value of intra-trade except for the period 2008, when the value decreased. Similar reasons as noted above is the effect of the global economic crisis which had adverse effect on trade around the world. During this period, major customers for products from these regions were reduced.

Worthy of note is that the trend lines of the RECs follow similar pattern. This is with the exception of ECCAS which was many folds below the rest of the RECs. This is not surprising as the RECs that had rising trend lines had several structural adjustments put in place to boost their trade outcome. For example, ECOWAS had begun effort to eliminate tariffs for intra trade unprocessed goods. This has led to the creation of a free trade zone for UEMOA in the period 1994-2000 (Ndomo, 2009). Ndomo also noted that COMESA began to reduce tariffs in 1994 and sought to have eliminated them by 2000. In similar fashion, SADC's tariff reduction scheme has allowed member countries to choose the products on which their tariff will be based as long as the overall goal was attained. ECCAS during this period experienced a lot of challenges in establishing custom unions aimed at abolishing duties, quotas and prohibitions and administrative obstacles to intra regional trade with the aim of establishing a common tariff system. The challenges were mainly due to political instability and security constraints particularly in the seven of the eleven member states (African Development Bank, 2005).

Also, with regards to communication and infrastructural development, the three better performing REC have established inter regional communication between themselves with AMU being inclusive. This action has also gone a long way in reducing intra regional trade, especially cost of communicating with business contacts in neighbouring country. In ECCAS REC, the region is characterised by poor infrastructural development which has resulted as an obstacle to free movement of people and good. Amazingly, this poor infrastructural development in this REC has left her in Limbo as their potential trade outcome is unexplored. For example, the REC has about 200 million hectares of arable land but is able to utilise less than 1% to produce exportable goods due to poor agricultural infrastructure. Also, the sub region is characterised with poor infrastructures such as low utilisation of water ways, the shutdown of major regional airlines in the sub region such as Air Afrique as well as untarred roads, amongst others. In fact this has made intra regional trade in this REC the poorest amongst the observed RECs in this study.

These in no doubt explain why some of the regional community experienced better intra regional trade compared to others and overall, their trade outcome is fair but below potential.

Figure 3Intra Trade Values of RECs (Exports in Millions of Dollars).

From the foregoing, most of the RECs (SADC, ECOWAS, and COMESA) have witnessed a fair growth in their trade performance and of all the RECs studied; SADC has performed better than other RECs in export capacity (in values and growth rate) and also in the value of intra trade performance. The issue now is since the trade performance of RECs in Africa is fairly growing and low (UNECA, 2010), there is the need to understand the factors influencing/inhibiting this as the case may be.

5.3   Discussions on Statistical and Econometric Results
[Under construction]

6   SUMMARY FINDINGS, POLICY RECOMMENDATION AND CONCLUSION
[Under construction]

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