ECONOMIC DIPLOMACY – A LEVER FOR INTER-STATE TRADE IN AFRICA: A
CASE STUDY OF COMESA

BY

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ECONOMIC DIPLOMACY A LEVER FOR INTER-STATE TRADE IN AFRICA: A CASE STUDY OF COMESA

BY

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Thesis Submitted to the School of Humanities and Social Sciences in Partial Fulfilment of the Requirement for Masters of International Relation
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ______________________  Date: ______________________

Mirriam Furaha Karba (Student ID NO: 651286)

Supervisor’s declaration

This proposal has been presented for examination with my approval as the appointed supervisor.

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Mr. Leonard Maumo

Signed: ______________________  Date: ______________________

Dean School of Humanities and Social Sciences, Professor Martin Njoroge

Signed: ______________________  Date: ______________________

Deputy Vice Chancellor Academic and Student Affairs, Ambassador Professor Ruthie Rono
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ABSTRACT

This study seeks to examine the potential of economic diplomacy for the promotion of intra-African trade, with a focus on the Common Market for Eastern and Southern Africa (COMESA) region. The study focuses on the following research questions: Do the different member states of COMESA apply economic diplomacy? What has been the impact of economic diplomacy COMESA member states? What is the way forward for economic diplomacy among COMESA member states? This study will apply a mixed methodology which will rely on secondary and primary data. Four (4) member states of COMESA will form the sample size. Primary data will be collected by interviewing a key informant within the COMESA community.
ACKNOWLEDGEMENT

Above all else I give my appreciation and humble thankfulness to the Almighty God for the endowment of life, great wellbeing, a sound personality and celestial fortune that empowered me to think of this exploration venture.

Furthermore, I wish to accord my Supervisor, Mr. Leonard Maumo, unique affirmation, for outfitting me with the learning and aptitudes in composing the undertaking with incredible understanding, consolation and direction all through the exploration venture by perusing and redressing my work. God Bless You
DEDICATION

This examination is devoted to “my support-system” – my family for their help, persistence and love amid the whole journey. May the Almighty bless all of you.
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<td>– African Development Bank</td>
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<td>Afreximbank</td>
<td>– African Export Import Bank</td>
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<td>AU</td>
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<td>MNC</td>
<td>– Multinational corporations</td>
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<td>– non-governmental organisation</td>
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<td>PPP</td>
<td>– Public private partnership</td>
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<td>PTA</td>
<td>– Preferential Trade Area</td>
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RECS – Regional Economic Communities

SACU – Southern African Custom Union

SADC – Southern African Development Community

SSA – sub-Saharan Africa

TNC – Transnational actors

UNCTAD – United Nations Conference on Trade and Development

USD – United States Dollar

WEF – World Economic Forum

WTO – World Trade Organisation
CHAPTER ONE: INTRODUCTION

1.1. Background information

More recently, there has been an increasing acceptance of economics politics in international trade. Many studies put emphasis on the significance of political or diplomatic relations in the facilitation of trade. For instance, Van Bergeijk and Moons (2009) argue that diplomatic relationships take the forms of introducing trade missions and embassies are the key determinants of bilateral trade. Conversely, states that exhibit strained political relationships have a deteriorated trade flow between them. According to Afman and Maurel (2010), the facilitation of exports is among the explicit missions of foreign diplomacy and has been the main justifying economic rationales for seeking diplomatic relationships abroad. Both developed and developing countries use a great part of their national budgets to finance diplomatic activities in foreign nations. However, the costs of financing such activities for African countries consume a greater proportion of their budgets. This has seen them only manage to establish diplomatic missions in few countries, or else allocate meagre financial resources to diplomatic missions, therefore, limiting any intense activities that promote bilateral trade.

Yakop and van Bergeijk (2011) found that developing countries have more to benefit in diplomatic representations as they enhance South-South as compared to North-North trade. In a meta-analysis study, Plouffe and van der Sterren (2016) also states that diplomatic exchange has a conditional impact on the development of the trading partners. For instance, diplomatic exchange tends to have a more significant effect on North/South, South/South, and South/North trade in comparison to North/North trade. Plouffe and van der Sterren’s (2016) statement may be due to market and
coordination failures, which is caused by information asymmetry and may have severe consequences on developing countries compared to developed countries. However, there is little research on the importance of economic diplomacy for South-South trading blocs, especially among developing countries in Africa, in this case COMESA member states. This forms the basis of this study considering that previous studies focus exclusively on North/South, South/North and North/North trade partners.

Political diplomacy has been the most prevalent form of diplomatic practice (Barston, 2014). This is understood in the context of the rationales that led to the birth of diplomacy; that is, diplomacy developed out of the prerequisite to evade antagonistic circumstances and wars (Anderson, 2014). The concept of diplomacy was never foreseen to include collective security or collective economic bargains inter alia, as it is currently conceptualized. However, with the new international developments, including technology, diplomacy has been bound to stretch out from the political cage. Consequently, modern diplomacy has stretched out to include economic and cultural concerns of the state(s). This is a move away from the old form of diplomacy, where it was generally confined to political ascriptions (Watkins, 2008). Actors in diplomatic relations have refocused from political ascriptions to form diplomatic relations that are aimed at protecting their respective country’s economic interests (economic diplomacy) and general regional interests (Barston, 2014). Hence, diplomacy has not only become a tool to solve political wrangles but also a tool to fasten economic development.

COMESA is the largest of the eight (8) Regional Economic Communities (RECs) recognized by the African Union (AU), bringing together 21 Member States (COMESA Secretariat, 2019). COMESA was formed in December 1994 to replace the former Preferential Trade Area (PTA) from the early 1980s in Eastern and Southern Africa. It was created to serve as an organization of
free independent sovereign States that have agreed to cooperate in developing their natural and human resources for the good of all their people (Mudida, 2012). In this context, the main focus of COMESA has been the formation of a large economic and trading unit to overcome trade barriers faced by individual States. With a population of 492 million people and a GDP value of USD 682 billion, COMESA is one of the largest trading powers in Africa (Muuka & Ezumah, 2014).

Economic growth of the region has exhibited resilience in the face of the global economic downturn, despite the many pertinent challenges facing Africa. Notable progress within the COMESA region has been achieved through improved macroeconomic management, market-based reforms and continued structural progress in many countries. In 2013, the combined gross domestic product (GDP) for COMESA stood at USD 638.6 billion from USD 553.9 billion in 2012 an impressive 15% growth rate (World Bank, 2018). The average annual inflation rates in COMESA countries have been at varying levels.

According to the World Bank the European Union (EU) is COMESA’s main trading partner: COMESA accounted for 18% of EU-28 imports from Africa and 20% of exports to Africa in 2015. Notwithstanding, the GDP of the EU is way beyond that of COMESA. The GDP of the EU stands at $17.1 trillion. This is partly attributed to the different approaches that the EU and COMESA member states have adopted in the conduct of their business. While the EU has maximized on trade between its member states, through the practice of economic diplomacy; COMESA member states have focused on trade with countries outside the African continent (World Bank, 2018). They have failed to fully utilize the practice of economic diplomacy to encourage interstate trade between member states and the states within the African continent. COMESA member states are attentive to forge relationships with countries outside Africa,
ignoring the potential that the African states have when it comes to economic development. This study suggests Economic diplomacy as a means to not only achieve the objectives that COMESA had at its formation; but also a means to strengthen the interstate trade among the member states of COMESA.

Fig. 1.1 COMESA member states.

Source: Economic Commission for Africa (ECA, 2019)

1.2. Statement of the problem

Intra-regional trade on the African continent is significantly lower than other regions globally; this is partly due to the prevalence of informal cross-border trade in Africa, which is estimated at
US$90 Billion and partly due to the failure to utilize the practice of economic diplomacy within the region; specifically among the African states (Sow, 2018). In 2015, Africa’s population had doubled that of Europe, at 1,186 million, yet intra-African trade was a minimal 5% of that of intra-EU trade (USD 170 billion), whereas informal cross-border trade was a source of income for 40% of Africa’s population (Jadesimi, 2017). Furthermore, the total intra-African trade levels themselves are also the lowest in the world—this highlights how much African citizens stand to gain by trading with each other (Makhubela, 2018). On the other hand, there is no clarity regarding the applicability of economic diplomacy within the COMESA region in driving economic, social, cultural, and political development. Most importantly, Afman and Maurel (2010) state that these factors affect the structure of international trade.

1.3 Objective of the study

The general objective of this study is to examine the use of Economic Diplomacy vis-à-vis the inter-state trade in south-south trading blocs and specifically among COMESA member states.

1.3.1 Specific Objectives

1. To investigate if the COMESA member states apply economic diplomacy

2. To find out the impact of emergence of economic diplomacy on COMESA member states

3. To chart the way forward for economic diplomacy among COMESA members

1.4 Research questions

Based on the problem identified by this study, the research questions are:

1. Do the different members of COMESA apply economic diplomacy?
2. What has been the impact of emergence of economic diplomacy on COMESA member states?

3. What is the way forward for economic diplomacy among COMESA member states?

1.5 Justification of the study

Traditionally, researchers in diplomacy studies approach international relations using realist and neorealist perspectives resulting in the analyses of state-centric political agendas (Murithi, 2017). Consequently, this form of research undervalues economic aspects of diplomacy, therefore, failing to reflect on the significance of diplomacy theories and concepts in explaining processes like imperialism, globalization, and development. This study is important to the discipline of diplomacy, as it will provide insights for possible policy reforms that could facilitate intra-African trade. Firstly, this discussion will fill the knowledge gap in economic diplomacy and how it can be used as a lever for inter-state trade. While the discussion on diplomacy has always been confined to political agenda and political ascriptions; this study moves out of this cage and sets a contemporary platform for discussion. It intends to contextualize economic diplomacy in the modern world and demonstrate how it can be used as a tool for economic development. Secondly, this study will show Intra-African trade has been minimal and this is said to be one of the contributing factors to the slow economic development in the region. Suggesting reforms in this particular area will not only be helpful in forging good relations among the African states but also it will be good for economic development in the region. Lastly, this study will help readers with insights on major development and transformations that have occurred around the practice of economic diplomacy. Moreover, the readers will have an insight into how the practice of diplomacy can be a tool of development.
1.6 Scope of the study

This study will seek to cover the analysis of economic diplomacy under two (2) major contexts; geographic and time period. The geographic concept will explore sub-Saharan Africa, specifically the COMESA member states. The study will widely analyze the concept of economic diplomacy at the global level and afterwards examine its presence in the COMESA bloc. The study will evaluate the existence of economic diplomacy in the region and its impact or potential impact on intra-African trade. This study, while appreciating the historical development of economic diplomacy, will be limited to events that occurred between the years 2013 to the year 2018 within the COMESA community. Such events will include the level of trades between and by COMESA member states. The study will also look into the type of goods and or services that have been exchanged in the COMESA bloc. Charts and figures will be used to demonstrate points where necessary. The study will also seek to obtain further information from a key informant in the COMESA community through an interview. The information obtained is one that will otherwise not be available in reports and will measure the general attitude and aptitude of the stakeholders in COMESA.

1.7 Definition of terminologies

1.7.1. Regional economic integration

Regional economic integration is the elimination or reduction of trade barriers within a given region aimed at facilitating trade between the nations or states in that region (Hartzenberg, 2011). Regional integration is not limited to trade in goods, but it also extends to services, labour and investments. Baldwin and Venables (1995, p. 1597) define regional economic integration as “The elimination of tariff and non-tariff barriers to the flow of goods, services, and factors of production can result in lower prices for distributors and consumers and increased productivity in countries”.
This means that regional economic integration involves the reduction of regional trade obstacles and investment constraints to provide an important incentive that may also attract foreign direct investment (FDI).

1.7.2. Non-state Actors

These can be individuals or organizations that have considerable political influence without being allied to any particular country or state. The interests of non-state actors vary considerably and they have taken an increasingly significant role in the international relations (Slaughter, 2011).

1.7.3. Multinational corporations (MNCs)

These are companies with headquarters in one state and extensive investments in other nations or states (Beamish, 2013). MNCs are based in one state but have branches or subsidiaries operating in other states. In other words, MNC is a large corporation operating on a worldwide basis in many countries at the same time, with fixed facilities and employees in each.

1.7.4. Transnational Actors

Transnational actors are actors that function below the state level but functioning across the state borders (Barston, 2014). There are two types of transnational actors, which are the transnational corporations (TNCs) or multinational corporations (MNCs), and the nongovernmental organizations (NGOs).

1.7.5. Negotiation

Berridge, Keens-Soper and Otte (2001) refer to negotiations as a practice that involves “trading concessions.” This practice was initially introduced by Richelieu who considered concessions and counter-concessions a very significant part of negotiations. He also emphasized that this trading
of concessions need to be practiced in private since it becomes cumbersome when they are made public. Hence, details regarding the negotiations need to be kept confidential.

1.7.6. Economic statecraft

Economic diplomacy employs economic resources, as either rewards or sanctions, in pursuit of a particular foreign policy objective. This is sometimes called "economic statecraft"
1.8 Chapter breakdown

**Chapter One: Introduction**- This chapter introduces and explains the background of the discipline of diplomacy to its evolution into economic diplomacy. The chapter also presents the objectives of the study, the research questions, justification of the study and scope of the study.

**Chapter Two: Literature Review**- This chapter will review the available literature in this area of study and identify the possible gaps to be filled.

**Chapter Three: Research Design and Methodology**- This chapter will provide for research design and methodology

**Chapter Four: Data Analysis**- This chapter provides for the analysis and evaluation of the data collected.

**Chapter Five: Conclusion and Recommendations**- This chapter will conclude on the study and provide recommendations on the findings.
CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

As demonstrated in chapter one of this discourse, political diplomacy has been the widely used form of diplomacy (Kaiser, 2015). Economic diplomacy has received relatively little or no attention in the past; accordingly, its adoption can be a break-through to the African states. For instance, COMESA member states could utilize and use economic diplomacy as a tool for promoting economic interests of the sub-Saharan region by formulating foreign policies aimed at promoting trade and attracting foreign direct investments within the region. Only that this time around, inter-state trade should be refocused on states within the African continent. In the past, it has been a culture that most African states forge economic diplomacy relations with states outside the African continent (Herbst, 1997). Conversely, the potential of the African market has remained untapped by the African states, but rather by states from outside Africa for a long time; hence the relatively slow economic development within the African continent. This is notwithstanding that for a long time Africa has remained the major source of raw materials for production. This chapter reviews the available literature on economic diplomacy and summarizes the concepts and pertinent issues surrounding economic diplomacy. The chapter further integrates these concepts with the aim of finding answers to the research questions.

2.1. Evolution of Diplomacy

The history of economic diplomacy can be traced as far back as ancient Greece. Greek city-states were constantly at war. Consequently, the practice of diplomacy became necessary; however, the diplomacy of the past is reported to be different from what is known to be diplomacy in the modern world (Hamilton & Langhorne, 2011). It was purely used as a means of encouraging communications between different communities or state(s). Remarkable events like the
Westphalia war during the 16\textsuperscript{th} and 17\textsuperscript{th} century saw tremendous improvements in the practice of diplomacy (Shimizu, 2003). The Westphalia treaty was signed to put an end to the 30 years period of war and strengthened the diplomatic relations among states. The Westphalia treaty promoted the notion of the principle of sovereignty and pacific ways of conflict resolutions mechanism among the Westphalia-states. This new era of diplomacy moved from the capacity to communicate effectively, to enhance domestic administrative operations among the European states.

Moving forward, the 19\textsuperscript{th} century marked the period when most of the African states were being colonized by the European powers. The kind of relationship between the colonizer and the colonized was that which hindered the principles of diplomacy. The practice of diplomacy was highly limited. The outbreak of World War I in the early 19\textsuperscript{th} century was treated as a sign of such limitation. Notwithstanding, efforts were made to maintain diplomatic relations after World War I (Mudida, 2012). There was a move away from the traditional diplomacy, which majorly focused on the kings, elite and bilateral diplomacy. The new wave was refocused on multilateral diplomacy. This is attributed to the democratic ideals that were emerging at the time and was followed by the need to strengthen economic ties. It was considered that the likelihood of war breakout was limited when states had high economic stakes with each other.

At the African states level, diplomacy is understood in the context of managing relations between states among and actors. Plouffe and van der Sterren (2016) state that in the past, especially the Cold War era, diplomacy was determined by power relations, political interests and ideological interests of countries. However, the post-Cold War era has seen the rise of a new agenda in diplomacy issues with the key area being the economic interests of states (Van Bergeijk & Moons, 2009). For a better part of the 20\textsuperscript{th} century, developing states were not able to influence international systems. This saw an attempt by a number of developing countries to promote a
collective identity. In the case of African states, economic diplomacy is a matter of diplomacy of development (Mudida, 2012). In this regard, developing states seek ways of articulating their interests in an international context. The main objective of diplomacy of development in Africa is to improve the quality of life for all people. Okumu (2002) mentions that while African states seek to raise per capita incomes through economic diplomacy, other objectives are to reduce poverty, increase literacy levels and expand access to health services.

Shimazu (2014) identifies the 1955 Afro-Asian Bandung Conference as the first step towards forming that identity. This conference brought to light the idea that underdevelopment in southern states was not caused by endogenous factors like persistent traditional institutions but rather due to the lack of an external relationship with world capital. After the Afro-Asian Bandung Conference, heads of state from developing countries initiated a dialogue that led to the development of the Non-Aligned Movement, which includes countries from Latin America (Mudida, 2011). This movement was intended to meet three main objectives. First was to address initiatives against colonialism on behalf of developing countries. Secondly, it was to position developing countries outside the sphere of the Cold War, and lastly, it was meant to promote developing countries’ interests at the global scene. According to Nyong’o (1990), the intentions of the developing states were to address the continued economic dominance by industrialised states. Even though political leaders like the late Kwame Nkrumah argued that the colonialism was over, developing countries were still trapped in a capitalist international economic system that favoured developed states (Braga & Grainger-Jones, 2006). For example, multinational corporations controlled a greater part of economic resources in developing countries.

Developing states opted to become members of international organisations as a way of fostering Third World solidarity and advocating for change in international systems (Murithi, 2017). This
saw the formation of the United Nations Conference on Trade and Development (UNCTAD) in 1964 by 77 developing states. Since its formation, UNCTAD holds meetings every four years in the capital cities of its member state. The member states sought to have UNCTAD represent a means of dialogue and negotiation with developed states (Bairoch, 2013). UNCTAD, therefore, emphasizes and addresses problems of trade and development with the aim of bringing a fundamental change in the international economic order. UNCTAD developed its agenda in two phases. The first phase lasted between 1964 and 1978 and focused on restructuring relations between the North and South (Van Bergeijk & Moons, 2009). Beyond 1978, UNCTAD has been using economic diplomacy to enhance relationships among developing countries. This has seen a greater push for regional integration initiatives that began in 1980.

2.2. Economic Diplomacy

Economic diplomacy offers a means for governments to upsurge their international trade, promote tourism and attract foreign direct investment (FDI), with an aim of improving their respective domestic economies (Woolcock, 2013). Tlhabanello (2015) describes economic diplomacy as promotion of transnational relations, especially in the economic realm. He continues to explain that economic diplomacy is a tool for expediting development through establishment of economic and social interdependence between states. Rana (2007) describes economic diplomacy as the practice through which states tackle the outside world, to maximize their gains in all the field of activities comprising trade, investment and other forms of economically beneficial exchanges.

Woolcock and Bayne (2013) assert that economic diplomacy is a distinct component in diplomacy in general. They distinguish negotiations on economic topics (economic diplomacy) from those on political topics (political diplomacy). They further make a case for economic diplomacy; that is, economic diplomacy has increasingly become important with increased international economic
interdependence. Subsequently, there is a greater need to find negotiated solutions to common economic challenges facing states. They propose that negotiations should be refocused on open trade, investment, stable financial systems, and climate change among others. This, Woolcock and Bayne (2013) believe will enable states to achieve their regional and domestic economic objectives. Moreover, while assessing the trends in economic diplomacy, they admit that despite the increased importance of non-state actors in economic diplomacy, states continue to remain the major actors in economic diplomacy. Bergeijk (1994) also investigates the impacts of international diplomacy and economic sanctions on trade and investments. He appreciates the increased importance of the instruments of economic diplomacy. His work fills the knowledge gap in the international trade literature, specially, economic diplomacy.

Diplomacy is a principal activity of heads of states, governments and special bodies of external relations in implementation of goals, objectives of state's foreign policy, as well as protection of rights and interests of state abroad. Economic diplomacy is a type of diplomacy. The scope of economic diplomacy can encompass one or all of the main international economic activities of a state including, but not limited to, policy decisions designed to influence exports, imports, investments, lending, aid, free trade agreements (Mwencha, 2019).

A review on the available literature on the concept of economic diplomacy reveals that there is no single universal definition of ‘economic diplomacy’. However, for the purpose of this study and while appreciating the descriptions of Rana (2013) and Tlhabanello (2015) who define economic diplomacy as the application of instruments of diplomacy to bring certain economic/ financial benefits to a given state whilst still maintaining a cordial mutual relationship of that state with other states. This could be through preserving import and export investment opportunities, attracting FDI, and embracing technological advancements in the global market. Economic
diplomacy is normally necessitated by the need to respond to economic challenges by given states. According to Tlhabanello (2015) economic diplomacy captures three important spectrums as illustrated in figure 3 below.

Figure 2.1 Elements of Economic Diplomacy

Source: Tlhabanello, 2015

2.3. Elements of economic diplomacy

Economic diplomacy is the use of the full spectrum economic tools of a state to achieve its national interests (Okano-Heijmans, 2011). This means that the scope of economic diplomacy can encompass all of the main international economic activities of a state including, but not limited to, policy decisions designed to influence exports, imports, investments, lending, aid, free trade agreements, etc. Economic diplomacy is concerned with economic policy issues, e.g. work of delegations at standard setting organizations such as WTO (Murithi, 2017). Economic diplomats
also monitor and report on economic policies in foreign countries and give the home government advice on how to best influence them

2.4. Theoretical understanding of Economic Diplomacy

Theories that explain economic diplomacy simply tend to explain international trade and relations. According to Baldwin and Venables (1995), the concept of international trade refers to the exchange of goods and services between different countries. Countries are likely to engage in economic diplomatic relations because of the benefits associated with the exchange. While this may sound simple, Vaggi and Groenewegen (2016) argue that there are many theories that constitute international relations. Almost all developed and developing nations of today desire to have free trade, and Goyal and Joshi (2006) consider this the philosophy advocated by institutions like the World Bank, the World Trade Organization, and COMESA. Furthermore, this was the view after World War II, when the General Agreement on Tariffs and Trade was launched (Bayne & Woolcock, 2011). However, there have been changes in economic theories that explain economic diplomacy since the time of Adam Smith and after the formation of GATT. To expand on the theoretical understanding of economic diplomacy, this section will review the literature on the Institutional Liberal Theory and the Theory of Inter-governmentalism and their contribution to international trade relations thereafter.

2.4.1. Institutional Liberal Theory

Moravcsik (1997) describes institutional liberal theory as the theory of international relations. According to him, this theory has developed around three underpinning principles, which are interrelated. Firstly, this theory rejects power politics as the only probable result of international relations. Secondly, institutional liberal theory gears international organizations and
nongovernmental actors in reshaping state predilections and policy choices. Lastly, this theory emphasizes on mutual benefits and international cooperation.

According to Shiraev and Levy (2016), international institutions have a unique role to play in states cooperation. It is the position of this theory that with the correct international institutions and well-structured system of interdependence (not limited to political and economic exchange) among states, presents a great opportunity to avert conflict and promote economic benefits between states. States interdependence takes place in three primary forms, that is, economic/financial, social and cultural forms. Liberals like Jessop (2002) admit that in a state-state interactions, security issues normally seem not to be the primary goal as military forces ordinarily are never involved; accordingly, economic benefits always seem to be the central focus.

Heywood (2015) believes that international diplomacy can be efficiently used by states to honestly relate and interact with each other in supporting non-violent solutions to the problems and challenges facing states; this could be political or economic. He adds that this is even more effective when there are correct institutions, as states would be able to come together with bigger goals of maximizing economic prosperity and enhancing peace.

2.4.2. Intergovernmentalism theory of integration

Theories of integration seek to give an explanation to the process and outcome of integration amongst states. They clarify how and why countries come up with trading blocs. These theories make it easy to understand how trading blocs like COMESA work. It is also important to be familiar with the different approaches people take when explaining integration between states, as whatever is written is always grounded in a particular set of assumptions which should be taken into account when reflecting on what has been said. Intergovernmentalism emphasises the role of the nation state in integration, and argues that the nation state is not becoming obsolete due to
integration between states. Bickerton, Hodson and Puetter (2015) argued that national governments of the member states are the primary actors in the process of integration, and rather than being weakened by it as some of their sovereignty is delegated to the trading blocs, they became strengthened by the process. This is because in some policy areas it is in the member states' interest to pool sovereignty (Hooghe & Marks, 2009). Intergovernmentalists argue that they are able to explain periods of radical change in regional integration as when the interests of the member states governments converge and they have shared goals, and periods of slower integration as when the governments' preferences diverge and they cannot agree (Bickerton, Hodson, & Puetter, 2015; Hooghe & Marks, 2009). They main emphasis is on the role of national governments and the bargaining between them in promoting economic diplomacy.

2.5. Transformation of Diplomacy

As noted above, diplomatic processes have evolved to include economic, cultural, social as well as political forms and functions. In the last six decades changes have been witnessed in the global economy (Brown, 2005). These changes have been shaped by the reconstruction developments that occurred after World War II. For instance, Mansfield and Reinhardt (2003) mention the General Agreement on Tariffs and Trade (GATT) that was advanced into the World Trade Organization (WTO) in 1995 and the International Financial Institutions (IFIs) that were all set-up for and by the developed (industrialized) nations, which had the command of power by then. However, Braga and Grainger-Jones (2006) argue that with the rise of the developing countries, the global economic power balance has been shifted, for instance, China rising to the international economic stage and eventually joining the WTO in 2001 has upset this balance. It is instructive to note that this has been partly possible due to the practice of economic diplomacy.
Development in economic diplomacy has also been highly influenced by globalization that is the world has been reduced to a small village where there are inter-connections, trade, exchange of goods and services, and wide investments (Constantinou & Derian, 2010). In this regard, trade has extensively expanded over the past six decades and is no longer limited to local, national or regional boundaries, but rather global. Moreover, Hall (2010) states that since the culmination of the Cold War in 1991, the transnational agenda has changed significantly: this change has consequently changed the character of diplomacy. As White (2001) asserts, diplomacy has become more global, complicated and fragmentary. Accordingly, changes in diplomacy are particularly noticeable by the involvement of several new actors in the area of international cooperation (Baylis, Smith, & Owens, 2017). Globalization has opened doors to several new actors, including transnational corporations, international organizations and special interest groups such as NGOs. Diplomacy, which for a long period, especially during the 15th century, was only considered as a vital tool for foreign policy, has turned out to be significant in the post-Cold War period (Robertson & General, 2003). It has become a tool to foster economic development. In fact, the transformation of diplomacy is yet to be finalized. These days, for instance, governmental/administrative diplomacy must deal with different non-state actors that shape its agenda. Aboulmagd and Picco (2001, p. 14) explains that

“Diplomacy, one of the last monopolies of a government, is now accessible to and performed by nongovernmental organizations as well as individuals who have one main characteristic: credibility.”

Concurrently, Constantinou and Der Derian (2010) argue that it would not be relevant to assert that the role of governmental/administrative diplomacy has declined. Notwithstanding the entry of new actors that have contributed to the ending of the monopoly diplomats once enjoyed over
international relations, governmental/administrative diplomacy remains to have an important role to play (Braga & Grainger-Jones, 2006). Modern diplomacy remains to be influenced by the multilateral processes connected to economic security, technological and social changes. In other words, as Baylis, Smith, and Owens (2017) explain, diplomacy’s transformation in the 21st century has been characterized by fast-growing cooperation and coordination between institutions in solving different questions ranging from, environment, human rights, energy issues, economics, finance, health issues, organized crime, information and communication technology, and security issues including terrorism.

According to Kaiser (2015), the transformation of diplomacy has been rapid. Taking three features of diplomacy for instance, (negotiations, exchange of information and representation) major changes are noticeable. Two decades ago, the concept of diplomacy was defined by state-centric environment; dominant formats of mutual cooperation between countries; ministry of foreign affairs as the exclusive institution for foreign policy implementation; exclusiveness of diplomatic institution in representing important governmental issues; controlling of local-international events; communication by traditional ways of information exchange and presence of generalists during dialogs (Klavins, 2011). However, Hall (2010) observes that there have been changes in the delegation of functions to other actors by the ministry of foreign affairs, increased role of NGOs, multilateral cooperation becomes of more essence, the redefinition of diplomatic structures and institutions, the influence of information on agendas of foreign affairs is growing; global information environment is redefining the work of foreign office, the ways of communication are diversified, innovative information technologies are introduced and fast exchange of information minimizes the importance of previously planned policy, specialization has significantly improved in negotiation.
Consequently, the literature does not focus on Economic Diplomacy in the sub-Saharan African (SSA) region with a keen emphasis on COMESA member states. This study, therefore, intends to demonstrate how economic diplomacy can be used as a lever to interstate trade among the African States, which will subsequently lead to fasten economic development in the said region.

2.6. Successful Economic Diplomacy among COMESA member states

With globalization, economic interdependence among states has largely increased. This has unevenly impacted on the concerned states (Rana, 2007). For instance, Rana (2007) argues that some states have made tremendous advancements in developing their economy; others have remained stagnant or made little achievements, while others have become the victims of globalization. Bairoch (2013) links economic diplomacy to the uneven impact that globalization has had on states. According to him, states that have fully embraced the practice of economic diplomacy have performed better than the others that have not. For instance, European Community stretched textile preferences to Africa, Caribbean and Pacific countries in 1976; the countries involved were all underprivileged countries. However, Rana (2007) observed that while the preferences were accessible to about 70 states in 1980, Mauritius accounted for about 90% of the textile that was imported to European Community, despite Mauritius`s small population of about 1.1 million by then. While Mauritius fully took full advantage of economic diplomacy presented to advance its development strategy, other states simply did not bother to, creating the differential gap.

For successful economic diplomacy to be realized, especially among the COMESA member states, Rana (2007) proposes five aspects that must be given due regard by the concerned state(s). Firstly, there should be an understanding that economic engagement beyond a domestic level is a broad concept and ought not to be left only to the ministries of foreign affairs or commerce and industry.
Berridge, Keens-Soper and Otte (2001) also note that state agencies are required to take appropriate measures and initiatives in creating an innovative and viable partnership between states and private entities. While Rana (2007) argues that some nations have done so well in this regard through reaching out to the non-state actors and co-opting with them to advance the economic interests of their respective states beyond the domestic level, Jadesimi (2017) is of the opinion that more needs to be done in this regard. States that pursue all-encompassing domestic partnership(s) normally are inclined to work well with non-state actors in foreign states. According to Mudida (2011), most member states of COMESA have marginalized ministries of foreign affairs while other ministries such as defence and security have continued to enjoy greater leverage in foreign policy decision-making. The consequence of this is that the state’s foreign networks are often not utilized to its full capacity for the advancement of national economic interests (Dunn, 2016).

Secondly, respective states need to understand that the formulation of regulatory policies aimed at facilitating the practice of economic diplomacy is their sole responsibility (Rana, 2007). However, they should be open to receive assistance from scholars, think-tanks and businesspersons who have the same goal of creating conditions necessary for the advancement of trade and investments between states. The domestic economic agencies and diplomatic agencies have to proactively identify areas of primacy, and negotiate the necessary arrangements, keeping in mind the mutuality of interests (Braga & Grainger-Jones, 2006). Preferential trade agreements, agreements that address non-tariff obstacles, transport agreements and free trade are some of the primary areas that should be considered. Moreover, the ministry of foreign affairs ought to expand its institutions to incorporate non-state actors with the aim of managing the current complex economic and political realities (Adem, 2016).
Thirdly, it is important that COMESA member states harmonize and integrate structures of their external economic management and foreign affairs (Rana, 2007). Yakop and van Bergeijk (2011) find this practice to be common in Scandinavia, Caribbean, South Pacific and some other countries like Canada, Australia, Mauritius, South Korea and New Zealand. In 1997 to 1998, South Africa enthusiastically considered integrating foreign affairs and international trade, though it was not successful. Notwithstanding, harmonized arrangements of the work have been instigated in South Africa. Some developed countries, such as Canada and New Zealand have made a distinction between trade promotion activities and trade policy issues. In these states, the earlier is controlled by a separate agency outside the foreign affairs ministry orbit, while the latter is controlled by foreign affairs docket. In contrast, most developing countries wholly integrate trade and investment promotions with trade policies. Unlike in the case of developed states such as Canada, here control is under one single entity (Bayne & Woolcock, 2016).

According to Bayne and Woolcock (2016), countries that have not undertaken the integration and harmonization of structures of their foreign affairs and external economic management are disadvantaged in a number of ways. For instance, they spend a great deal of effort on lawn disputes on both bilateral and multilateral economic issues such as World Trade Organization affairs. They also fail to utilize their overseas diplomatic grid in the best way possible for the exploitation of foreign trade and investment.

Fourthly, recognition of the value of economic diplomacy is on the rise in various states, what varies is efficiency in actions taken (Rana, 2007). There is a need to have a well-resourced and staffed diplomatic services in the COMESA member states. This would not only give the member states increased power but also influence (Berridge & Keens-Soper, 2001). Singapore is a case in point in this regard. Lastly, while COMESA member states have always focused on forging
economic diplomacy with states outside the African continent; they need to refocus into states within Africa starting with them (Rana, 2007). There is a great potential in Africa that the African states have not been able to exploit. Forging strong economic diplomatic relations among the African states starting with the member states of COMESA, will not only fasten economic development in Africa but also give Africa a greater bargaining power at the global level. African nations would be able to make decisive decisions on the global table if they come together through strengthened economic diplomacy.

2.7. Common Market for Eastern and Southern Africa (COMESA)

Establishment of Common Market for Eastern and Southern Africa (COMESA) was aimed at facilitating regional economic integration among other things. The process of economic integration has largely helped in addressing economic discrimination between states. Economic integration happens in different forms (Alemayehu, 2000). The first form is the Preferential Trade Agreements (PTA): here, arrangements are made for member states to benefit from reduced trade tariffs or preferential treatment, however, this is within assessable restrictions to member countries, non-member countries are not beneficiary of the reduction in trade tariffs or preferential (Bayne & Woolcock, 2011). This arrangement is usually limited to a certain group of products and the grant ordinarily occur unilaterally. Common Market for Eastern and Southern Africa is an example of a Preferential Trade Agreement.

The second form of regional economic integration is the Free Trade Areas (FTAs): this form of integration is characterized by the elimination of trade barriers among member states (Goyal & Joshi, 2006). According to Robson (2012), elimination of trade barriers is enjoyed only by member states of the trading block; while the non-member states (third parties) are to continue operating with the barriers in place. Usually, stern rubrics of origin and exclusive customs scrutiny are
needed to avert trade ricochet. Moreover, Free Trade Areas can be set-up over some distinct segments of the economy among member states, this should enable the member states to enjoy the protection of the policy and at the same time allow competition on other sectors of the economy.

The third form of economic integration involves customs union where member states jointly determine the tariff level among themselves (Mistry, 2000). Here, Mistry (2000) explains that the member countries jointly agree on the unification of trade policies towards the non-member states. They establish a common external tariff, which is to apply to states outside the customs union. Member states usually lose their sovereignty when they come together to set-up tariff levels for a customs union, accordingly, mechanisms aimed at compensating the member states on the lost revenues is usually necessary (Robson, 2012). Member states usually are represented as single units during trade negotiations at the international trade conferences. The East Africa Community (EAC) and the European Union (EU) is currently on negotiations as a single bloc for Economic Partnership Agreements (World Bank, 2018). Apart from removing internal trade barriers among member states, there is a need for participating states to harmonize their external trade policies. This should include the establishment of common external and import quotas on products circulating within the region from the nonmember states.

The fourth form of economic integration is the common markets, for instance, the Common Market for Eastern and Southern Africa (Robson, 2012). Member states define common policies regulating trade among the member states and third parties. Member states agree to remove trade barriers through actions such as establishing a common passport (Barston, 2014). For instance, the EU common market has established migration policies which include a single visa known as ‘Schengen’ visa (Kaiser, 2015). However, the UK has not adopted this policy despite being a partner; accordingly, a traveller would need to have a UK visa.
The final form of economic integration involves regional economic agreement where member countries adopt common economic policies, for instance, the Common Agricultural Policy (CAP) of the EU, which regulates agricultural production. Member states can also opt to adopt a common currency to facilitate trade in the region (Farole & Akinci, 2011). Nagar (2016) investigates the efforts made towards the promotion of regional integration in areas of trade and security. His work focuses on the Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA). He looks into the efforts made by these two regional market blocks between 1980 and 2015 in this regard. Concisely, Nagar (2016) develops two analytical frameworks in his work, namely, the neoclassical realist approach and neoclassical economic approach in explaining the divergence and convergence of COMESA and SADC, as regards trade and security. Nagar (2016) also provides a brief history of the 1981 Preferential Trade Agreement (PTA), which advanced into COMESA in 1993. He also traces the history of SADC, which he explains that began as Southern Africa’s Frontline States (FLS), then evolved in 1980 into Southern African Development Coordination Conference (SADCC) and finally advanced to Southern African Development Community in 1992.

Nagar (2016) further expands on the two main regional integration approaches of trade liberalization, adopted by the COMESA, EAC and SADC Multilateral bloc (established in 2008), as it moved towards its Three-party Free Trade Area that was signed in June 2015. He moreover expounds on how the two institutions, that is, COMESA and SADC, manage their multiple memberships. His dominant assertion is that “multiple memberships have become a setback for convergence.” In advancing this assertion, he explains the benefits of regional integration schemes. “Henceforth assessed, is how developing countries are likely to be better served by “North-South” than by “South-South” free trade agreements.” The analysis is expanded by a discussion of
economic convergence in the neoclassical economic approach of open trade in regional trade agreements within the Southern African Customs Union (SACU) – whose five members all belong to SADC, with the presence of a regional hegemonic state: South Africa.

2.8. Elements of Contemporary Economic Diplomacy

Bayne and Woolcock (2011) describe economic diplomacy to include a set of undertakings including procedures for international decision-making related to cross border economic activities such as investment, lending, export, and migration tailed by state and non-state actors in the global world. Economic diplomacy ordinarily depicts the following elements: firstly, promotion of international trade and investment using political influence (Barston, 2014). This usually aims at improving the functioning of markets and addressing market failures, which subsequently reduces costs and risks of cross border transactions. Both state and non-state actors can undertake this.

Secondly, economic diplomacy involves the use of economic assets to strengthen mutual benefits and cooperation between states (Moons & van Bergeijk, 2017). Normally this would involve structural policies and bilateral trade agreements targeted at achieving unique geographic trading patterns. Thirdly, Moons & van Bergeijk (2017) also mention securing political climate and international political economic environment that would enable the achievement of the set economic goals both at the domestic and international level. This would cover multilateral negotiations, such as the World Trade Organization which most COMESA member states are part of the Organization for Economic Cooperation and Development and the European Union.

According to Kerr and Wiseman (2013), contemporary economic diplomacy has had both bilateral and multilateral advancement. This has taken place in three major facets. That is, through trade promotion, this has involved foreign direct investment attraction and encouraging of export exchange. The second facet of economic diplomacy in the contemporary world has involved the
minimization of susceptibilities to national security through diversification of risks (Barston, 2014). States have tried to achieve this through multilateral means such as building international alliances and through the traditional bilateral approaches including embracing modern technology (Smith, 2014).

The last facet involves country promotion through national branding (Kerr & Wiseman, 2013). Seabrooke (2011) considers this approach to be more of a unilateral; it incorporates both bilateral and multilateral approaches. Several states have sought to rely on their comparative advantages and positioned themselves as an investment, trade, communications transport and financial hubs. In this case, they have gone ahead to recruit their internal agencies and ambassadors to sell the good image of their respective states. From a multilateral perspective, they achieve this through participation in international social, cultural and sporting events and by advertisement in the mass media (Seabrooke, 2011). However, from a bilateral view, this is traditionally done through improvement of consular services (Barston, 2014). The pursuit of economic diplomacy that combines both bilateral and multilateral approaches has resulted in the incorporation of unconventional actors and culminated in the development of public-private partnerships (PPPs) that engage firms, industry bodies and academia both domestically and internationally in pursuit of economic aspects of foreign policy (Potter, 2009).

States that have predominantly employed the contemporary economic diplomacy in their commercial dealings have been able to witness tremendous economic development, which in most cases have transformed into the increased political power of the state(s) in question (Barston, 2014). For instance, the United States of America continues to grow powerful, this can be traced back to its intercessions on post-war Europe through the Marshall Plan and the rebuilding of Japan led by Gen. Douglas MacArthur. The emerging economies of Brazil, India and China are also
clear-cut illustrations of states that continue to benefit from strengthened economic diplomacy relations and have had an improved political power in the global arena (Constantinou & Der Derian, 2010). According to Seabrooke (2011), increased economic interdependence has forced countries to begin embracing multilateralism and institutionalize their working relationships as they work ever closer together. Economic summits such as the World Economic Forum (WEF) and the G-8 Summit inter alia have become the new platforms of diplomacy; effectively replacing traditional platforms such as bilateral meetings. In this regard, the raised profile of economic considerations alongside national security means that modern diplomats have to consider economic goals right alongside political ones while representing the interests of their home states (Potter, 2009).

The form of economic diplomacy that has emerged to dominate the latter half of the 20th century and the first one and a half decades of the 21st century can be summarized as a multi-faceted approach (Fahim, 2010). It combines elements of bilateralism and multilateralism in a state’s pursuit of economic objectives of foreign policy through diplomatic means. Klavins (2011) states that the diplomatic approaches that dominated the early half of the 20th century and the cold-war have mutated to adapt to the new non-political challenges to national security such as hostile economies occasioned by international competition for dwindling resources, volatility of financial markets, technological innovations and obsolescence of production techniques and the effects of international terrorism. In an interdependent world, Fahim (2010) considers states seeking to remain viable and competitive need to change their approaches to foreign policy and become responsive to the dynamics of the international economic system. This is what makes economic diplomacy indispensable.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction
This chapter seeks to provide a detailed analysis of how this study will be conducted. The chapter begins with an explanation on the research design employed. The target population of the study follows and thereafter comes the sampling design. After the sampling design, is the data collection methods which speaks to interview and desktop research as data collection methodologies. This portion of the study is followed by data analysis and finally the limitations encountered during the study.

3.2. Research Design
In general, one can categorize research in the social sciences into three groups: i) qualitative research (i.e., research dominated by, but not exclusively based on, constructive paradigms and focused on analysing narrative data); ii) quantitative research (i.e., research dominated by positivist paradigms and focused on analysing numerical data); iii) a mixed-methodology research.

This study employed the mixed methodology approach. Scholars have defined the concept of mixed-methods research in several ways. In an effort to precisely define a mixed-methods research, Johnson, Onwuegbuzie, and Turner (2007) review various definitions for the term. Based on their review, they defined mixed-methods research as a type of research in which a researcher combines elements of qualitative and quantitative research approaches for the broad purposes of breadth and depth of understanding and justification. One of the most advantageous characteristics of conducting mixed methods research is the possibility of triangulation, that is, the use of several means (methods, data sources and researchers) to examine the same phenomenon. Triangulation allowed the researcher to identify aspects of the study topic more accurately by approaching it from different vantage points using different methods and techniques.
3.3. Population and Sampling Designs

3.3.1. Target Population
Anthony (2014) defined target population as the aggregate social event of people from which a sample may be drawn. Bethwell (2015) also described a sample as a gathering of individuals who partake in an examination.

The target populations for this study were member states of COMESA, and specifically those that cut across different geographical regions namely, Northern, Southern, Eastern and Central Africa. Another target population was a key informant who has held leadership positions within COMESA and is renown in the continent as a thought leader on matters trade and regional integration.

COMESA comprises 21 African Member States that came together with the aim of promoting regional integration through trade and the development of natural and human resources for the mutual benefit of all people in the region.

3.3.2. Sampling Design
The sampling design refers to a sample frame, sampling technique, and a sample size (Cox & Hassard, 2005). A sampling design seeks to help a researcher map out how sampling of a study will be conducted. A sample frame is the final list from which a sample size with similar characteristics if selected (Cooper & Schindler, 2014). For this study, sampling was based on selection purposive sampling will be used to examine and determine the sample frame within COMESA. The sample frame then consisted of a list of four (4) member states of COMESA and a key stakeholder within the COMESA region. A sample size on the other hand is actual elements that a researcher examines and collects data that will be used to infer to the entire population (Saunders et al., 2009). For this study, the sample size were four (4) member states of COMESA belonging to different regional blocs through the continent, namely Northern, Central, Eastern and
Southern parts of Africa. These countries are Egypt, Kenya, Democratic Republic of Congo (DRC) and South Africa. These countries are all members of COMESA yet share different characteristics in that:

i. Egypt is the economic leader in the Maghreb region;

ii. DRC is one of the continental leaders in raw material export;

iii. Kenya is leads in the service sector in East Africa; and

iv. South Africa is the most industrialized country in the region.

For the third research question regarding a way forward for economic diplomacy among COMESA member states, this study interviewed a key informant within the COMESA Community.

3.4. Data Collection

3.4.1. Interview

According to Pathak and Intratat (2016) an interview is a conversation, whose purpose is to gather descriptions of the interviewee with respect to interpretation of the meanings of the ‘described phenomena’. In a similar vein, Pathak and Intratat (2016) add that an interview is an extendable conversation between partners that aim at having an ‘in-depth information’ about a certain topic or subject, and through which a phenomenon could be interpreted in terms of the meanings interviewees bring to it. Accumulating such meanings can be done in various ways, of which one-on-one interviews are the most common. This research used semi-structured interview, which is a more flexible version of the structured interview as it allows depth to be achieved by providing the opportunity on the part of the interviewer to probe and expand the interviewee's responses. When undertaking such interviews, an interview question guide was used to help cover all relevant areas (Newcomer, Hatry, & Wholey, 2015).
An interview with the key informant was therefore held on June 9, 2019. Interview guide questions had been prepared beforehand and the same can be found in Annex 1 of this study as well as a high level interview feedback. The findings of the interview were however incorporated into the Chapter 4 and Chapter 5 of this study in the Results and Findings and Discussion, Conclusion and Recommendations respectively.

3.4.2. Desktop research

This research also analysed secondary sources that focuses on COMESA and intra-African trade. Because of the array of quantitative and qualitative data that are potentially inherent in the existing literature, every literature analysis lends itself simultaneously to the analysis of quantitative and qualitative information (Johnston, 2017). As such, for this study, the researcher leveraged on quantitative data made available by think tanks detailing the level of intra-trade amongst the member states of COMESA. These literatures revealed initiatives that COMESA has undertaken under economic diplomacy and has further detailed the extent to which each member state has operationalised these initiatives domestically.

The research also leveraged on governmental and or institutional literature as sources for secondary information on the level of intra-COMESA trade.

The research also looked at the levels of intra-trade by the target populations who are member states of COMESA, namely Egypt, Kenya DRC and South Africa and showcased who their largest exports and trading partners were within the region.

3.5. Data Analysis Methods

Data analysis method is the systematic examination of raw or secondary data for emerging themes, facts, observations that are used to answer research questions (Saunders et al., 2009). Secondary data analysis method has been used to review and analyze data from desktop research. The
systematic review was equally done in line with the research questions. For instance in order to determine the impact of economic diplomacy across the target population a year-on-year review of their performance and trading (export and or import) partners within the bloc was shown in a tabulated format or through graphical representation.

3.6. Limitations of the Study

The challenges presented with this kind of study is that some of the data that reported on the level of intra-African trade within COMESA varied from one author to another and could therefore present some level of biasness. Similarly, the reports did not explain sentiments or attitudes of some states towards certain policy initiatives that purpose to boost intra-African trade. To overcome these challenges, a broader view was sought from an interview with the former Secretary General of COMESA.
CHAPTER FOUR: RESULTS AND FINDINGS

4.1. Introduction

This chapter discusses research findings of the study which was aimed at examining the extent to which member states of COMESA have employed economic diplomacy to boost intra-African trade. The chapter presents the analysis of the findings guided by secondary data. The analyses have been divided into the following sections: first section analyzed the presence of economic diplomacy mechanism(s) instilled by COMESA and its adoption thereof by COMESA member states; the second section presented statistics depicting levels of intra-trade between COMESA members.

4.2. Existence of Economic Diplomacy in COMESA

The history of COMESA dates back to 1994 when it was formed to replace the former Preferential Trade Area (PTA) which had existed from the earlier days of 1981. COMESA was established ‘as an organization of free independent sovereign states which have agreed to co-operate in developing their natural and human resources for the good of all their people’ and as such it had a wide-ranging series of objectives which also included the promotion of peace and security among its member states (COMESA, 2019).

However, due to COMESA’s economic history and background its main agenda remained on the formation of a large economic and trading unit that is capable of overcoming some of the barriers that are faced by individual states. Thus, COMESA has put in place programs of cooperation aimed at achieving the removal of all physical, technical, fiscal and monetary barriers to intra-regional trade and commercial exchanges. Belonging to COMESA comes with an array of benefits to its member states, namely:
i. A wider, harmonized and more competitive market
ii. Greater industrial productivity and competitiveness
iii. Increased agricultural production and food security
iv. A more rational exploitation of natural resources
v. More harmonized monetary, banking and financial policies
vi. More reliable transport and communications infrastructure

4.2.1. COMESA Priority Areas

4.2.1.1. Free Trade Area

The Free Trade Area (FTA) is an initiative in which no tariffs are levied on goods from other member states of COMESA whilst each member state applies its own regime of tariffs to goods imported from outside the region. It was achieved in the year 2000 when nine (9) of the member states agreed to eliminate their tariffs on COMESA originating products, in accordance with the tariff reduction schedule adopted in 1992. This followed a trade liberalization programme that commenced in 1984 on reduction and eventual elimination of tariff and non-tariff barriers to intra-regional trade (COMESA Secretariat, 2019).

4.2.1.2. Customs Union

A Customs Union (CU) may be defined as a merger of two (2) or more customs territories into a single customs territory, in which customs duties and other measures that restrict trade are eliminated for substantially all trade between the merged territories. These territories will in turn apply the same duties and measures in their trade with third parties (COMESA Secretariat, 2019).

4.2.1.3. Trade Promotion
COMESA has put in place other measures which seeks to promote trade among its members, such as: (i) trade liberalization and customs co-operation, including the introduction of a unified computerized customs network across the region; (ii) improvement of the administration of transport and communications to ease the movement of goods services and people between the countries. (iii) creation of an enabling environment and legal framework which will encourage the growth of the private sector, the establishment of a secure investment environment, and the adoption of common sets of standards; and (iv) harmonization of macro-economic and monetary policies throughout the region (COMESA Secretariat, 2019).

4.3. Trade analysis

4.3.1 COMESA trade analysis 2013

In 2013, intra-COMESA trade grew by over 8% increasing from US $19.3 billion to US 20.9 billion; when compared to 2012. Contributing to this regional growth were the following Member states: Swaziland, Madagascar, D R Congo, Zambia, Burundi and Comoros. Figure 9 below depicts the performance of intra-COMESA trade over the period 2004 – 2013.

Copper ores and concentrates have topped the table for the most exported products in value terms within the COMESA region in 2013. The %age of intra-COMESA trade to total COMESA trade continued to grow albeit slowly from regional levels of 5% in 2004 to the current 7% in 2013 (COMESA, 2014)
Egypt also exported products worth US $2.4 billion while Zambia and Kenya’s intra-COMESA exports stood at US$1.8 billion each. On the import side, Zambia maintained its rank with the biggest market share of 25% in 2013, up from the previous year’s share of 19%. Congo D R displaced Libya for the second rank while Kenya displaced Egypt for the fourth largest import market share. Zambia’s intra-imports were mainly copper ores and concentrates from D R Congo.

At country level, Member States that traded more within the region in 2013 were Burundi (31%, up from 19% in 2012), Rwanda (29%, down from 34% in 2012), Congo D R (28%, up from 20% in 2012) and Zambia (22%, up from 19% in 2012) (COMESA, 2014).

Table 4.1: Intra-COMESA Trade by Country, 2012-2013 (Values in US $ million)
<table>
<thead>
<tr>
<th>Country</th>
<th>2012</th>
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<td>Exports</td>
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<tr>
<td>Burundi</td>
<td>39</td>
<td>7</td>
<td>157</td>
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<td>4</td>
<td>3.09</td>
<td>7.9</td>
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<td>2</td>
<td>0</td>
<td>24</td>
<td>6.64</td>
<td>-24.8</td>
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<tr>
<td>Congo DR</td>
<td>1,299</td>
<td>1,348</td>
<td>1,703</td>
<td>2,034</td>
<td>48.9</td>
<td>48.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Djibouti</td>
<td>15</td>
<td>99</td>
<td>1</td>
<td>0</td>
<td>92</td>
<td>-9.46</td>
<td>-6.9</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>2,480</td>
<td>781</td>
<td>2,359</td>
<td>6.54</td>
<td>-4.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eritrea</td>
<td>7</td>
<td>92</td>
<td>4</td>
<td>1</td>
<td>13</td>
<td>-38.7</td>
<td>-96.0</td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>262</td>
<td>2</td>
<td>236</td>
<td>276</td>
<td>2</td>
<td>1.95</td>
<td>-5.4</td>
<td>-17.8</td>
</tr>
<tr>
<td>Ghana</td>
<td>1,085</td>
<td>273</td>
<td>726</td>
<td>1,568</td>
<td>268</td>
<td>7.12</td>
<td>-1.9</td>
<td>-1.9</td>
</tr>
<tr>
<td>Libya</td>
<td>12.7</td>
<td>1,587</td>
<td>90</td>
<td>1,405</td>
<td>-28.1</td>
<td>-11.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Madagascar</td>
<td>38</td>
<td>2</td>
<td>146</td>
<td>59</td>
<td>5</td>
<td>1.54</td>
<td>53.9</td>
<td>100.3</td>
</tr>
<tr>
<td>Malawi</td>
<td>168</td>
<td>0</td>
<td>428</td>
<td>142</td>
<td>0</td>
<td>2.97</td>
<td>-15.6</td>
<td>-8.6</td>
</tr>
<tr>
<td>Malta</td>
<td>10.2</td>
<td>1.65</td>
<td>149</td>
<td>112</td>
<td>101</td>
<td>183</td>
<td>9.5</td>
<td>8.3</td>
</tr>
<tr>
<td>Mauritius</td>
<td>225</td>
<td>82</td>
<td>421</td>
<td>242</td>
<td>92</td>
<td>374</td>
<td>7.5</td>
<td>12.1</td>
</tr>
<tr>
<td>Rwanda</td>
<td>5</td>
<td>45</td>
<td>4</td>
<td>51</td>
<td>-22.9</td>
<td>11.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seychelles</td>
<td>276</td>
<td>0</td>
<td>582</td>
<td>160</td>
<td>0</td>
<td>688</td>
<td>-42.1</td>
<td>1,259.0</td>
</tr>
<tr>
<td>Sudan</td>
<td>45</td>
<td>5</td>
<td>124</td>
<td>14</td>
<td>178.5</td>
<td>56.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swaziland</td>
<td>358</td>
<td>135</td>
<td>714</td>
<td>422</td>
<td>114</td>
<td>703</td>
<td>18.0</td>
<td>35.0</td>
</tr>
<tr>
<td>Uganda</td>
<td>1,422</td>
<td>165</td>
<td>1,672</td>
<td>16.40</td>
<td>202</td>
<td>2,803</td>
<td>15.4</td>
<td>22.3</td>
</tr>
<tr>
<td>Zambia</td>
<td>10.3</td>
<td>13</td>
<td>641</td>
<td>130</td>
<td>6</td>
<td>436</td>
<td>19.7</td>
<td>-55.0</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>8,479</td>
<td>784</td>
<td>10,063</td>
<td>9,072</td>
<td>794</td>
<td>11,032</td>
<td>35.0</td>
<td>-35.0</td>
</tr>
</tbody>
</table>

Note: The table data represents trade statistics for various countries in 2012 and 2013, including exports, re-exports, imports, and percentage change in trade.
4.3.2 COMESA Trade Analysis 2014

According to the 2016 COMESA regional report, COMESA’s total exports dropped from US$ 106 billion in 2013 to US$ 94.7 billion in 2014 while imports increased from US$ 162.1 billion in 2013 to about US$ 191.5 billion in 2014. However, the region’s intra-exports were only worth US$ 10.1 billion in 2014. This shows that the extra-exports from COMESA stood at US$ 84.6 billion in 2014, which implies that the intra-COMESA exports in 2014 were only 10.7% of the total exports. Out of the total extra-COMESA trade, exports were US$ 82.4 billion and imports US$ 167.5 billion. Out of the total extra-COMESA exports, only goods worth US$ 123.9 million did not match the extra-COMESA imports as shown in Table 4.1 below:

Table 4.2: Extra COMESA Trade in 2014
The trend of COMESA’s trade pattern suggested a huge potential for increasing intra-trade. Looking at 2014 statistics is estimated at US$ 82.3 billion of all the total extra-COMESA exports (US$ 82.4 billion) less extra-COMESA imports (US$ 123.8 million) which do not match any member states imports could easily be traded within the bloc (COMESA, 2016).
4.3.3 COMESA Trade Analysis 2015

Intra-COMESA total exports declined by 8% from US$ 9.2 billion in 2014 to US$ 7.6 billion in 2015. The study showed that savings rate in most COMESA member countries was below 20% of the Gross Domestic Product (GDP). This was due to the fact that a large proportion of the population was not connected to the financial system and therefore had no access to savings instruments. It can be argued that it is important to generate an adequate level of domestic savings in order to ensure higher level of sustained investment. (Tralac, 2016).

The average overall investment, as a %age of GDP in COMESA, increased marginally from 24.6% in 2014 to 26.3% in 2015. A number of COMESA member countries recorded investment performance of less than 20% of GDP. Region-wide, inflation increased marginally from 6.0% in 2014 to 6.8% in 2015. Lower global oil prices and the continuing fall in food prices as well as prudent monetary policies contributed to the single digit inflation in most member countries (Tralac, 2016).

However, currency depreciation in the wake of lower commodity prices increased the risk of inflation. Some countries experienced increase in annual inflation rate due to exchange rate depreciation hence monetary policies in most member countries focused on controlling inflation. The region further recorded significant depreciation of currencies owing to widening current account deficits. The deficits resulted from persistent trade imbalances and in some cases late disbursement of external aid flows. High public sector demand for foreign exchange to finance big public investment projects, a strong dollar and high demand for foreign exchange from the local corporate sector also led to the depreciation. The countries whose exchange rates were under pressure, responded by tightening monetary policy (Tralac, 2016).
**4.3.4 COMESA Trade Analysis 2015**

Egypt and Kenya registered the biggest share of intra-COMESA export market in 2015 with 22% and 17% share respectively. Zambia, DR Congo and Uganda followed with 13%, 12% and 11% respectively.

Egypt exported products worth US$ 1.7 billion and Kenya US$ 1.3 billion. The value of Zambia exports was US$ 977 million and DR Congo US$ 896 million. With regard intra-COMESA import market share, Zambia registered the biggest share at 24% with goods worth US$ 2.0 billion in 2015. DR Congo, Sudan, Uganda, Libya, Kenya and Egypt followed with 11%, 10%, 9%, 8%, 7.4% and 6.7% respectively. Zambia’s intra-COMESA imports were mainly copper ores and concentrates and Cobalt oxides and hydroxides from Congo DR.

Copper ores and concentrates were the most exported products in value terms in the region from 2011 to 2015 followed by black tea. Cobalt oxides & hydroxides products minerals also performed relatively well in 2015 taking the third slot from the 71 position in 2014. Trade in live animals increasingly improved, ranking fourth in 2015 up from seventh and 40th positions in 2014 and 2013.
Table 4.2: Intra-COMESA Trade in 2015 (values in US$ million and % shares)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Exporter</th>
<th>Value</th>
<th>% Share</th>
<th>Importer</th>
<th>Value</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Egypt</td>
<td>1,672.8</td>
<td>22.1</td>
<td>Zambia</td>
<td>2,003.6</td>
<td>24.3</td>
</tr>
<tr>
<td>2</td>
<td>Kenya</td>
<td>1,309.1</td>
<td>17.3</td>
<td>Congo DR</td>
<td>882.1</td>
<td>10.7</td>
</tr>
<tr>
<td>3</td>
<td>Zambia</td>
<td>976.5</td>
<td>12.9</td>
<td>Sudan</td>
<td>796.1</td>
<td>9.7</td>
</tr>
<tr>
<td>4</td>
<td>Congo DR</td>
<td>896.4</td>
<td>11.8</td>
<td>Uganda</td>
<td>699.2</td>
<td>8.5</td>
</tr>
<tr>
<td>5</td>
<td>Uganda</td>
<td>835.9</td>
<td>11.0</td>
<td>Libya</td>
<td>624.1</td>
<td>7.6</td>
</tr>
<tr>
<td>6</td>
<td>Sudan</td>
<td>481.9</td>
<td>6.4</td>
<td>Kenya</td>
<td>612.6</td>
<td>7.4</td>
</tr>
<tr>
<td>7</td>
<td>Rwanda</td>
<td>321.5</td>
<td>4.2</td>
<td>Egypt</td>
<td>550.9</td>
<td>6.7</td>
</tr>
<tr>
<td>8</td>
<td>Mauritius</td>
<td>225.7</td>
<td>3.0</td>
<td>Zimbabwe</td>
<td>432.7</td>
<td>5.3</td>
</tr>
<tr>
<td>9</td>
<td>Malawi</td>
<td>212.0</td>
<td>2.8</td>
<td>Rwanda</td>
<td>394.8</td>
<td>4.8</td>
</tr>
<tr>
<td>10</td>
<td>Swaziland</td>
<td>174.3</td>
<td>2.3</td>
<td>Ethiopia</td>
<td>296.4</td>
<td>3.6</td>
</tr>
<tr>
<td>11</td>
<td>Ethiopia</td>
<td>162.1</td>
<td>2.1</td>
<td>Malawi</td>
<td>224.1</td>
<td>2.7</td>
</tr>
<tr>
<td></td>
<td>Country</td>
<td>Value</td>
<td>Growth</td>
<td>Country</td>
<td>Value</td>
<td>Growth</td>
</tr>
<tr>
<td>---</td>
<td>---------------</td>
<td>-------</td>
<td>--------</td>
<td>-------------</td>
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</tr>
<tr>
<td>12</td>
<td>Zimbabwe</td>
<td>101.4</td>
<td>1.3</td>
<td>Mauritius</td>
<td>171.3</td>
<td>2.1</td>
</tr>
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<td>13</td>
<td>Libya</td>
<td>85.8</td>
<td>1.1</td>
<td>Madagascar</td>
<td>143.8</td>
<td>1.7</td>
</tr>
<tr>
<td>14</td>
<td>Burundi</td>
<td>48.0</td>
<td>0.6</td>
<td>Eritrea</td>
<td>99.1</td>
<td>1.2</td>
</tr>
<tr>
<td>15</td>
<td>Madagascar</td>
<td>45.9</td>
<td>0.6</td>
<td>Djibouti</td>
<td>93.8</td>
<td>1.1</td>
</tr>
<tr>
<td>16</td>
<td>Eritrea</td>
<td>9.2</td>
<td>0.1</td>
<td>Seychelles</td>
<td>84.9</td>
<td>1.0</td>
</tr>
<tr>
<td>17</td>
<td>Djibouti</td>
<td>6.8</td>
<td>0.1</td>
<td>Burundi</td>
<td>77.3</td>
<td>0.9</td>
</tr>
<tr>
<td>18</td>
<td>Comoros</td>
<td>2.2</td>
<td>0.0</td>
<td>Comoros</td>
<td>22.3</td>
<td>0.3</td>
</tr>
<tr>
<td>19</td>
<td>Seychelles</td>
<td>1.6</td>
<td>0.0</td>
<td>Swaziland</td>
<td>21.0</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7,569.3</td>
<td>100.0</td>
<td>Total</td>
<td>8,230.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: CAPMAS, 2016

4.3.4 COMESA Trade Analysis 2016

In 2016, Intra-COMESA total exports decreased by 17% from US$ 9.6 billion in 2015 to US$ 8.0 billion in 2016. Figure 11 below illustrates the performance of intra-COMESA total exports over the period 2007 – 2016.
Critical factors for this decline are the performance of first, the manufactured exports and secondly, the performance of the metals export sector. The manufactured exports sector accounted for 42% of intra COMESA exports in 2016. Hence in 2016, a decline of 11.9% from 2015 that was registered in manufactured exports contributed to the major downward effect on overall intra-COMESA exports. At a product level, declines were observed in exports of Cobalt oxides & hydroxides; commercial cobalt oxides, beverage concentrates and Portland cement. These were among the top five manufactured export products in intra COMESA trade in 2016 (COMESA, 2017).

For the metals sector, the lower copper and cobalt exports from Democratic Republic of Congo into Zambia were critical to the overall performance of intra exports. This sector registered a decline of 42% in 2016. These export flows have contributed significantly to overall intra
COMESA exports. In fact, these alone have been the reason behind DRC’s 10%-14% export market share in COMESA (COMESA, 2017).

Table 4.3: Intra-COMESA total exports by sector 2010-2016 (Value in USD Million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>2,828</td>
<td>3,036</td>
<td>3,018</td>
<td>2,992</td>
<td>2,969</td>
<td>2,974</td>
<td>3,286</td>
<td>10.47</td>
</tr>
<tr>
<td>Agric raw materials</td>
<td>114</td>
<td>126</td>
<td>115</td>
<td>142</td>
<td>144</td>
<td>119</td>
<td>124</td>
<td>4.3</td>
</tr>
<tr>
<td>Fuels</td>
<td>562</td>
<td>606</td>
<td>535</td>
<td>373</td>
<td>394</td>
<td>1,376</td>
<td>482</td>
<td>-64.96</td>
</tr>
<tr>
<td>Ores and metals</td>
<td>1,252</td>
<td>1,231</td>
<td>1,271</td>
<td>1,722</td>
<td>1,343</td>
<td>1,987</td>
<td>798</td>
<td>-42.3</td>
</tr>
<tr>
<td>Other products n.e.s.</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>11</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>-28.47</td>
</tr>
<tr>
<td>Total</td>
<td>8,441</td>
<td>9,234</td>
<td>9,263</td>
<td>9,950</td>
<td>9,194</td>
<td>9,644</td>
<td>8,030</td>
<td>-16.74</td>
</tr>
</tbody>
</table>

Source: The central agency for public mobilization and statistics (CAPMAS)

Member States in the COMESA region that recorded positive growths in their 2016 intra-COMESA total exports were Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Mauritius, Rwanda and Seychelles. In 2016, the topmost exported products in the COMESA region were copper, black tea, cobalt, live animals, sugar, meat and cement.

The %age of intra-COMESA trade to total COMESA trade has stagnated at levels of 7% for the past seven years since 2010. In 2016, 11% of the total value of goods exported from COMESA Member States was to other Member States. Only 4.9% of the total goods imported were from other COMESA Member States.
4.3.5 COMESA Trade Analysis 2018

According to Trademark (2018), Intra-COMESA exports recorded a slight drop in value, partly due to the decline in oil prices and commodity prices since 2014. Total intra-COMESA exports fell by 1.76 % to Kshs.29.2 trillion in 2017, down from Kshs.29.7 trillion recorded the previous year (Trademark, 2016).

According to Trademark, Egypt, Kenya, Uganda, Zambia and Sudan took the lead in inter-COMESA exports out of all the 21 member countries after Tunisia and Sudan joined the bloc. Egypt in the year ending, exported goods worth Kshs.5.6 trillion to mostly COMESA members. Kenya followed with trade worth Kshs.5.3 trillion. Uganda took the distant third position at Kshs.3.7 trillion. Zambia and Sudan were in the fourth and fifth position with export trade worth Kshs.3.4 trillion and Kshs.2.9 trillion, respectively (Trademark, 2016).

The other factor associated with the decline in 2016 is the drought which affected most of the countries especially in eastern Africa. Uganda is among the top five member countries that have contributed to the 81 % growth of intra-COMESA trade since the Free Trade Area started that started in 2000. Records from the COMESA Secretariat, show that trade has risen to nearly $8 billion (Kshs.29.6 trillion) as of 2017, up from $1.5 billion (Kshs.5.5 trillion) recorded in 2000 (Trademark, 2016).
4.4 COMESA Regional Trade Analysis

Notwithstanding the decelerating global growth in a challenging global economic environment of zero-sum-game trade policies, African economies expanded by 3.4 % in 2018, compared with 3.6 % in 2017. The expansion was broad based, with more than 90 % of African countries enjoying growth accelerations in 2018. For purposes of this study, the target factors that affected the countries shown in table 4.4. below are as follows:

i. DRC - Ford Motor Company and its partners are using blockchain to trace the supply of metals from the DRC, to improve transparency and ethical behavior in the mining industry.

ii. Kenya – The rise of digital trade across in the country reflects the increasing use of mobile and smart phones.

iii. Egypt – industrial products and manufactured goods account for the lion’s share of cross-border trade.

iv. South Africa - industrial products and manufactured goods account for the lion’s share of cross-border trade.

Table 4.4: Africa: Real GDP Growth, 2016-2018 (%)

<table>
<thead>
<tr>
<th>Countries</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRC</td>
<td>-2.83</td>
<td>-3.11</td>
<td>0.81</td>
</tr>
<tr>
<td>Kenya</td>
<td>5.87</td>
<td>4.87</td>
<td>5.96</td>
</tr>
<tr>
<td>Egypt</td>
<td>4.35</td>
<td>4.18</td>
<td>5.31</td>
</tr>
<tr>
<td>S. Africa</td>
<td>-16.74</td>
<td>-5.50</td>
<td>-1.19</td>
</tr>
</tbody>
</table>

Source: International Monetary Fund, World Economic Outlook database.
4.4.1 South Africa Trade Analysis

Figure 4.3: Top South African Exports to Africa, 2018 vs 2017 (US$ billions)

Source: South African Revenue Service, Afreximbank Research.

Africa-South African trade is expanding, it is still largely dominated by trade with countries that are members of the Southern African Development Community (SADC). These countries accounted for more than 78% of African-South African trade in 2018, down from 83% in 2017 (Bank A. E.-I., 2019).
4.4.2 Egypt Trade Analysis

Figure 4.4: Egypt’s Top Ten Trading Partners in Africa (US$ billions)

Source: IMF Direction of Trade Statistics (Database), Afreximbank Research

In North Africa, Egypt’s trade with the rest of the continent was 17% higher during 2018, reaching an estimated US$7 billion and occupying sixth position among the largest intra-African trade countries. That notwithstanding, Egyptian authorities are looking to further boost trade with the rest of the continent, drawing on the strength of its industrial and manufacturing base in a region where industrial production accounts for the lion’s share of cross-border trade.

4.5 Summary of Intra-COMESA Trade

Intra-COMESA exports recorded a slight drop in value, partly due to the decline in oil prices and commodity prices since 2014.

Total intra-COMESA exports fell by 1.76% to Kshs.29.2 trillion in 2017, down from Kshs.29.7 trillion recorded the previous year. According to records, Egypt, Kenya, Uganda, Zambia and
Sudan took the lead in inter-COMESA exports out of all the 21 member countries after Tunisia and Sudan joined the bloc.

Egypt in the year ending, exported goods worth Kshs.5.6 trillion to mostly COMESA members. Kenya followed with trade worth Kshs.5.3 trillion. Uganda took the distant third position at Kshs.3.7 trillion. Zambia and Sudan were in the fourth and fifth position with export trade worth Kshs.3.4 trillion and Kshs.2.9 trillion, respectively.

The other factor associated with the decline in 2016 is the drought which affected most of the countries especially in eastern Africa (TMEA, 2018).

4.5.1 Intra-COMESA trade

Uganda is among the top five member countries that have contributed to the 81% growth of intra-COMESA trade since the Free Trade Area started that started in 2000.

Latest records from the COMESA Secretariat, show that trade has risen to nearly $8 billion (Kshs.29.6 trillion) as of 2017, up from $1.5 billion (Kshs.5.5 trillion) recorded in 2000.

It was reported that COMESA’s programmes and approaches to market integration, including the resolution of non-tariff barriers served as a benchmark for continental integration at a time when the building of the African Continental Free Trade Area was in advanced stages. And this has partly contributed to the growth in Intra-COMESA trade to the Free Trade Area which has opened up new opportunities in the bloc (TMEA, 2018).

4.5.2 Inter-Imports

Intra-regional imports were worth Kshs.30 trillion up from Kshs.29.6 trillion earned the previous year.
This is indicated a 1.33 % increment in intra-import trade. The same countries were again the first five leading intra-importers though occupying different position.

Data shows that Zambia imported more from COMESA member states and in the year ending 2017. This country imported goods worth Kshs.8 trillion.

Kenya came second when it imported goods worth Kshs.4 trillion, Sudan, Uganda and Egypt followed with imports worth Kshs.3.1 trillion, Kshs.2.5 trillion and Kshs.2 trillion, respectively (TMEA, 2018).

4.5.3 Product list

The top most exported products in the COMESA region were copper, black tea, cobalt, live animals, sugar, meat and cement. These records do not comprise small scale informal trade, which is estimated at 40 % of total trade (TMEA, 2018).
CHAPTER FIVE: DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

This final chapter of the study summarizes the findings of the research and draws conclusions based on the analysis of the literature reviewed and the interview feedback from the key informant, it provides recommendations as well as insight in the areas for further research. The following specific objectives have guided the chapter: (i) to investigate if the COMESA member states apply economic diplomacy; (ii) to find out the impact of emergence of economic diplomacy on COMESA member states; and (iii) to chart the way forward for economic diplomacy among COMESA members.

5.2. Summary of the study

The study looked into the levels of trade in SSA and noted that the members in the region barely traded among themselves. This seemed ironic for a region that fuels the global economy with its immense supply of key natural resources such as natural gas, nuclear ore, cobalt, gold, and copper, among many other strategic resources (Aljazeera, 2018). Africa is the world’s youngest continent with 60% of its population below the age of 25. Of the 2.2 billion people that is expected to be added to the world’s population by 2030, 1.3 billion, will come from Africa. Equally, Africa’s youth population is expected to double to 1 billion by 2050 (Oteh, 2018). Further, the AfDB in its 2019 report (Bank A. D., 2019) opines that one of the ways to unleash the region’s potential is through boosting intra-African trade as it has the potential create inclusive wealth.

It is against this background that the study delved more into understanding the potential of economic diplomacy in SSA with a keen focus on COMESA. The overarching objective of the study was to examine the use of economic diplomacy vis-à-vis the inter-state trade among
COMESA member states. So as to achieve its intent, the study employed theoretical views to better understand economic diplomacy; namely institutional liberalism and intergovernmentalism. Both theories acknowledged the importance of commerce in an era of globalisation but each placed different players at the epicentre of this agenda. Institutional liberalism positioned institutions as key drivers of economic prosperity while intergovernmentalism emphasised on the state.

In order to further investigate the topic on economic diplomacy as a lever of intra-trade among COMESA member states, the study employed a mixed methodology approach. In it, the study leveraged on primary data from an interview that was conducted with a key informant in COMESA. The study also drew some information from supranational entities such as the World Bank, AfDB and Government reports.

For secondary data collection, the study leveraged on desktop research from existing reports drawn by subject experts.

The results of the research findings showed that COMESA has indeed employed economic diplomacy as a means to boost intra-trade among its members. The institution had formulated some key thematic areas, namely customs union, trade promotion and free trade area as means of enhancing free movement of goods and services among its members. In addition to the Free Trade Area, we implemented several other initiatives aimed at boosting intra- COMESA Trade, namely; Infrastructure Development, programmes for agricultural and industrial development and setting up financial development institutions including PTA Bank ( now known as Trade and Development Bank), the Reinsurance Company ( ZEPRE) and African Trade Insurance Agency.

Despite these initiatives, the study showed that intra-African trade among COMESA members still remains low.
5.3. Conclusion of study findings

Although it is fair to note that intra-trade among COMESA members has improved for the last 38 years from 5.1% to around 16% but it still remains low compared to intra-regional trades in other regions, such as Europe and Asia. The value of intra-African trade posted strong growth in 2018, rising by 17% to US$159.1 billion. This represented 16.1% of total African trade, up from 15.5% in 2017. The growing share of intra-African trade in total African trade is partly due to an increase in prices of commodity exports traded within the region but also to consistent and resilient demand for manufactured goods from leading industrialised economies such as South Africa and Egypt. In the midst of an overall increase in intra-African trade, important variations persisted across countries. However, South Africa has been and continues to maintain its position as the largest intra-African trade economy, with total intra-African trade value of US$36.5 billion, up from US$31.9 billion in 2017 and accounting for 23% of total intra-African trade, marginally down from 24% in 2017 (Bank, 2019).

![Figure 5.1: Top 10 Intra-African Trade Champions in 2018-2017](image)

Source: (Bank A. E.-I., 2019)
The scope of intra-African trade remains relatively low, even by developing country standards, accounting for about 16% of total African trade versus 59% in Asia, where intra-regional trade has grown significantly.

According to the Afreximbank 2019 report, some of the factors that have affected intra-African trade among COMESA member states include but are not limited to the following:

i. The deficit of physical and digital infrastructure – The African Development Bank (AfDB) estimates that Africa’s infrastructure financing needs are estimated to be up to $130-170 billion a year, with a gap of $68-108 billion. Similarly, albeit ongoing efforts in recent years 75% of Africans still do not have access to the internet. In today’s digital age, they are missing out on one of the best ways to access knowledge, social services and economic opportunities (Africa50, 2019).

ii. The lack of a strong regulatory environment – Widespread illicit financial outflows are hurting most African countries, reducing available resources for investing in infrastructure, power, and other long-term projects. Illicit financial flows account for 5.5% of GDP in Sub-Saharan Africa and have cost $1–$1.8 trillion over the past 50 years (Bank A. D., 2019).

iii. Lack of industrialization among member states – Fostering industrialization in Africa to promote sustained growth requires that firms be allowed to grow and thrive relatively unfettered. This implies a concerted industrialization effort that builds on countries’ comparative advantage in Africa’s manufacturing sector. (Bank A. D., 2019)

iv. Reliance on primary commodities and natural resources, especially for countries such as Dem. Rep. of Congo.
Additionally, the key informant also added that some of the challenges faced in the implementation of the economic diplomacy initiatives’ in COMESA included political good will. A lot of effort and resources had to be committed towards gaining political support and articulating to the electorate in an honest manner the costs and benefits as well as consumer welfare of the positives of integration (Mwencha, 2019). The low level of intra-African trade signify that there lies a big potential to stimulate trade among member states of COMESA through economic diplomacy. With the right structural changes coupled with political good will, members of COMESA are more than capable of stimulating the much needed intra-regional trade among themselves.

5.4. Recommendations of the study

The desk top research findings intimate that economic diplomacy is yet to reach its full potential within COMESA. Though there are no literatures depicting a general %age on the level of intra-COMESA trade, the data collected from the target population shows that trade among COMESA members is significantly low. This shows that there is room for growth.

The key informant also pointed out that there still remains a lot of work to be done by COMESA and the members’ states. However with the right political good will, COMESA could easily stimulate intra-COMESA trade. With the adoption of the African Continental Free Trade Area Agreement (AfCFTA), which complements the existing initiatives of COMESA and calls for greater sensitization the region is on the verge of becoming economic power house.

For economic diplomacy to therefore have achieve its intended objective, it calls for 2 primary aspects from the member states (i) Political good will and (ii) mass sensitization of the general public.
Annex 1:

Brief interview guide questions in partial fulfilment of a research proposal on Economic Diplomacy as a Lever for Inter-State Trade in Africa: a case study of COMESA

Introduction:

This study seeks to examine the potential of economic diplomacy in the promotion of intra-African trade, with a focus on the Common Market for Eastern and Southern Africa (COMESA) region. The study focuses on the following research questions: Do the different member states of COMESA apply economic diplomacy? What has been the impact of economic diplomacy among COMESA member states? What is the way forward for economic diplomacy among COMESA member states?

Interview question guide 1 – How would you define Economic Diplomacy?

Definitions. According to Webster dictionary, "diplomacy is the art and practice of conducting negotiations between nations". There are several types of diplomacy, such as Gunboat, Dollar, Public, People's, Intermediary, Economic and Digital (electronic) diplomacy.

"Diplomacy is a principal activity of heads of states, governments and special bodies of external relations in implementation of goals, objectives of state's foreign policy, as well as protection of rights and interests of state abroad."

Economic diplomacy is a type of diplomacy. The scope of economic diplomacy can encompass one or all of the main international economic activities of a state including, but not limited to,
policy decisions designed to influence exports, imports, investments, lending, aid, free trade agreements.

Interview question guide 2 – COMESA has implemented initiatives aimed at boosting trade among the member states of COMESA, such as the COMESA Free Trade Area. What were some of the top 3 challenges that you encountered during the formulation and operationalisation stages of these initiatives?

In addition to the Free Trade Area, we implemented several other initiatives aimed at boosting intra-COMESA Trade, namely; Infrastructure Development, Programmes for agricultural and industrial development and setting up financial development institutions including PTA Bank (now known as Trade and Development Bank), the Reinsurance Company (ZEPRE) and African Trade Insurance Agency. These were the top three challenges:

1) Political good will. It was not that easy gain political support of all politicians in the region to articulate to the electorate in an honest manner the costs and benefits and consumer welfare of integration. Integration benefits are usually of long term nature whereas life cycle of politicians is about five years or less. Fear of the unknown especially injury to existing industries due influx of imports can lead to a political crisis. For example sugar, wheat and maize trade in COMESA has always enlisted protests by local producers and call for government intervention to ban importation or impose quotas. This also underlines the challenge of having a narrow range of exportable products. During the preparatory phase local industrial, commercial and agricultural associations were busy lobbying governments in a bid to discourage opening up to imports for fear of competition from more industrialized Member countries of COMESA.
2) Insufficient funds. Not only to carry out detailed studies to inform negotiations and decisions but also to support the negotiations by sponsoring participation and capacity building for member states and for establishing a compensation mechanism. COMESA had to seek support from the European Union for financial support to mitigate against revenue losses that would arise from elimination of tariff in the FTA. Like most RECs in Africa COMESA to date relies on development partners’ support to implement its regional Programmes.

3) Non Tariff Barriers (NTBs). These are harder to eliminate than tariff barriers. They range from negative attitudes, physical and nonphysical barriers, standards, to weak logistics and supply chain systems and weak trade facilitation schemes.

4) Tariff negotiations – negotiating tariffs is not easy. As mentioned earlier, member states of COMESA are at different levels of development and as a result harmonization of the regulatory environment is almost impossible. And COMESA tried as much as possible to promote a convergence of regulation instead. But even with that, arriving at a general consensus required commitment of a lot of resources from the member states and COMESA alike.

5) Uptake or participation by the public – before launching the Free Trade Area, COMESA undertook an intense communication campaign, specifically within Zambia as it is where the Secretariat is hosted. The communication campaign was conducted through the support of the Zambian government and the FTA was highly publicized through print, electronic and digital media. There was even a count down on to the day of the launch. On the eve of the launch, we were notified by the customs officers at the border of Zambia and Zimbabwe that there were fleets of trucks belonging to traders from Zambia and that they were waiting
for midnight to struck so they can cross the border and hopefully enjoy the negotiated tariffs. At that time South Africa had not ratified the FTA treaty and some of these traders carried goods originating from South Africa. It is then that we realised that the rule of origin had not be properly understood. We had to go back to the drawing board regarding the communication campaign as well as to brainstorm for some consideration for the smaller traders.

**Interview question guide 3 – Giving examples, what were the contributions/support of the member states towards these initiatives?**

Majority of member states were able to finance their negotiating teams. The same member States included private sector representatives in their delegations. Those same member states were able to sign up to the FTA at its launch in October 2000. The rest of the member states gradually joined although almost twenty years since its launch two countries, Ethiopia and Eritrea are yet to join the COMESA FTA. Most member states have prioritised industrialisation and agricultural development because of huge potential of regional markets. To support private sector investments in these sectors, member states provided initial capital for the establishment of COMESA financial institutions.

Technical support - at the beginning of each financial year, the member states relentlessly planned with these initiatives in mind. The member states devoted a lot of their resources, financial and human towards the implementation of the FTA. There were groups of experts from all jurisdictions, cutting across various industries, such as the finance sector, agriculture and mining, service and private sectors among others.
Industrialisation efforts – the continent’s economy is heavily reliant on raw materials and because of that Africa is at the bottom of the value chain with a contribution of 1.9% to global manufacturing. A number of the member states realised this challenge and begun working towards possible solutions such as public-private-partnerships (PPP). Kenya has championed that initiative.

Policy adoption - the countries that believed in the FTA, became signatories of the program and then ratified it. This shows a buy in from these countries at the highest level and is a good step towards improving the economic situation.

**Interview question guide 4 – Giving examples, what were the contributions/support of the member states towards these initiatives?**

The COMESA FTA has contributed to growth in intra-regional trade. At its inception intra COMESA Trade was less than US 1bn annually. This trade has since risen to over USD 10 billion annually and diversified as far as products range is concerned. Majority of the member states undertook trade missions to COMESA member states. Private sector is active in this regards. COMESA financial institutions are active, thanks to financial contributions of member states. The Trade and Development Bank, COMESA Reinsurance Company, the. ATI are making significant contribution to trade and investment in Kenya. These entities are also profitable and are able to pay dividends to shareholders, the member states. Non-Tariff Barriers continue to pose really challenges to intra COMESA Trade. Member states have taken several measures to address the challenge. These include harmonisation of regional standards, simplified Rules of Origin for small and medium scale traders, setting up One Stop Common Border Posts and mounting trade promotion missions to market products originating in their respective countries.
Interview guide question 5 – How does the future look like for economic diplomacy among COMESA member states?

Experience gained within COMESA significantly assisted member states in the design and negotiations of the Africa Continental Free Trade Area (AfCFTA), the WTO negotiations and in the Economic Partnership Agreements. COMESA, SADC and EAC are negotiating a Tripartite Free Trade Area. This will help speed up the realization of the AfCFTA. All COMESA Finance Institutions, namely, the TDB, ZEPRE, ATI are very active in Africa. All in all the future is quite promising. It should however be born in mind that RECs are building blocks of the African Union. This of course implies that as the AU integration deepens the RECs will be fully integrated as part and parcel of the African Union.
References


