



A South-South Integration

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I – Introduction

The benchmarking fever, so common in the business world today, is setting a trend in other areas too. In the same way in which companies and people are used to looking up to role models for guidance, so is it true that most developing countries look north when seeking an example to follow.

In this fashion, Latin American countries, as well as Southern African countries, look northward to the United States and Europe for business, cultural and political guidance and opportunities. However, our experiences when we were growing up, have taught us that sometimes many things can be learnt from those of our own age, who are not yet role models in our eyes, instead of simply learning from our parent-teachers. Therefore, Latin America and Southern Africa, under the "globalization era" can also learn from each other.

If on one hand, Brazil is the most important economic strength in Latin America, on the other hand, South Africa is the major economic giant in Africa. In this sense, both countries are forced to be constant partners of their neighboring countries in all fields of business and, therefore, have acquired expertise in this area.

Despite the above similarity disclosing these two economic giants, currently, Brazilian newspapers as well as the South African Chamber of Commerce in Brazil, have published that bilateral business, between South Africa and Brazil, for example, corresponds only to approximately US\$ 600 million. Brazilian exports in 1995 totalled US\$ 260 million, which is in itself is a 90% (ninety percent) increase when compared to 1990. Additionally, such bilateral business corresponds to only 2% (two percent) of the international business performed by these two countries.

Based on the above figures, and on the known historical and economic similarities between these countries (both were colonies and have suffered periods of severe economic crisis for the last few years, as well as currently having gained a potential for export and are the leading economy in their region), it is easy to see that Brazil and South Africa are ignoring each other. There is a hidden potential for business opportunities and for the exchange of information regarding economic and political issues left to explore.

II – Alliance and Common Market Formation

From a legal and historic standpoint, possibly the most significant and helpful mechanism available for a better economic, cultural and political understanding between countries, lies in the trend of recent history of integration, present in all countries. The creation of economic blocks has proven to be an efficient mechanism for countries to defend themselves in military as well as in economic areas.

Therefore, both countries, South Africa and Brazil, recently joined forces with their neighbors, in order to create a common market so that they came in live with the European Common Market (EC) and the North American Free Trade Agreement (NAFTA). The world, especially after the II World War, has adopted a philosophy of unification instead of separation. The establishment of organized, economic sectors of the globe is, thus, a natural development of the unification process.

From these unions two distinct regional common markets were established called the Mercosur (including Southern Latin American countries) and SADC (including Southern African Countries). These two distinct markets, currently still in formation, are crucial for the development of the modern economic and political systems adopted by all the member countries.

III – Mercosur

Historically Latin American countries have formed alliances, for military as well as economic reasons. Economic blocks such as ALALC and ALADI are examples of former economic common markets of the past. Modernly, Argentina, Brazil, Paraguay and Uruguay, on March 26, 1991, signed a treaty in Asunción, Paraguay, creating the common market between themselves. This market is called the Southern Common Market – Mercosur ("Asunción Treaty").



Basically, as below described, the Mercosur aims to form a strong and independent economic block, in which countries will trade freely. However, another goal is to achieve, as well as full economic integration, integration in other areas such as education, culture, sciences, etc.

Since January 1, 1995, Mercosur rules have established a free-trade zone eliminating charges and other restrictions among the member countries, excluding certain products which shall be exempt of any taxation by the year 2000. Under the Mercosur a customs unification was formed which determined a Common External Tariff (TEC) ranging from 0 to 20% to 85%. A projected common tariff for all Mercosur countries was agreed to come into force in the year 2006.

The objectives of Mercosur include the permission of the free transit of production goods, services and factors between the member states with, the gradual elimination of customs duties and lifting of other restrictions on the transit of goods, or any other measures with similar effects.

The fixing of a common external tariff (TEC) and the adoption of a common trade policy with regard to nonmember states or groups of states, and the coordination of positions in regional and international commercial and economic meetings are also some of the main objectives of the common market.

The Asunción Treaty and Ouro Preto Protocol established the basis for the institutional Mercosur structure. The official Mercosur languages are Portuguese and Spanish.

Due to the success obtained by the Mercosur so far, and to the fact that the Asunción Treaty provides for the possibility of other ALADI-affiliated nations joining the common market, Chile and Venezuela are undergoing negotiations to join the Mercosur shortly.

It has been proven in the last few years, that new markets in all four nations have been irreversibly opened up due to integration. For example, Argentinean business has seen its potential market expand tremendously. Due to its economic magnitude, Brazil, under the common market, logically boasts a sizable market demand that remains to be explored.

IV. – SADC – (Southern African Development Community)

This common market was originally known as the Southern African Development Coordination Conference (SADCC). The SADCC was formed in Lusaka, Zambia, on April 1, 1980, following the adoption of the Lusaka Declaration – Southern Africa: Towards Economic Liberation by the nine founding states.

The Declaration and Treaty establishing the Southern African development Community (SADC) which has replaced the Coordination Conference was signed at the Summit of Heads of State and Government on August 17, 1992, in Windhoek, Namibia.

Member states are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia. Each member state has the responsibility to coordinate a sector or sectors on behalf of the organization.

New member states may be allowed to join by an unanimous decision of the SADC Summit and upon acceding to the SADC Treaty.

The objectives of SADC are to achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the peoples of Southern Africa and support the socially disadvantaged through regional integration.

Other objectives include to evolve common political values, systems and institutions, as well as, promote and defend peace and security while promoting self-sustaining development on the basis of collective self-reliance, and the interdependence of members states.

SADC also strides to achieve complementarity between national and regional strategies and programmes and aims to promote and maximise productive employment and utilization of resources of the region. Additionally, the common market has as other objectives to achieve sustainable utilization of natural resources and effective protection of the environment, and the strengthening and consolidation of the long-standing historical, social and cultural affinities and links among the peoples of the region.



The achievement of such goals includes the harmonization of political and socio-economic policies and plans of member states, as well as the mobilization of the people of the region and their institutions to take initiatives to develop economic, social and cultural ties across the region, while participating fully in the implementation of the programmes and projects of SADC.

The working languages of SADC are English and Portuguese.

In practical terms the SADC has yet to prove itself as a reliable and trustworthy mechanism for the Southern African member countries. The cultural and political unrest of some of the member countries which is stalling the integration effort for all countries must first be controlled in order for these countries to duly adapt to a new methodology to finally integrate under the SADC. However, these same member countries are aware of the problems they are facing and expect to surpass them soon.

V. Mercosur vs. SADC

Both common markets, the SADC and Mercosur contain a list of similarities starting from the objectives of the common market, need for its establishment, ending with the specific economic, cultural and political similarities with its member countries. The establishment of these common markets is the answer to the "globalization" threat, as well as the only survival formula possible for the involved parties.

It should also be stressed that one of the main differences between the two common markets lies in the speed in which these markets have been implemented. Even though both markets were established in the early 1990's, the Mercosur is far ahead in terms of its application and implementation. If on one hand, the member countries of the Mercosur now can boast of a common market in practical terms as well as in theory, on the other hand, SADC member countries have yet to reach such a reality. The Mercosur has further developed its implementation and treaties, while the SADC is still negotiating its initial trade treaties.

VI. South – South Integration

Even though the natural answer to the difficulties faced by Mercosur and SADC is to look north, in order to benchmark the experiences of the EU and NAFTA, a south-south solution can also be useful. An alliance of such a nature would benefit both markets for many reasons.

In this sense, the exchange of information for the involved countries of SADC and Mercosur can be fundamental. The Mercosur countries, and especially Brazil, due to its strength, can aid SADC countries, especially South Africa (who is currently facing similar difficulties dealt with by Brazil in the past) in achieving a more efficient integration and, thus, contributing to SADC's effort.

Such an exchange will be profitable for both sides and can take advantage of the existing similarities between the regions of the common market, such as the diversity of the population make-up, culture, climate, economies, government policies and colonial history. Another advantage lies in the mere fact that both common markets have an official language in common: Portuguese.

Brazil, as well as South Africa, will have to lead such an initiative for, out of the SADC and Mercosur members, both these countries are currently more stable economically and politically than their neighbors, and for this reason are attracting the world's attention and, best of all, investments.

It must also be stressed that both these countries have had to face issues still untouched in the rest of the world. Brazil has, after decades of economic plans (and shocks) reached economic stability (low inflation rate), while South Africa has reached a peaceful political solution after apartheid believed impossible by the rest of the world.

Of course it is true that both these situations might be temporary. However, they demonstrate an inner strength and mental toughness of a nation and its people, which against all odds, is trying to survive and do its best. Both these efforts imply in tremendous sacrifices from Brazilians and South Africans, in terms of adapting their former mentality and culture to the new era. Both countries have yet to face further difficulties in the political as well as economic arena.

However, despite the above, South Africa and Brazil are using their best efforts to make their countries and the SADC and Mercosur work. Besides looking up to former experiences of NAFTA and the EU, SADC and Mercosur government



authorities, leading investment and export import companies can also help.

Lawmakers as well as practising lawyers and attorneys, Brazilians, and South Africans, Argentinians and Angolans (and other people of the SADC and Mercosur) must strengthen their links and ties in order to meet today`s challenges. If the new era can force the unification of former enemies in order to survive (i.e. U.S. and Russia in the effort to conquer space), why can not it help the effort of neighbor countries and common markets to conquer the globalization era ? Who said that the success formula involves following a role model ? History has proven to us that strategic alliances between equals (instead of with unequals) has challenged and won against impossible odds over and over again.

The possibility of obtaining help from other countries, such as an alliance between the Mercosur and SADC could provide, will definitely make things easier. An information highway between Brazil and South Africa, for example, as well as between other SADC and Mercosur countries, would be fundamental, in order to face the EU and NAFTA. For this reason, government officials, private and multinational companies, lawmakers, lawyers and other interested professionals, from the SADC and Mercosur, must join forces in all areas in order to survive in today`s globalized market and establish an ongoing and successful south-south integration.

If living is learning, let us learn from our peers, who can be role models, instead of from our teachers. Let the SADC and Mercosur challenge the world with a South-South integration!

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