Sudan’s Reintegration into the World Economy: What Role for Regional Integration?

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Abstract

Sudan is a country that is emerging from a series of protracted wars. It is still grappling with new developments in its region including the creation of a new country in its south in the form of South Sudan. It is true that countries need to enhance growth to ensure decent levels of welfare for their populations. As this paper argues, states cannot act or hope to prosper in a vacuum. Regional realities are vital and more so in the case of Sudan. It presents the recent economic trajectory of Sudan within the context of intersecting regionalism in the North Eastern part of Africa. The contribution highlights some of the economic challenges the country has experienced and advances a case for greater diversification of the country’s economy away from oil based exports. It also presents arguments for more meaningful and rationally driven choices of regional belonging given the often convoluted nature of regional constellations in Sudan’s neighbourhood. Moving forward Sudan's leaders need to avert protectionist tendencies and fully implement regional disciplines that are in the interest of the country.
Introduction

In the age of globalisation, the increasing importance of the international political and economic environment for economic development is undisputed. Despite the current financial and economic crisis, it is also largely agreed that an increasing integration into the international economy is vital for improving welfare – in particular for developing countries that wish to ‘catch-up’ with the rich, industrialised world. Economic integration through trade is the main and often first step, though not the only one.

Since the 1990s, regional agreements and regional trade agreements (RTAs) in particular, have flourished. Integration into regional groupings is often seen as a stepping stone for global integration – and sometimes as an alternative, as far as trade is concerned. This is true in particular for small economies.

The Republic of the Sudan is emerging from a deep and protracted conflict. To succeed in post-conflict reconstruction and development, the country will have to achieve sustainable and broad-based economic growth, in order to stabilise peace. Increasing integration into the world economy will be an indispensable element for this to happen. Since the 1980s, Sudan has in fact faced a decline of its integration into the world economy, as its traditional exports have decreased. This process has been reversed through the increasing export of oil because for a broader, stable and sustainable pace of integration and economic development, non-oil exports need to be revitalised and diversified.

This paper discusses the prospect of Sudan’s regional integration in the context of international integration, from an economist’s perspective. The second section briefly reviews Sudan’s current state of regional and global integration. The third section summarizes important lessons concerning costs and benefits of memberships in regional economic groups, in Africa and elsewhere. On this basis, the fourth and main section discusses the various complementary or competing options that Sudan has in regional economic integration. The fifth section concludes with some policy implications.
Sudan’s record of regional and global integration

The following table shows the actual degree of Sudan’s trade integration with all other countries through exports and imports, measured by total trade (goods and services) as a percentage of Gross Domestic Product (GDP). The table also gives the degree of trade integration of neighbouring countries, regions and similar income countries for comparison purposes.

Table 1  Sudan’s trade integration (trade as % of GDP) in comparison to neighbouring countries (2007)

<table>
<thead>
<tr>
<th>Country/country group</th>
<th>Exports as % of GDP</th>
<th>Imports as % of GDP</th>
<th>Exports and imports as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sudan</td>
<td>20</td>
<td>24</td>
<td>44</td>
</tr>
<tr>
<td>Eritrea</td>
<td>6</td>
<td>34</td>
<td>40</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>13</td>
<td>32</td>
<td>45</td>
</tr>
<tr>
<td>Egypt</td>
<td>30</td>
<td>35</td>
<td>65</td>
</tr>
<tr>
<td>Kenya</td>
<td>26</td>
<td>37</td>
<td>63</td>
</tr>
<tr>
<td>Uganda</td>
<td>17</td>
<td>31</td>
<td>48</td>
</tr>
<tr>
<td>DR Congo</td>
<td>28</td>
<td>39</td>
<td>67</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>34</td>
<td>37</td>
<td>71</td>
</tr>
<tr>
<td>Middle East and North African countries</td>
<td>36</td>
<td>34</td>
<td>70</td>
</tr>
<tr>
<td>Lower-middle income countries</td>
<td>37</td>
<td>33</td>
<td>70</td>
</tr>
</tbody>
</table>


This table indicates unequivocally that Sudan is significantly less integrated into the world economy through its exports and imports than its most important neighbours (with the only exception of war stricken and isolated Eritrea), the continent as a whole and the average country with a per capita income similar to Sudan’s.

The following table traces the values of trade integration of Sudan over time, starting in 1960.

Table 2  Sudan’s trade integration (trade as % of GDP, 1960-2007)

<table>
<thead>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Exp</td>
<td>15</td>
<td>14</td>
<td>16</td>
<td>12</td>
<td>11</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>15</td>
<td>18</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>Imp</td>
<td>13</td>
<td>15</td>
<td>16</td>
<td>23</td>
<td>23</td>
<td>12</td>
<td>7</td>
<td>10</td>
<td>18</td>
<td>28</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>X+M</td>
<td>18</td>
<td>19</td>
<td>32</td>
<td>35</td>
<td>34</td>
<td>18</td>
<td>11</td>
<td>15</td>
<td>33</td>
<td>46</td>
<td>34</td>
<td>44</td>
</tr>
</tbody>
</table>

This table indicates that from independence in the 1960’s, to the mid 1980s, trade increased steadily before dropping sharply at the end of the 1980’s (to one third of the values of the 1970s). From the mid 1990s, trade rose again considerably to the present level, which is still substantially lower than that of other comparable countries, as shown in the previous table.

This astonishingly low level of trade can be explained by the extremely restrictive trade environment of Sudan. While it profits from favourable market access to many markets because of its Least Developed Country (LDC) status, the World Bank’s indices of trade restrictiveness rank Sudan in 119th place (of the 125 countries for which data are available). A major factor behind this is the country’s very difficult business environment, which is considerably less favourable than in all of its key neighbours and competitors. According to the World Bank’s annual Doing Business report (World Bank 2009), Sudan ranks 147th out of 181 countries – i.e. there are 146 countries where it is easier to do business in. To be fair, the country has since improved its ranking as it ranked 135 out of 183 countries assessed in the Doing Business Rankings of the World Bank for 2011.

The following table shows Sudan’s main trade partners. Export of oil is now dominant, mainly to China. The Middle and Far East also have some importance. The West lost its dominance in both exports and imports. Regional trade has remained unimportant.

**Table 3  Sudan’s principal trade partners in 2006**

<table>
<thead>
<tr>
<th>Sources of imports</th>
<th>Destination of exports</th>
<th>Excl. oil</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>China</td>
<td>18.2</td>
<td>62.9</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>8.1</td>
<td>12.9</td>
</tr>
<tr>
<td>Japan</td>
<td>6.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Egypt</td>
<td>5.5</td>
<td>3.3</td>
</tr>
<tr>
<td>U.A.E.</td>
<td>5.5</td>
<td>1.9</td>
</tr>
<tr>
<td>India</td>
<td>4.3</td>
<td>1.7</td>
</tr>
<tr>
<td>Italy</td>
<td>4.0</td>
<td>1.6</td>
</tr>
<tr>
<td>U.K.</td>
<td>3.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Germany</td>
<td>3.5</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Source: World Bank (2008: 10)
Lessons concerning costs and benefits of memberships in regional economic groups

Since the 1990s, the number of RTAs is flourishing and is predicted to continue to increase. This is especially true for South-South trade agreements. In Africa in particular, regional integration (RI) has been a major policy aim since the independence of the national economies. Under the banner of Pan-Africanism, an African Economic Community is envisaged by 2027, building on regional economic communities (RECs) as building blocs. Yet the performance of the existing RECs, currently at 14, has been mixed. Altogether, the impact of RI in Africa has been limited so far – there has been a large gap between rhetoric and results. Overall and in comparative terms, the level of intra-regional trade flows has remained limited. Nevertheless, over ¾ of intra-African trade takes place within RTAs.

RTAs in Africa are characterised by overlapping memberships (see following figure).

**Figure 1** Membership of African states in RTAs

Source: Vickers (2009)
The discussion on RI and RTAs is long and multi-stranded (for good overviews see Schiff and Winters, 2003, Baldwin 2008, Gantz 2009). The key arguments, concerns, and determining factors used as reference points for the discussion on Sudan in the following section, however, can be summarized as follows:

Key arguments for regional integration:

Market size, increased competition and efficiency: The economies of developing countries are generally small and integration with other countries will have scale effects by enlarging the market. Larger markets will lead to more competition and thus to increased efficiency. However, in present times of declining trade barriers this argument is becoming less important.

Breaking national interest groups: Necessary and agreed policy reforms, including trade liberalisation, are often blocked by import substituting industries or other interest groups with vested interests to keep the status quo. In a regional integration arrangement (RIA), the influence of these national groups is weakened.

Voice: Small countries have little importance and influence in the international economy. Grouping in a RIA is one way of increasing their voice on the international agenda.

Negotiation costs: Negotiating as a group, rather than independently, means reducing negotiation costs on the international level. A region will be able to afford a more sizeable and appropriate negotiation team and representation than national states. However, this may be more than matched by negotiation costs to arrive at regional positions in the first place.

Credibility through lock-in approaches: The policies of countries in an economic union with common policies are 'locked in' (i.e. individual governments are virtually unable to reverse policies), which provides increased macroeconomic stability and credibility.

National sovereignty: The downside of the lock-in effect is, naturally, the loss of national sovereignty, i.e. the scope of decision making power and flexibility for national policy changes.

Step to international integration: Most developing countries have more protected economies than others. Opening up in a gradual way, starting with regional integration, may be more feasible and entail lower adjustment costs. An ‘incremental trade reform’ through RTAs may be able to reach a higher degree of depth than the multilateral World Trade Organization (WTO) negotiations. Arguably, it is easier to reach agreements between like-minded states (Gantz 2009). In effect, developing countries have
in many instances accepted disciplines they had previously resisted at the WTO level. The critical issue facing policy makers is whether the deep integration initiatives in RTAs are hamstringing deep multilateral liberalisation.

However, when the created RIAs are highly protective, they may be harmful rather than beneficial for global integration. The balance of trade creation and diversion effects is important, as discussed below.

Criteria to assess benefits of regional integration:

**Trade creation and diversion:** Regional integration creates trade by replacing expensive domestic production with cheaper imports from a partner country, which is clearly a positive impact. However, it may also divert trade by replacing initially cheaper imports from a third country (outside the new RTA) with more expensive imports from a country within the region. Trade diversion is harmful, implying a welfare loss, resulting not only in higher prices for consumers, but also undermining the competitiveness of producers (who were meant to be supported) because of higher import prices.

**Strength of prior trading among RTA partners:** If countries already trade a lot before RTAs are created, they are described as ‘natural trade partners’. RTAs among such partners are likely to result in more substantial trade and to be more sustainable.

**Complementarity of production and demand:** When countries produce the same or similar goods and services, there will naturally be limited scope of demand for each others’ commodities.

**Economic and trade policy orientation:** The success of RTAs is likely to be greater and more positive when the overall stance of partners on economic policies and particularly on trade policies is similar. In contrast, it will be difficult for countries that have substantially different outlooks on their commitments towards trade liberalisation.

**Distributive effects among RTA participants:** Though overall effects of RTAs may be beneficial, these are not likely to be distributed equally between the participating countries. Even irrespective of this, there will undoubtedly be fears and anxieties of such negative effects on countries. In particular, there are likely to be fears in smaller, poorer and more peripherally located countries, as there is a possibility that the larger, richer and more developed countries will gain more. Related to this point, RTAs may also create envy in non-members. Although aid donors and the international community are keen to promote RI as a step to greater global interdependence and integration, the schemes can cement and deepen inequities, create tensions and trigger conflicts (Khan 2009). Schemes of deeper integration therefore need a redistributive fund (such as the EU and SACU have for example).
Distributive effects within RTA participants: Similarly, the impact of RTAs on domestic economic groups will be beneficial for some, and unfavourable for others. Those sheltered by trade barriers and competing against imports will lose, while consumers and potentially industries using imports will benefit. There will also be spatial impacts, including rural-urban effects. Generally, urban groups are likely to be highly affected by RI effects, both positively and negatively.

Measures conducive to success in RI schemes:

Inclusiveness in negotiation process: A key factor for failure in RTAs has been the lack of domestic consultation. The position and interests of the private sector in particular need to be taken into account at all times.

Institutional structure and implementation mechanisms: The discussions on RTAs have concentrated on issues ranging from their content and orientation, to the questions on how they should look and be implemented. However, it has also been shown that the wide variety in institutional structure is related to their effectiveness and the degree to which they reach their goals. It has recently been recognised that institutional capability represents a sine-qua-non condition for pursuing any successful trade liberalisation targets (e.g. Gray and Slapin 2009, Benini and Plummer 2008).

Transparency and accountability: In order to not only ensure that benefits are maximised and harm minimised, but in particular that the risk for tensions and potential conflicts within and between participating countries are minimised, clear mechanisms are needed.

Non-trade interests and impacts: RTAs can be and have often been used to promote non-trade interests such as security and political influence. It can be argued that political and strategic motivations may be as strong, and even stronger than the economic aspects in the case of South-South RTAs.

Open regionalism: RTAs can be rather protective and inward-looking with high trade barriers around the region, or be outward-looking and geared towards global integration. It is increasingly recognised that ‘open regionalism’ (e.g. Benini and Plummer 2008) is a more promising option.

North-South RTAs: While the interest and discussion on RIAs has been concentrated on South-South schemes, lately the focus has shifted to North-South RTAs. Firstly, they have more scope for trade expansion for the South because of the higher incomes in industrial countries. Furthermore, the production structures are more complementary. Secondly, they offer credible policy lock-ins. Thirdly they provide a way to secure intra-regional liberalisation. However, the scope for inequities and conflicts mentioned above is particularly high because of the different sizes and levels of wealth. Thus, it has been
argued that Economic Partnership Agreements (EPAs) are the ‘outcomes of asymmetric power relations’, rather than representing a ‘historic step’ (Meyn 2008).

The following section uses the general arguments, criteria and measures for regional integration presented in this section to assess the existing and potential regional integration schemes of Sudan.

**Options and challenges of Sudan’s regional integration**

Sudan is a member of the Common Market for Eastern and Southern Africa (COMESA) and the Greater Arab Free Trade Area (GAFTA). Moreover, discussions are held within the Eastern and Southern African (ESA) group to negotiate with the EU on an Economic Partnership Agreement (EPA) and the Horn of Africa group for a bloc of neighbouring states, both parts of COMESA. At the same time, COMESA is preparing for a free trade area with two other African regional groupings, the East African Community and the Southern African Development Community (SADC).

The following table provides an overview of Sudan’s membership in RTAs.

**Table 4 Sudan’s actual and potential membership in existing and planned regional economic schemes**

<table>
<thead>
<tr>
<th>RTA</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAFTA</td>
<td>Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi-Arabia, Sudan, Syria, Tunisia, United Arab Emirates (UAE), Yemen.</td>
</tr>
<tr>
<td>ESA</td>
<td>Comoros, Djibouti, Eritrea, Ethiopia, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Zambia, Zimbabwe</td>
</tr>
<tr>
<td>COMESA (formerly PTA)</td>
<td>Egypt, Libya, Sudan, Kenya, Ethiopia, Uganda, Zabia, DR Congo, Mauritius, Madagascar, Zimbabwe, Swaziland, Rwanda, Malawi, Eritrea, Burundi, Djibouti, Seychelles, Comoros</td>
</tr>
<tr>
<td>COMESA-EAC-SADC FTA</td>
<td>South Africa, Egypt, Angola, Libya, Sudan, Kenya, Ethiopia, Tanzania, Zambia, Botswana, Uganda, DR Congo, Mozambique, Mauritius, Namibia, Madagascar, Zimbabwe, Swaziland, Rwanda, Malawi, Lesotho, Eritrea, Burundi, Djibouti, Seychelles, Comoros</td>
</tr>
<tr>
<td>Horn of Africa</td>
<td>Djibouti, Eritrea, Ethiopia, Somalia, Sudan</td>
</tr>
</tbody>
</table>

The following sub-sections discuss these schemes in light of the findings on the costs and benefits of RTAs presented in the previous section.

**GAFTA**

18 of the 22 member states of the Arab League decided in 1997 to form a FTA, the Greater Arab FTA (GAFTA). There are plans to increase the membership to all Arab league states by 2015. A key element
of GAFTA is a continuous reduction in customs duties among the economies by an annual rate of 10%. Special attention is given to products originally produced in the Arab region. GAFTA has plans to establish a common market, a customs union and an economic union by 2025 with a central administration. In 2005, the agreement reached full trade liberalisation of goods through the full exemption of customs duties and charges, except for Sudan and Yemen, LDCs that plan to have full exemption by 2010. In addition, negotiations to liberalize services and investments within the region are also planned. (MIT Jordan 2009)

With 280 million inhabitants and a joint GNP of more than US$ 13b (2004), this is one of the biggest FTA world-wide. GAFTA created important preconditions for a Euro-Mediterranean FTA planned for 2010 (Maxwell and Engel 2003).

GAFTA encourages an open regionalism by projecting itself as a way to paving the ground for multilateral liberalization. However, with the exception of the UAE and Saudi Arabia, the members have relatively restrictive trade regimes. The policy for internal opening thus points in the opposite direction. There are also regular voices of policy makers in the region who are calling for intra-Arab trade and for erecting high barriers around the region. The attention members put on national sovereignty also restricts the potential for substantial trade integration. The Arab League is plagued by frequent policy dissent and policy reversals. Trade is not one of the key topics on the agenda.

One positive characteristic of GAFTA is that, like a North-South FTA, it includes relatively high income economies. The overall potential of GAFTA is nevertheless limited by the fact that the complementarities among countries are limited. Accordingly, intra-regional trade remains low, ranging between 8-12 % of global Arab trade (compared to 70% in the EU). However, for Sudan in particular, Saudi Arabia has become an important trade partner.

COMESA
The Common Market for Eastern and Southern Africa (COMESA) is the transformed Preferential Trade Area for Eastern and Southern Africa (PTA) that was formed in 1982. COMESA was established in 1994. It has 19 members, of which Sudan is a founding member.

Nine of the member states formed a free trade area in 2000 (Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe), with Rwanda and Burundi joining the FTA in 2004 and the Comoros and Libya in 2006. COMESA plans to deepen its integration by forming a customs union and establishing a common market in 2014. COMESA’s vision is to ‘be a fully integrated, internationally competitive regional economic community with high standards of living for all its people
ready to merge into an African Economic Community’ (COMESA 2010). The COMESA heads of states summit in June 2009 launched the customs union.

COMESA has a population of 400 million people with a combined GDP of US$ 290 bn. COMESA’s largest economy, Egypt, accounts for 37.5% of this GDP, while 8 members only have less than 1% each.

COMESA has embarked on a very ambitious plan of RI and has managed to move much faster than the Southern African Development Community (SADC), for instance. However, it faces a number of structural limitations: The potential for trade expansion is limited by low income and competition, rather than the complementary economies desired. For this reason, the trade amongst countries is not substantial, and for Sudan the only important trade partner is Egypt. Because of the number of members, many with low administrative capacity, policy reversals limit the credibility, increase the negotiation costs and cause implementation to be difficult.

**Trilateral FTA COMESA-EAC-SADC**

Leaders of COMESA, the East African Community, and SADC held the first Tripartite Summit in October 2008, based on preparatory work that started in 2005. The summit recognised the challenges arising from overlapping memberships in RTAs, including trade deflection, legal and administrative bottlenecks arising from multiplicity of trade regimes and instruments, market expansion restrictions due to varying tariff and non-tariff trade barriers between the regional economic communities (RECs), lack of competitiveness, varying trade facilitation instruments, restrictions to movements of persons, underdeveloped infrastructure and unattractive investment environment (on the Trilateral FTA see Jakobeit et al. 2005, Braude 2008)

In order to minimise, and eventually eliminate the contradictions created by overlapping memberships, the 3 RTAs plan to rationalise and harmonise their trade arrangements through the creation of a joint FTA. A number of related measures are envisaged, including cooperation in competition policy, financial and payments systems, promotion of inter-regional investment flows, development of capital markets, and commodity exchanges, free movement of business persons, regional infrastructure development, improved trade and transit transport facilitation. The establishment of a formal legal and institutional framework is also envisaged.

The plan for a tripartite FTA is ambitious. It builds on the realisation that even the existing RECs are too small to raise their voice at the international level and the scale effects are limited. The entry of Kenya, an increasingly important neighbouring country, will be positive for Sudan. However, the large number of participating countries with different interests and different policy approaches in this scheme implies that
the negotiation costs as well as the capacities and time required will be considerable. This will add another level of responsibility to the already overburdened trade administration in Sudan and other post-conflict LDCs.

Horn of Africa

The Horn of Africa consists of Sudan, Ethiopia, Eritrea, Djibouti, and Somalia. Neighbouring countries have an important determining role in the fate of the economic perspectives of a country – positively or negatively. Except for Somalia, all of the Horn states are part of the Eastern and Southern African (ESA) group (see below 4.5). As the ESA group has difficulties to always find a common position because of different interests resulting from different characteristics and locations, it is natural that there are deliberations to form a sub-group in order to identify and defend common interests.

The Horn of Africa group does not only share common economic structures (although Sudan’s oil economy sets it apart) and characteristics, but faces also, with the exception of Djibouti, similar challenges to post-conflict countries. These specific and serious challenges and the resulting institutional weaknesses should be brought to the attention of trade partners as necessitating special and differential treatment within trade negotiations. Beyond trade, it will be important to increase communication, coordination and cooperation as a basis for economic integration.

Aside from this, several features render this group less promising as an RTA. Having low incomes and similar economic structures, the member countries do not offer much trade potential. Apart from minimal border and transfer commerce, trade is limited – these countries are not natural trade partners. Even as a group, their economic importance remains minimal and they cannot hope to have much voice.

More significantly, the two major economies of this group – Sudan and Ethiopia – pursue rather different approaches on trade liberalisation: while Sudan has a rather liberal position on planned opening up, with few sensitive goods, Ethiopia propagates a more traditional trade protectionist position. It will be difficult to develop a joint position. Most importantly, apart from Djibouti, the countries do not only face internal instabilities, but also have a history of changeable relationships with each other that show little stability. Eritrea and Ethiopia in particular are far from being peaceful neighbours.

These points show that it will be important to build and intensify communication and cooperation as a basis on which to build trust, confidence, and to reach real sustainable economic interaction and policy coordination. Sudan, with its key interest to live in a peaceful and stable region that strives to become prosperous, could take a facilitative role. However, this is a long-term task and the region is not yet ready to be an active trade integration region.
**ESA-EU EPA**

Economic Partnership Agreements (EPAs) between the European Union and regional blocs of the African, Caribbean and Pacific (ACP) states are aimed at reformulating the trade preferences granted to the ACP under the Lomé and Cotonou Agreements, in order to make them compatible with the new international rules that came into being with the WTO in 1995.

In addition, EPAs were believed to be necessary to make the EU-ACP agreements more effective in promoting EU-ACP trade and to promote the process of RI among ACP states. As the intended EPAs could not be negotiated within the WTO-stipulated period, Interim EPAs were signed between 18 ACP states and the EU by the end of 2007. Sudan belonged to the non-signatories. Since 2008, ‘full EPAs’ are negotiated with both groups.

The EU is no longer an important trade partner for Sudan – making the EPA less important than it would have been 20 years ago. Furthermore, a major benefit that results from signing an EPA is the duty- and quota-free access to the EU market, which, in any event, is available to Sudan as an LDC. However, the EPA offers a more equal partnership with secure market access as a negotiated rather than a unilateral gift. It would also be a good basis for Sudan’s case for WTO admission. Most importantly, an EPA that gives access to the experience of an advanced RTA with related technical assistance, can deepen RI processes in Sudan’s other RTAs.

**Conclusion**

Its existing and planned RTAs can help Sudan master its enormous challenges in post-conflict development and reconstruction. In particular, as the process of international and multilateral re-integration is sluggish and faces blockages, RI could be a substantial step in the direction of deepening integration of Sudan into the world economy. RTAs can also help Sudan to improve regional security. Importantly, RTAs can strengthen the ongoing processes of policy reform by providing credibility. Sudan will need to ensure that the RTAs it engages in will overcome protectionist tendencies and follow an approach of open regionalism.

However, to be effective and successful, the Sudanese government will have to invest considerably in its capacity to negotiate, administer, implement and monitor RTAs and their impacts, in particular those of a distributive nature. Furthermore, it needs to strengthen its capacity of policy coordination. Inclusive and transparent internal negotiation processes will be necessary to ensure maximal benefits and minimize...
costs and risks. Substantial opening up will result in adjustment costs and affected population groups will need to be assisted. None of the currently envisaged RTAs have sufficiently taken into account the lessons from existing schemes (section 3).

While RTAs can be effective in strengthening and underpinning policy reform and reconstruction, they cannot replace it. Improvement of the business environment is as important as infrastructure reconstruction, modernization and broadening, for development in general and for improving trade competitiveness in particular.
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**Abbreviations**

bn  billion  
COMESA  Common Market for Eastern and Southern Africa  
EAC  East African Community  
EADI  European Association of Development Research and Training Institutes  
EC  European Community  
EPA  Economic Partnership Agreement  
ESA  Eastern and Southern African EPA country group  
EU  European Union  
FTA  free trade area  
GAFTA  Greater Arab Free Trade Area  
GDP  Gross Domestic Product  
GNP  Gross National Product  
IMF  International Monetary Fund  
LDC  less developed country  
MIT  Ministry of Industry and Trade  
m  million  
NBER  National Bureau of Economic Research  
PTA  Preferential Trade Area for Eastern and Southern Africa  
REC  Regional Economic Community  
RI  regional integration  
RIA  Regional Integration Agreement  
RTA  Regional Trade Agreement  
SACU  Southern African Customs Union  
SADC  Southern African Development Community  
SPS  sanitary and phytosanitary measures
<table>
<thead>
<tr>
<th>Acronym</th>
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<tbody>
<tr>
<td>TBT</td>
<td>technical barriers to trade</td>
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<tr>
<td>UAE</td>
<td>United Arab Emirates</td>
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<td>WTO</td>
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