

HOW SWAZILAND AND SOUTH AFRICA CAN INTEGRATE TO IMPROVE THEIR ECONOMIC STATUS THROUGH TRANSPORTATION: ROAD AND RAIL TRANSPORTATION

G KHUMALO

2nd year Transport Economics Student
North West University, Mafikeng Campus
E-Mail: gcukhumz@gmail.com

ABSTRACT

Integration may be said to be a key element in most countries' development policies, for example, South Africa's "African agenda" which part of its goals were to contribute towards the SADC Common Agenda, in hope for integration of multi and bilateral action programs. Integration may be defined as the process of attaining close and seamless coordination between several organisations, systems etc. There are different forms of integration; regional, system, economic integration to name but a few. The latter form of integration can be defined as a process and as a state of affairs. Regarded as a process, it encompasses measures designed to abolish discrimination between economic units belonging to different national states (Balaso, 1961). Economic integration transpires at a time when two or more nations carry out policies that result in bigger mutual interdependence. It follows that if such countries (those that are to integrate) stem from a single regional or regional integration activities, they are to be termed as 'regional economic integration.' (Negasi, 2009)

According to a report by the World Bank in 2011, both South Africa and Swaziland were ranked as 3rd world countries (by GNI per capita), with the former classified as upper middle income country whilst Swaziland was classified as a lower middle income state. Both countries are part of the Southern African Development Community. The true objective of SADC is full economic integration of the Southern Africa region and trade liberalization. South Africa and Swaziland already have forged links with each other through the above mentioned organization. "Swaziland and South Africa, both developing 3rd world countries, entered into bilateral and multilateral agreements governing or touching on transport and logistics related issues (Mpata et.al, 2004). Included in these agreements are the SACU Arrangements and the SADC Transport and Communications Protocol." Since the two countries are already part of an organization which part of its objective is full economic integration, this essay will look at how to link the two countries' development objectives and align them through transport.

TRANSPORT AND ECONOMIC INTEGRATION

Transport does not merely serve society: it shapes society, as in turn society shapes transport (Lyons: 2004). It plays a major role in a country's position in the global economy and social environment. Hence, the positive relationship between transport and development sounds sensible to most developing and developed countries.

According to the State Of Logistics Survey (2011), South Africa boasts various forms of transportation, i.e. rail, sea, road, air as well as pipelines. Logistical and general supply chain services account for nearly 12.8% of the GDP, and transport estimations have risen from 52% in 2010 to 61% of logistics costs in 2012. Whilst the African Economic Outlook reports transport, storage and communication costs in Swaziland accounted for 7.5% of GDP in 2011.

The forged links between the two countries also extend to a sub-group of SADC members, South Africa and the BLNS (Botswana, Lesotho, Namibia and Swaziland) countries; having formed the Southern African Customs Union (SACU) which its members eliminate tariffs among them and adopt a common tariff against the rest of the world. Looking at Swaziland and South Africa, I often wonder how we can link the two countries' development objectives and align them through transport. The aim of this essay is to explore ways to integrate the two countries in a trade promoting manner that will change the economic status of both countries as a whole.

THE TRANSPORT SECTOR IN SWAZILAND AND SOUTH AFRICA

Swaziland is a landlocked country, surrounded by South Africa and Mozambique. About 90% of Swaziland's exports are to South Africa and the rest to overseas markets. These goods make their way to their intended destination through rail (textile, iron ore, coal, etc.) and road transportation (canned fruits, sugar to mention but a few). These two modes of transportation happen to be areas that Swaziland and South Africa can work towards improving in order to reach a level of integration that in turn will improve their economic status. One of the few instances that the two countries are working together to improve transportation is the Swaziland Rail Link Project. The project between the two was formalized through the signing of the inter-governmental Memorandum of Understanding on the 2nd of August in 2012. Parts of the objectives of the project are to enhance regional integration, provide viable connections for rail freight from western Swaziland to South Africa to mention but a few. As mentioned in the essay integration through transportation would play a key role in improving both countries standing economically.

Road and rail are dominant methods of conveying goods and people within SADC. This makes road and rail networks important in linking countries to principal ports (Mutambara, 2008). For example, the Malagwane highway which was completed around the year 2005 which helps connect the two countries to border posts and was built for the purpose of trade between the two. Countries depend on links with each other to develop and for a better economic position globally. For instance, as already mentioned, both South Africa and Swaziland are part of SADC and SACU. Part of the objectives of both these organizations is full economic integration. This is proof that no country on its own can work towards achieving a certain status without being linked to other countries.

It is a well-known fact that most of Swaziland's success in transportation, i.e. road and rail developments mostly are linked to its relation with the republic of South Africa. Not mentioning the political relationship between the two, suggestions of how integration and trade promotion can be achieved are: lowering of tariffs by the countries for the sole purpose of importing and exporting goods, however it should be looked into how the countries will recover the revenue that they are to lose by lowering the tariffs in the long run, lower prices, both rail and rail transportation (this may be done in form of a tax holiday/period) or as suggested by (Mpata, et al., 2004) establish Route Management Groups (RMGs) with South Africa on each transport corridor. In hope, these in turn will yield the desired result of having both countries improve their economic status. Before

these suggestions can be considered, the level of integration of both countries should be looked at i.e. which prices of goods will be lowered, which goods are to be allowed a tax holiday as per suggestion and how route management groups can be established. The goods which are mostly traded by the two countries are coal, iron ore, sugar, canned fruits (to SA from SD) and electricity, semi-durable, on-durable, durable goods (to SD from SA). These goods happen to constitute a lot to the countries gross domestic product. Hence lowering the tariffs of moving in and out of the goods would be an injection into the circular flow of production and spending for both South Africa and Swaziland. Capital goods traded between the two countries are the ones that can be allowed a tax holiday, a tax holiday being a period of years agreed on which no tariffs or taxes are charged on certain goods.

INTEGRATION THROUGH TRANSPORT

The integration of the two countries through transport will not only help improve their economic standing but it would also lead transport into the future or rather, to another level. Integration may lead to the improvement of transport corridors. Transport corridors are physically defined as a combination of routes that connect centers of economic activity across one or more adjoining countries, each route being composed of links over which transport services travels and nodes that interconnect the transport services. (PGlobal Global Advisory and Training Services, n.d.). These corridors may be improved by, for example, being rehabilitated, new roads being built, railways being expanded (railway project) and these may be facilitated by the route management groups. Improvement of the important transport corridors along with the development of new ones might lead to the creation of enough competition in the road and rail sector between the two countries. Having these two countries in 'friendly' competition would enhance new ideas, for example, improving or development of new civil construction materials that can be used to build or rehabilitate the mentioned transportation modes.

Transport corridors happen to be one of the most important instruments in the movement of goods, services, and relations etc. All in all, improvement of transport corridors eventually leads to the advancement of Cross-Border Transport Infrastructure. Cross border infrastructure (CBTI) may be defined as infrastructure required for transportation that crosses multiple national borders. the infrastructure that includes physical "hard infrastructure" such as ports, railroads, highways, national border facilities, scales as well as "soft infrastructure" such as cross-border transport laws, regulations related to border crossing e.g. customs clearance, quarantine to mention but a few. (Japan International Cooperation Agency, n.d). Improvement of the mentioned infrastructure, especially soft infrastructure is a positive step towards leading transport into the future.

THE AIM OF INTEGRATING THE TWO COUNTRIES

The aim of having the two countries integrate economically is not only for the sake of improving their economic status but also to lead transportation into the future. Economic integration especially in the long run (10 – 20 year period) might attract private investment in transport infrastructure. The investment from private investment will not only boost the economy but it could be used for the development of the two transportation modes in question. Also, large sums of money are needed to create viable transport network system, so an injection from private investment would help develop such. The development of a viable transport network system is closely linked to economic integration.

The idea behind the economic integration of the mentioned countries is to improve their economic status which is to be done through transportation. As a country's economic status improves, so does it improve in world ranking (either it'll be termed as a developed or developing country). As a country progresses in terms of its world ranking (which is done by organisations like International Monetary Fund, World Bank, United Nations, etc) so will its transportation system.

Transport systems tend to progress so as to adjust to changing global patterns as a country becomes more developed. As economic integration is keynote in improving the economic standing of these countries through transportation, it would lead to not only transportation systems adjusting to global patterns but also having these systems not just adjust but being developed all over again in certain aspects.

CONCLUSION

It is common knowledge that transport is the engine of economic growth therefore vast investments in forging transportation links between the two countries will boost each of the countries' economies significantly. As third world countries, there are still a majority of problems incapacitating both countries such as bizarre poverty levels and a large unemployment rate especially in Swaziland hence pooling resources of the two countries will produce greater results in terms of growing the economy other than each country working individually.

Integration of the two countries through transport will therefore have spillover effects on other aspects of the economy. Improved economic growth and improved world economic status will translate into reduced poverty and unemployment levels thus an improvement in the standard of living for all individuals. Integration will also improve the infrastructure in both countries which may in turn attract foreign investors thereby bringing in foreign exchange and improvement of the technology utilized by the two countries.

In conclusion, integration is an innovative idea that will not only take the economy to greater heights but it will also lead to improvements in the transportation system as well. Innovative ideas will culminate about how efficiency in transportation can be amended, thereby not only enhancing the economy but also revolutionizing the transport sector as well. Perhaps, because of economic integration using transportation, in future goods may be transported from one place to another within a twinkle of an eye.

REFERENCES

Lyons, G. Transport Reviews: A Transnational Transdisciplinary Journal Volume 24, Issue 4, 2004

Mpata, S. B., Giersing, B. & Kaombwe, S., 2004. Improving Transportation Logistics for Competitiveness of Swaziland. *Southern Africa Global Competitiveness Hub*.

Mutambara, T. 2008. Regional transport challenges within the Southern African Development Community and their implications for economic integration and development. Rhodes University.

Japan International Cooperation Agency, n.d. *A passage across borders*, s.l.: Japan International Cooperation Agency.

PGlobal Global Advisory and Training Services, n.d. *A STUDY OF INTERNATIONAL TRANSPORT CORRIDORS IN OIC MEMBER COUNTRIES*, s.l.: Islamic Development Bank. www.comcec.org