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ABSTRACT

x	Master's thesis
	Licentiate's thesis
	Doctor's thesis

Subject	Economics	Date	25.11.2003
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		Number of pages	119
Title	International trade and regional integration. A case study of selected Southern African economies.		
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Abstract

The present thesis studied international trade and economic integration from the viewpoint of Botswana, Malawi, Mozambique, South Africa and Zimbabwe. The choice of the case countries was based on these countries' economic performance and future prospects. Botswana, Mozambique and South Africa qualified as good performers, where as Malawi and Zimbabwe were characterised as poor performers.

The examination of trade patterns of these countries showed consistency with the factor proportions theory. Furthermore, the countries shared a common characteristic of a highly concentrated export structure, consisting mainly of primary production. South Africa was an exception to this. The country has a more diversified export structure, and it showed signs of intra-industry trade. A specific remark was made about the relatively poor quality of trade data of African countries, which could have an effect on these results.

The second point of interest was the economic integration of the case countries. Regionalism has been as productive in Africa as anywhere else. Other factors indicated that regionalism in Africa is widely different from that of the industrialised world. Firstly, regionalism has largely failed in the African continent. The main reasons for the failure include multiple, overlapping trade agreements and malfunctioning institutions. Secondly, it is true that the objectives of African leaders have been different from those of the leaders' of the industrialised world. Regionalism in Africa has primarily focused on building larger markets to support the industrial diversification and promoting peace and stability in the continent. This implies that achieving deeper integration requires different measures in Africa than in the rest of the world.

Thirdly, it was the aim of this study to investigate the static and dynamic welfare effects of economic integration. Analysis of static welfare effects showed that the European Union is a very important trading partner for the continent. As far as the dynamic welfare effects are concerned, the case countries are attracting increasingly FDI. Larger amounts of FDI inflows may lead to positive spillover effects that promote growth. In order to ensure this, the case countries need to place resources on education, so that skilled workforce may absorb the new technological know-how.

It was pointed out that data related to FDI is unreliable. Together with poor trade data, this is an indication of a necessity to improve collection and maintenance of databases. Otherwise, scientific research may lead to inappropriate policy recommendations. It was also suggested that it is the omnipresent malfunctioning of institutions that hinders development and growth in Africa. A further study in this field is therefore needed.

Key words	International trade, trade theory, economic integration, regionalism, Southern Africa