Are regional trade agreements promoting infant industry development in Africa?

A case study on Uganda and Cameroon.

Dané Lauren van Hemert

Master of Science (MSc) International Public Management and Policy

Erasmus School of Social and Behavioural Sciences

Erasmus University Rotterdam

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Summary

Many Sub-Saharan African countries are still among the least developed in the world. Therefore, the important task at hand is to find a solution for sustained economic development in these countries. For decades, experts have highlighted the importance of a developed industrial sector as a condition for sustained economic development. Currently, many of the industrial sectors in SSA are still 'infant', meaning that they are not globally competitive yet. It is therefore vital for these countries to escape the fate of producing merely primary goods, and to evolve into the production of more sophisticated, industrialized goods. As such, it is relevant to investigate whether the main tool which many Sub-Saharan African countries turn to for economic development, regional trade agreements (RTAs), contribute to the development of infant industries. This research is concerned with the trade provisions of RTAs, which are predominantly designed to liberalize trade between member states, whilst allowing for the protection of the region against the global markets. However, there is no consent in academic literature whether more liberalization or rather more protectionist trade provisions in RTAs will lead to infant industry development.

Therefore, the research question of this study concerns itself with how the trade provisions of two African RTAs impact infant industry development in one of each its member states. The comparative case study approach allows for in-depth analysis of the cases and for context-sensitivity. A qualitative approach is used to answer the research question, applying co-variational analysis to compare two cases: Uganda and Cameroon. These two countries have been selected on the basis of methodological checks between the RTAs they are a member of, the East African Community (EAC) and the Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC) respectively. Data is collected through semi-structured interviews with experts and through desk research.

Throughout the discussion of the results, two theories of economic development will be referred to: *neoliberalism* and *infant industry protection*, each prescribing separate sets of assumptions about what the trade provisions of RTAs should ideally look like. The theoretical expectations about the empirical relation under study are tested against the two case studies. The results show that the trade provisions in both RTAs were overwhelmingly designed on neoliberal assumptions. However, in reality, the *modus operandi* of both RTAs turned out to be not as neoliberal as it appears in their design. In the EAC, significantly more of the envisioned trade liberalization was achieved than in CEMAC. Despite the trade liberalization that has been achieved in EAC by means of trade liberalization provisions, although still limited, infant industries have not developed significantly in Uganda. And, despite trade liberalization provisions by intent, but a reality of more economic protectionism of infant industries CEMAC, they have not developed significantly in Cameroon. The research concludes with policy implications, social implications, limitations, and policy recommendations.

Acknowledgements

As a student who comes from a rather different background than public administration, I entered this research field with an open mind and no pre-determined specific interests. I have always found it difficult to wrap my head around the challenge of how to ameliorate the living conditions of those living in least-developed, often fragile countries. However, I had not geared my interest towards trade policy specifically, and how it can be a major tool for international development. Largely due to the articles we were reading for the courses Europe in the World and International Organizations and Development, my interest was sparked in how the international trading regime plays a large role in addressing the challenge of international development. A few weeks before entering the thesis process, I had read news articles about the African Continental Free Trade Area – a trade-related initiative encompassing almost the entire continent. Specifically, a phrase stood out to me: "African solutions to African problems". This phrase made me think of what I had learned in courses of this program about Regional Trade Agreements, and their ever-increasing popularity as development tools in Sub-Saharan Africa specifically. The question "are these agreements actually useful in promoting economic development?" popped into my head, and from there on my thesis topic was set. Throughout initial research I learned more and more about the importance of industrial development for least-developed countries. I quickly entered the realm of economics and trade policy – one that I would have never thought I would be drawn to at the start of my Master.

Indeed, the lack of prior knowledge I had about my chosen topic made the process challenging. Nonetheless, I am very happy that I chose for the 'unknown', because I truly learned a lot from the entire thesis process. A major challenge throughout the thesis process was that I combined it with an internship. Nonetheless, both endeavors were valuable to my personal and academic development. My busy schedule and the time-pressure I experienced eventually improved my persistence and planning skills. The most enjoyable part of the thesis, conducting interviews with experts on the topic, turned out to be one the most challenging as well. Finding enough interviewees willing to cooperate in my research proved very challenging. The number of e-mails and reminders sent, of which the majority resulted in a refusal to participate, worked discouraging at times. That being said, I am extremely grateful for all interviewees that participated in my research and took the time out of their busy schedules to talk to me. Not only was their expert knowledge of great value to the research, but the conversations also I had with the interviewees were very pleasant and each and every one of them were helpful throughout. What I did not expect, was that the conversations with the interviewees broadened my view on what I would like to pursue as a professional career.

All in all, I am very pleased with my decision to pursue this degree, and particularly with how my Master thesis has turned out. The completion of this program marks the end of my five-year long adventure at the Erasmus University Rotterdam. I am looking forward for all that is waiting for me in my professional career, however before looking ahead, I wish to look back and thank those who have

made my university experience as enjoyable as it has been. First, and foremost, I want to thank my family for motivating me to do more than I thought was possible. A particular word of gratitude goes out to my parents, for putting faith in me to move out at eighteen years old and enabling me to go to university. Then, I would like to thank my friends from my Bachelor program, IBCoM, for all the amazing memories in my first three years at Erasmus. To my roommates Nina and Eva, thank you for quickly making Rotterdam feel like home and for all the encouragement throughout my studies. A special thanks goes out to my best friend Demi, who has been my support and rock since day one of our university experience, I would not be where I am now without her. I would also like to thank the staff of the Bachelor program for the opportunities I received to spend a semester abroad in Singapore, and to have my first-ever internship as part of the curriculum. As for the Master thesis process, I would like to thank my partner in particular, for providing me with unconditional support. To the friends I made during this year: thank you for the much-needed study breaks and the motivation that you all provided me with. Last but not least, I want to thank my thesis supervisor Adrià Albareda Sanz for his helpful feedback, guidance and reassurance. His investment into my process kept me motivated and on my toes throughout. Appreciation also goes out to my second reader, Geske Dijkstra, and to my thesis circle peers for the enjoyable sessions.

I hope you enjoy reading this thesis as much as I enjoyed writing it.

Dané van Hemert Rotterdam, 25 June 2021

List of Content

List of Tables and Figures

Chapter 1 Introduction

1.1 Economic Development in Sub-Saharan Africa

Just over sixty years ago, in the 'Year of Africa' (1960) seventeen out of fifty-four African states gained independence, and at the end of the decade this number had increased to forty-five independent states. With this *de jure* freedom, many newly independent African states were hopeful for economic dividends from the decolonization process. Indeed, economic development on the African continent steamed ahead in the 1960s and 1970s, often called the 'golden era' of African development. However, since the 1980s, economic development in Africa slowed down, or in some time periods even declined. This trend has been mainly concentrated in Sub-Saharan Africa – hereafter abbreviated as SSA (Ocran, 2018). This is a commonly used imagined geographical demarcation of a region which is thought to share similar ethno-cultural characteristics, containing forty-six out of fifty-four African countries. Especially when compared to other previously 'least developed countries' who have transformed into major upcoming economies after gaining independence, notably the 'Asian tigers', SSA seems to have entered a trap of underdevelopment. The region remains one of the most impoverished and economically underdeveloped in the world (Collier, 2006).

However, especially since the turn of the millennium, improvements in economic development in the region have been made which cannot be ignored (Ocran, 2019). Nonetheless, just like the upturns in the 60s and 70s, it seems to be followed by downturn, triggered this time by the global COVID-19 pandemic. As worryingly captured by Abebe Aemro Selassie, director of the African Department of the International Monetary Fund, in October 2020: "Sub-Saharan Africa has faced a bleak year this year. And this will continue next year. The developments of this year threaten years of hard-won gains and have upended the lives of millions of people. No country in the region has been spared a decline in economic activity." (IMF, 2020).

Therefore, the important task at hand, as it has been for many decades now, is to find a solution for *sustained* economic development in SSA countries. The word 'sustained' captures the necessity that an economic upheaval is not followed by significant stagnation or decline. Examples of development tools which have been implemented largely in the region, aimed at such sustainability are for example foreign aid, humanitarian missions and government reforms (Kremer, van Lieshout & Went, 2009). Yet, a tool which has gained great popularity in the region over time, and which has received great attention among academics and policymakers alike, are regional trade agreements.

1.2 RTAs and Infant Industry Development

Regional trade agreements (RTAs) are not a new phenomenon, yet the number of RTAs negotiated and signed has grown exponentially over the past years – and the trend is showing no signs of halting. RTAs are defined by the World Trade Organization (WTO), which the regional agreements officially have to be notified to, as "[…] reciprocal preferential trade agreements between two or more partners, [which] have allowed countries to negotiate rules and commitments that go beyond what was possible multilaterally" (WTO, 2021a). Whilst this is a global trend, SSA countries' interest in RTAs is often highlighted by scholars because of the debate around the opportunities and challenges of RTAs as a development tool (Abdi & Seid, 2013; Ndepah & Ugeadga, 2018). Many SSA countries are part of multiple RTAs on the continent, in addition to a complex membership network of extra-regional and bilateral trade agreements (Ravenhill, 2020; Yang & Gupta, 2007). To put this simply, only three out of forty-six countries in the region are not signatory of an RTA, and there is often overlap between RTA-membership.

RTAs are essentially an exception to the multilateral trading regime that is governed by the WTO, because they depart from the Most Favored Nation (MFN) principle – one of the main pillars of the WTO. But why do SSA countries then seek membership of RTAs, whilst the WTO is designed to enhance trade and trade liberalization already? Barnekow & Kulkarni (2017) argue that the WTO system disproportionately advantages large Western powers, at the cost of developing countries. Then, African countries have more voice and bargaining power in agreements with fewer and proximate members. In these regional settings, they perceive an increased likelihood of reaching consensus on issues closer to their domestic policy interests. Moreover, an impasse in WTO negotiations has been reached at the Doha round. Barnekow & Kulkarni (2017) argue that the slow progress for better terms for the domestic- and regional interests of developing African countries in the multilateral setting have resulted in the pursuit of regionalism for enhancing trade.

The most recent significant effort for an economically integrated African continent is the in 2018 agreed upon the African Continental Free Trade Area (AfCFTA), including fifty-four out of fifty-five sovereign African states, to be ratified starting January 2021 (Crabtree, 2018). Whilst this is another example of the growth of RTAs in Africa, many of them overlapping and creating a "spaghetti bowl effect", there is no conclusive evidence on whether they significantly increase welfare for their members (Ravenhill, 2020). Certain scholars argue that RTAs have resulted in noteworthy economic development in their member states. For example, Ngepah and Udeagha (2018) have argued that RTA-membership results in enhanced trade in Africa, and even that the multi-membership of African RTAs – thus the "spaghetti bowl" – brings along supplementary trade benefits. Nonetheless, a large group of scholars have concluded that RTAs form impediments to enhanced welfare for African countries, rather than being enabling (Tavares & Tang, 2011).

With many countries on the continent still facing many hurdles to economic growth, and with promising emerging economies such as Ethiopia being pulled back into slow economic growth, it is vital to find the right strategy for sustained economic development. For decades, experts have highlighted the importance of industrialization for economic development. Whilst the existence of a large industrial sector is blatantly apparent in many of the more developed countries, a large part of SSA countries still rely on the agricultural sector as the primary means of economic turnover. However, economic diversification (i.e., the existence of multiple fruitful sectors in an economy) and specifically a strong industrial sector, are often regarded as necessities for sustained economic development. In the Sub-Saharan region, the industrial sectors often find themselves in an infant (underdeveloped) stage. Therefore, this research focuses on the effects of RTAs on a condition for sustained economic growth for SSA countries: infant industry development.

Since the turn of the millennium, historical attention to the development of infant industries as a condition for stable and significant economic growth has been renewed (Abdelkader, Fisher, Fawzy & Atallah, 2017; Chang, 2003; Rekiso, 2017; Samaro, 2009). Many African countries, with clear exceptions such as South Africa and Nigeria, are still stuck in producing mainly primary, agricultural goods. These goods do not generate high profits and are often faced with many trade barriers to effective competition, such as the subsidies the European Union (EU) provides to its own agricultural sector (Goodison, 2007). It is therefore vital for these countries to escape the fate of producing merely primary goods, and to evolve into the production of industrialized goods. Currently, many of the industrial sectors in SSA are still 'infant', meaning that they are not globally competitive yet. However, the more technologically advanced products generate higher profit and more employment in higher-profit businesses (Chang, 2015).

This research is concerned with the trade provisions of RTAs, which are predominantly designed to liberalize trade between member states, whilst allowing for the protection of the region against the global markets. However, there is no consent in academic literature whether more liberalization or rather more protectionist trade provisions in RTAs will lead to infant industry development. Some scholars argue that the pursuit of trade liberalization itself, through RTAs, is rather detrimental towards the goal of sustained development because it does not allow sufficiently for infant industry development African countries. Nonetheless, African countries have not shied away from negotiating more and more RTAs, including more provisions for trade liberalization.

The study will compare the effects of the trade provisions in two African RTAs on infant industry development in one of each its member states. The comparative case study approach allows for in-depth analysis of the cases and for context-sensitivity. This thesis uses a qualitative approach to answer the research question, applying co-variational analysis as a means to compare two cases: Uganda and Cameroon. These two countries have been selected on the basis of methodological checks between the respective RTAs they are a member of, the East African Community (EAC) and the

Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC) respectively. Therefore, the research question of this thesis is as follows:

"How do trade provisions in Regional Trade Agreements affect infant industry development in Uganda and Cameroon?"

Data is collected through semi-structured interviews with experts and through desk research. Throughout the discussion of the results, two theories of economic development will be referred to: *neoliberalism* and *infant industry protection*, each prescribing separate sets of assumptions about what the trade provisions of RTAs should ideally look like.

1.3 Relevance

Regarding the social relevance of this study, as already mentioned, many SSA countries – including the two selected cases Uganda and Cameroon – belong to some of the least developed of the world. Using World Bank figures, in 2018 40.4% of the SSA population belonged to the poverty headcount, defined as those living on US$1.90 or less a day. In comparison, the poverty headcount on a global scale was 9.3% in 2017 and it was lower than 5% in 2019 for all other regions than SSA (World Bank, 2018). As such, it matters greatly to the population living here whether the main strategy of their leaders for economic growth (negotiating RTAs) will improve the economic conditions they find themselves in for the long run. A profitable industrial base would translate to increased welfare and higher living standards for the population, likely reduce those living under the poverty line. Therefore, the topic of this study is socially relevant to reducing the often despairful situation of many individuals in least developed countries, by providing insights into the prospects for infant industry development – and thereby chances of sustained economic development – in SSA countries, and by providing policy recommendations on the effectiveness of trade provisions in RTAs in reaching that goal. Such recommendations could guide policymakers of current RTAs, and in the future to be negotiated RTAs, on the design of their trade provisions.

Then, the theories which are tested against the empirical relationship are 'neoliberalism' and 'infant industry protection', which will be elaborately explained in Chapter 3. This thesis contributes to the body of theoretical knowledge in three main ways. The first way is by testing the theories to the empirical relationship in two cases where they have not been applied before as individual cases: Uganda and Cameroon. In other words, the thesis aims to discover whether these two theories can account for the perceived empirical relation in these two cases. In previous studies, Uganda and Cameroon have been included merely as an element of a larger case study, for example in an entire region. Secondly, the empirical relationship under investigation in this thesis has not been tested before with the comparison of these two specific theories. As such, the theories are applied to a new empirical domain. Thirdly, the methodological choices with which the theories and empirical

relationship will be tested to the two cases, have not been included in previous studies. This thesis takes a qualitative approach, whereas related studies on Uganda and Cameroon have been overwhelmingly quantitative. This new methodological angle will provide the insights into the selected theories and the empirical relationship with additional data – thereby advancing the academic understanding of these.

1.4 Thesis Outline

This thesis is structured as follows: Following the introduction, Chapter 2 'literature review' provides an overview of the academic state of the art. Then, Chapter 3 'theoretical framework' discusses the theories *neoliberalism* and *infant industry protection*, followed by an overview and justification of the methodological choices in Chapter 4. The results following the data collection and analysis are provided and discussed simultaneously in Chapter 5: 'results and discussion'. The last chapter, 'conclusion', answers the research question and discusses policy recommendations, limitations and suggestions for further research.

Chapter 2 Literature review

This chapter provides an overview of the state of the art in academic literature that is relevant to the thesis topic. It gives insights into studies that have investigated the effects of RTAs on economic development generally, their effects on infant industry development specifically, the cases to which they have been applied, and the methods used in these studies. Then, the chapter addresses the literature gap found, which this thesis aims to address.

2.1 RTAs Effects on Economic Development

Barnekow & Kulkarni (2017) have conducted a comparative case study on the Economic Community Of West African States (ECOWAS) and the Southern African Development Community (SADC) member states. They focused on the question whether these African RTAs create or divert trade, thereby drawing conclusions about whether RTAs increase trade flows within the regions. For both studied RTAs, they conclude that whilst trade liberalization has been practiced with mutual tariff reductions, there seems to be no significant increase in trade between the countries. Rather, the result seems to be that of trade diversion, which is widely considered a negative phenomenon when concerned about welfare enhancement, because global imports are shifted from low-cost countries to high-cost countries (Coulibaly, 2009). Whilst the authors conclude that RTAs have not led to trade creation, they acknowledge that this failure cannot be traced back fully to the agreement on trade liberalization. The authors state that the production of primary goods by many African countries forms an impediment to economic growth – this can be read as an implicit referral to the necessity of an industrial base.

Likewise, Yang & Gupta (2007) argue that African RTAs have not led to increased trade flows and trade creation, neither have they promoted foreign direct investment (FDI). Based on their empirical comparative analysis of five major RTAs and regional economic communities (RECs) on the continent, they conclude that for African RTAs to be effective in promoting trade and FDI, first some major obstacles would have to be overcome. They argue that reasons for RTAs' ineffectiveness are both external- and domestic. For the former, they are high external trade barriers, and limited complementarity of resources between members. For the latter, they are the limited markets (in size and wight), low infrastructural development and insufficient government effectiveness.

Hammouda, Karingi, Njuguna and Jallab (2009) research the effects of African RTAs on economic development with the measure of income convergence. This concept refers to the idea that when entering in economic- and/or trade-agreements, member states are ought to converge to an equilibrium of income. This process is facilitated by the idea of "catch-up", where poorer members of RTAs or RECs move more towards the incomes of more developed members. The authors argue that

the goal of income convergence is prized with great importance by African countries engaging in RTAs. However, they conclude based on their empirical study of various African RTAs (SADC, COMESA, ECOWAS, CEMAC and UEMOA) that these agreements do not lead to income convergence among its members. The idea of "catch-up" does not prove to exist in practice for these African RTAs, due to stagnating economic growth and the low level of income amongst all its members, eliminating the element of richer members. Alike previously mentioned studies, Ben Hammouda et al. (2009) conclude that the slow economic growth is caused by lack of intra-regional trade and FDI. They also argue that the low production capital of African countries remains an impediment to economic growth, which is an implicit reference to low infant industry development being a cause.

In sum, studies focusing on the economic development measures of trade flows, FDI and income convergence generally find that they are not promoted by RTAs – which thus makes RTAs ineffective in attaining their goals. However, these studies do not address a major measure of sustained economic growth, namely: infant industry development.

2.2 RTAs Effects on Infant Industry Development

Infant industries are industrial sectors in developing countries, which are under- or not developed at all. Or in other words, those industries to ideally be developed as the next stage after predominantly agricultural production. As stated in the previous chapter, the development of infant industries towards global competitiveness is often regarded as a necessity for sustained economic development. However, many developing African countries remain stuck in primary goods production and cannot enter global competitive markets for industrialized, high-profit goods (Chang, 2015). Let us not turn to the effects that RTAs have on infant industry development in African countries, and thereby on prospects for sustained economic development.

Shadlen (2005) investigates the policy space for industrial strategies, that is allowed for developing countries under provisions of the multilateral WTO regime and the RTA North American Free Trade Agreement (NAFTA) – thus, it is a comparative study. Whilst this study does not consider trade agreements including African countries, it can tell us something about the possibilities of infant industry development within RTAs. Shadlen (2005) argues that in regional trade agreements where there are stand-out economic powers (in the case of NAFTA, this is the USA), a trade-off emerges for developing countries in the RTA. The trade-off is between more market access provided by the bigger economies, and the decreased policy space for infant industry development. Often, the former is given the larger weight of importance by developing countries, whilst it is predominantly the latter that will lead to economic development. In the multilateral WTO setting, Shadlen (2005) argues that developing countries are still offered sufficient policy space to develop their infant industries, and that therefore developing countries should more carefully choose between RTAs, rather than to neglect the

WTO as a multilateral trading regime where they have space to advance their interest.

Chiukira (2013) has studied the impact of RTAs on infant industry development by means of a qualitative approach. However, Chiukira (2013) only focused on one member state, South Africa, of one RTA, the SADC. Whilst this has allowed the author to dig deep into the development of South Africa's infant industries after entering the agreement, it does not include a comparative element which would allow for policy advice on an efficient design of an RTA. Moreover, the focus on South Africa, which is already the region's biggest economic player, is likely to generate conclusions which are not easily transferrable to many developing African countries. Nonetheless, Chiukira (2013) draws noteworthy conclusions about the concerned relationship, namely that the SADC did not sufficiently pay attention to the needs of infant industries for growth. The SADC negotiations assumed that trade liberalization was a necessity for economic development, whilst there was in fact little need for free trade in this region, more so there was need for protection of infant industries.

The focus of this paper addresses certain literature gaps in existing research. When comparing several African RTAs, or focusing on one in particular, scholars have often used trade creation as a criterium for development on the continent (Barnekow & Kulkarni, 2017; Shuaibu, 2015; Tavares & Tang, 2015). Other often used criteria for development in literature are FDI-flows (Yan & Gupta, 2007) and income convergence (Hammouda et al., 2009). Few scholars, however, have applied the development of infant industries as a criterium when comparing the effects on development of various RTAs in Africa. Many studies that do focus on infant industry development, engage in a more general debate whether trade barriers should be allowed in multilateral- and bilateral trade settings (Abdelkader et al., 2017; Samaro, 2009). Or scholars research policy space for industrial strategies for developing countries (which relates to infant industry development), such as Shadlen (2005) who compares this between WTO and NAFTA provisions – therefore not focusing on African countries. The few scholars who have concerned their research with the relationship between RTAs and infant industry development, are including one country in their study, such as Chukira (2013) who focused on South Africa. The conclusions from the current research could shed new light on the possibilities and constraints of RTAs for the economic development of African countries for the infant industry pursuit; and could be tested against existing empirical research on the effects of RTAs on for example trade creation.

Chapter 3 Theoretical Framework

This chapter discusses theories that are relevant to establishing the plausibility and direction of the relationship between the independent variable (trade provisions within RTAs) and the dependent variable (infant industry development). This chapter is organized as follows: first, the theory of 'neoliberalism' will be discussed, second, the theory of 'infant industry protection' will be discussed, and third, the expectations about the empirical relationship under study that follow from these two theories will be discussed.

3.1 Neoliberalism

Neoliberalism assumes that all states who engage in the global free market will automatically experience economic growth. The theory argues that market mechanisms are the most efficient and fair means of distributing resources, and thus a minimal role is left for a central governing authority – for this study, that authority would be the RTA's decision-making body. Widely considered as the founding father of neoliberalism as we know it today is Friedrich Hayek (Dean, 2012; Van Horn & Mirowski, 2009). Hayek's neoliberalism assumes that markets, when left free from a central governing authority's intervention, work best in coordinating individuals in their rational choice-making – because the market mechanism provides the individual with the knowledge it needs about relative prices (Harvey, 2005; Thorsen & Lie, 2006; Wade, 2002). In neoliberal theory, it is assumed that a central governing authority cannot acquire and provide as much information as a non-directed, free market can. If an international governing authority is to intervene in the global free market, it would only be to create previously absent markets and for purposes of generating full individual liberty for the pursuit of profit (Friedman, 2006).

Let us now turn to neoliberalism's assumptions about distributional issues specifically, as these are central to studying transnational economic development. According to Thorsen and Lie's (2006, p. 15) account of Hayek's (1976) thought, "instances of inequality and glaring social injustice are morally acceptable, at least to the degree in which they could be seen as the result of freely made decisions." As a result of the global free market, the individual liberty bestowed on the world's citizens will automatically lead to the most optimal allocation of goods and services. As such, the theory of comparative advantage is conducive to these international distributional ideas of neoliberalism (Shaikh, 2004). The idea of *comparative advantage* assumes that universal free trade will automatically lead to the optimal economic outcome for all nations. When the opportunity cost of producing a good is lower in one country than in others, the former should specialize in the production of that specific good – and other states would do the same for goods where they have comparatively low opportunity costs. Due to free markets, states could trade the goods to satisfy the domestic

demand for a variation of products. As such, all countries – both developed and developing – would benefit from a global free trade regime, and economic inequality between states would diminish through the efficient allocation of scarce resources by the market (Shaikh, 2004).

All these assumptions translate in every way to what neoliberal theory imagine the development of infant industries specifically to look like, captured briefly by Onis (1995): "the neoliberal approach to development draws excessive attention to competition and free markets as sources of industrial success" (p. 2). Roberts, Wade, Lall and Wood (2003) explain that for neoliberalists, the intervention of a central governing authority to develop non-existing or underdeveloped industries is "unnecessary for achieving economic diversification and for developing comparative advantage in more skill-intensive activities" (p. 8). Neoliberalists believe that protectionist measures towards the industrial sector would only undermine its development. Rather, a free global market would allow the capital, labor, technology and knowledge needed for the development of an industrial sector to flow easily from industrialized to non-industrialized economies. Specifically, the high cost of industrial inputs and labor in developed countries, once they have matured on industrialization and move towards the tertiary sector, would mean that industrial production would move to lower-wage parts of the world – the least developed countries (Uberti, 2014).

It is often argued that we now live in the age of neoliberalism dominating world governance (Jessop, 2002; Thorsen & Lie, 2006). The rise of neoliberalism, of which an elaborate account is beyond the scope of this paper, is often attributed to (amongst others) the following factors: The end of the Cold War in which the United States' democracy and capitalism triumphed and became the standard for international governance, a wave of criticism on Keynesians who prioritized state intervention for full employment, the adoption of neoliberal economic policies by influential state-leaders Ronald Raegan and Margaret Thatcher, and an overall increase of interconnectedness between states (Jessop, 2002; Wade, 2020).

Advocates of global neoliberalist policy argue that the less-developed countries that have not reaped the benefits from global free trade yet, are set to do so once they start opening up to the global economy more (Phillips, 2020). In fact, neoliberalist advocates argue that the participation in the global market is a *condition* for development. The competition that national producers will face due to market integration will only lead to the most efficient, profitable production for market-determined prices. If states fail to reap the benefits from the global free trading regime, even once they have opened up to it, this cannot be attributed to a malfunctioning of the market mechanisms (Harvey, 2005).

The question remains how neoliberal assumptions about international economic development, and thereby the development of infant industries, are related to RTAs. This relevance can be answered by zooming in on the most recent wave of regional cooperation, as conceptualized by scholars: the second wave of regionalism, or *New Regionalism* – which is largely foundational on neoliberal principles

(Gathii, 2011; Hettne & Söderbaum, 1998). Sakyi (2014) concludes his study on regionalism in Africa with the argument that it is largely adherent to neoliberalism. Importantly, both case studies (Uganda's membership of the EAC and Cameroon's membership of the CEMAC) are part of this era of regionalism. Indeed, the *New Regionalism* wave non-accidentally coincided with the world domination of neoliberal thought. As mentioned, during the 1980s and early 1990s, neoliberalism had emerged as *the* economic policy norm worldwide. Around the same time, mostly in the 1990s, a true surge in the number of regional agreements signed occurred. It was not only the stark increase in number that signaled New Regionalism, but it was also the new form of the regional agreements. They were more multifaceted, with agreements not limited to one purpose such as security cooperation, but to multiple purposes, such as security-, trade-, monetary- and political cooperation (Hettne & Söderbaum, 1998). Albeit, most relevant to this study, New Regionalism was characterized by a significantly stronger commitment to trade liberalization. The purpose of regionalism was to liberalize trade within the region, to create a market that will consequently be integrated in the global trading regime, and as a result to develop economically and play 'catch-up' to developed countries. The purpose of regional governing authorities – in the case of trade, RTAs – was to create markets where they were non-existent, and only that.

Whilst virtually all regional agreements that spurred in this wave expressed this neoliberal purpose, their design contrastingly allowed for external protection of the regional market, regularly through a common external tariff (CET). In other words, the regional blocs pursued more neoliberal policies within their borders, but protected the regional economic bloc through non-neoliberal policies (Gathii, 2011). This regional protectionist behavior formed an exception, or rather a fallacy, to the neoliberal's desired multilateral order of the global free market. Interestingly, in essence the existence of RTAs can be interpreted as in competition with neoliberal thought – as they are interventions into a multilaterally ordered, global free market. RTAs of the New Regionalism era have thus been a sensitive topic for neoliberal advocates (Hettne & Söderbaum, 1998). Nonetheless, as a justification for RTAs, neoliberalists have argued that whilst they form 'exceptions' to the desired multilateral free trade regime, they are only steppingstones to more economic interconnectedness and increased trade. Neoliberals consider New Regionalism as a 'chapter' of the effort towards global free trade, as the intra-regional purpose is foundational on neoliberal principles and will facilitate the integration of the regional market into the global regime eventually (Sakyi, 2014). As such, as long as external protection through a CET goes hand in hand with the neoliberal-based trade liberalization within the region, neoliberalists can regard RTAs as 'liberalization efforts', as a step on the road to 'global market integration'.

As dominant as neoliberalism is in global economic policy, competing theories have existed since the first formations of neoliberalism. To this day, these theories argue that neoliberalism is not necessarily the best policy – especially for developing countries. These theories gained more and more momentum as convincing empirical evidence of less-developed countries playing 'catch-up' with

developing countries through free markets and free trade stayed out, and as previously less-developed countries like the Asian Tigers actually achieved 'catch-up' through somewhat protective economic policy (Hall, Massey & Rustin, 2013; Siddiqui, 2012). One of the main competing theories is *infant industry protection*. The following section will explain that theory, throughout which some of the main critiques on neoliberal theory in academic literature are discussed.

3.2 Infant Industry Protection

This theory has been chosen for this thesis as the competing one to neoliberalism because of its explicit focus on infant industry development, making it extremely suitable to the empirical relationship that is being studied. Briefly summarized, the theory contends that it is *necessary* for underdeveloped countries to advance a competitive industrial sector, if it wants to develop economically into stable, sustained prosperity. It prescribes that in cases where developing countries are unable to advance their infant industries well enough for them to compete on the global free market, protectionist measures over the infant industries are justified (Senghaas, 1991; Siddiqui, 2012). Generally, the development of infant industries can be understood as an industrialization process to the extent where a non-competitive industrial production, within a given geographical demarcation, develops into a competitive one. As such, an infant industry is best understood as those industrial production elements that are not economically mature yet.

Let us now move to the roots of the infant industry protection argument, to understand how it has emerged as a competing theory of international economic development against neoliberalism. The infant industry protection argument was popularized and theorized Alexander Hamilton in the late eighteenth century and later specified by Friedrich List in in the second half of the nineteenth century (Chang, 2003). List advocates for the protection of infant industries at the onset of their development, whilst seeing potential for exposing them to the global market later on in the lifecycle. He stresses that the infant industry argument is posed against *premature* liberalization, not to liberalization as a whole. Here, 'liberalization' is the removal of protectionist measures over the industrial sector once they have become competitive, thereby allowing the industrial goods to be traded freely in the global market. In fact, the ultimate goal of infant industry protection is to develop far enough to reach the 'end-stage' a liberalized industrial sector (Senghaas, 1991).

Critics of the infant industry argument generally refer to its negative effects on social welfare (Criel, 1985; Grossman & Horn, 1988). One of the most widely cited critics is Baldwin (1969). Whilst he acknowledges that there are unique circumstances surrounding infant industries on their way to entering the global competitive market, and that these circumstances might call for some type of market intervention, infant industry protection is not the solution. Baldwin (1969) argues that when an infant industry is protected predominantly through tariffs, only a marginal number of industrial entrepreneurs will succeed. The development will not be industry wide, because there is lack of

incentive for many in the industry to invest in knowledge acquisition – there are technological spillover effects, where one can copy the innovator.

The counter-reaction of infant industry protection proponents centers around the scope of the protectionist theory. In his review of List's theory, Shafaeddin (2000) highlights that the protection was always intended to be specific and context-sensitive. List already contended that infant industry protection should be targeted rather than across-the-board; that the protection of certain goods in the infant manufacturing industries should occur where the country is most likely to reach a level of sustained competitiveness on the global market. Moreover, proponent of the theory Mayer (1984) acknowledged the validity of the critique against the short-term welfare losses resulting from protection. He argues that the short-term welfare losses, associated with low static gains, can be diminished through borrowing on the international financial market.

The main critique that infant industry protection proponents have towards the comparative advantage logic, foundational to neoliberalism, is that it is mostly concerned with static gains from trade through specialization – and not with dynamic gains. In other words, it addresses potential for increased productiveness and trade flows – but it ignores the long-term aspect of development. On the other hand, the infant industry protection argument is largely concerned with dynamic gains from trade, envisaging a sustained, long-term development by moving away from the production of primary goods towards higher-value, industrial goods (Boianovsky, 2013; Myint, 1963). Moreover, opponents of infant industry protection point towards numeral empirical success stories related to the theory – such as the earlier mentioned 'Asian Tigers miracle', and the US' protection of its infant industries yielding the biggest economy in the world (Hall, Massey & Rustin, 2013).

An account of infant industry protection theory is not complete without the mention of Ha-Joon Chang's influential 2003 article, which popularized the term 'kicking away the ladder'. He points out that developed countries are adamantly promoting a neoliberal order of the global trading regime and impose neoliberal ideas on developing countries through structural reform plans – claiming that economic openness and minimal state intervention will allow them to develop. However, these developing countries are the same who have in the past used protectionist measures to promote *their* infant industries initially (Chang, 2003). Hence, the developing countries 'kick away the ladder' of infant industry protection for developing countries – a ladder which they have once used themselves 'to get to the top'. Moreover, in 2015, Chang published an article in which he makes the case for infant industry protection in Africa particularly: "getting industrial policy right and getting the conditions for its successful implementation right are not matters of choice but imperatives for the African countries" (p. 49).

Then, how does the infant industry protection theory relate to RTAs and their trade provisions? Langhammer (1992) confirms what has been argued in the previous section on neoliberalism as well, that in essence the existence RTAs are an exception to the neoliberal assumptions. The GATT (later WTO) had allowed for such exceptions based on "broader development

objectives" (GATT, 1979, p. 104). RTAs could protect their regional industries from the global competition, thus by imposing protectionist trade provisions against those countries or blocs *outside* of the region – such as a common external tariff. Then within the region, RTAs often liberalize trade between its members – thus, eradicating protectionist trade provisions between them (Langhammer & Hiemenz, 1990). Indeed, one can then argue that the intra-regional trade liberalization that is a common characteristic of RTAs does not necessarily harmonize with the infant industry protection theory, but rather with the free-market mechanisms of neoliberalism. However, as Onyeiwu (2015) argues, such a regional agreement where countries join forces creates a regional economy of scale, which stands a better chance of flourishing because of infant industry protection, than when an underdeveloped country protects its infant industries unilaterally. Ravenhill (2020) puts forward a similar argument, saying that RTAs allow for a stronger economic leveraging position because the protectionist measures are issued as a bloc, rather than as an individual state. As such, the stronger position will catalyze the opportunities for a feasible and profitable infant industry development.

3.3 Expectations

Now, let us sum up the debate between neoliberalists and infant industry protection, ant the main assumptions about the empirical relationship between trade provisions in RTAs (independent variable) and infant industry development (dependent variable). Following infant industry protection theory, regional infant industries can be protected from the competitive pressures of the global market initially through the imposition of protectionist trade provisions against third entities, whilst creating economies of scale through liberalization trade policies within the region itself – making the infant industry protection more feasible and fruitful than if it were to be imposed unilaterally by countries. On the other hand, following neoliberalism, RTAs in themselves are a sensitive topic as they form an exemption to the virtuous global free market. Nonetheless, neoliberal institutions have allowed for RTAs, considering them as steppingstones towards global market integration. Indeed, they do not view RTAs as 'protectionist efforts', as this would clash greatly with neoliberalism's assumptions. Accordingly, their view is that no such concerted, targeted 'protection' of infant industries is necessary for their development. Rather, the initial regional competition and consequent global competition that results from liberalization will drive infant industy development.

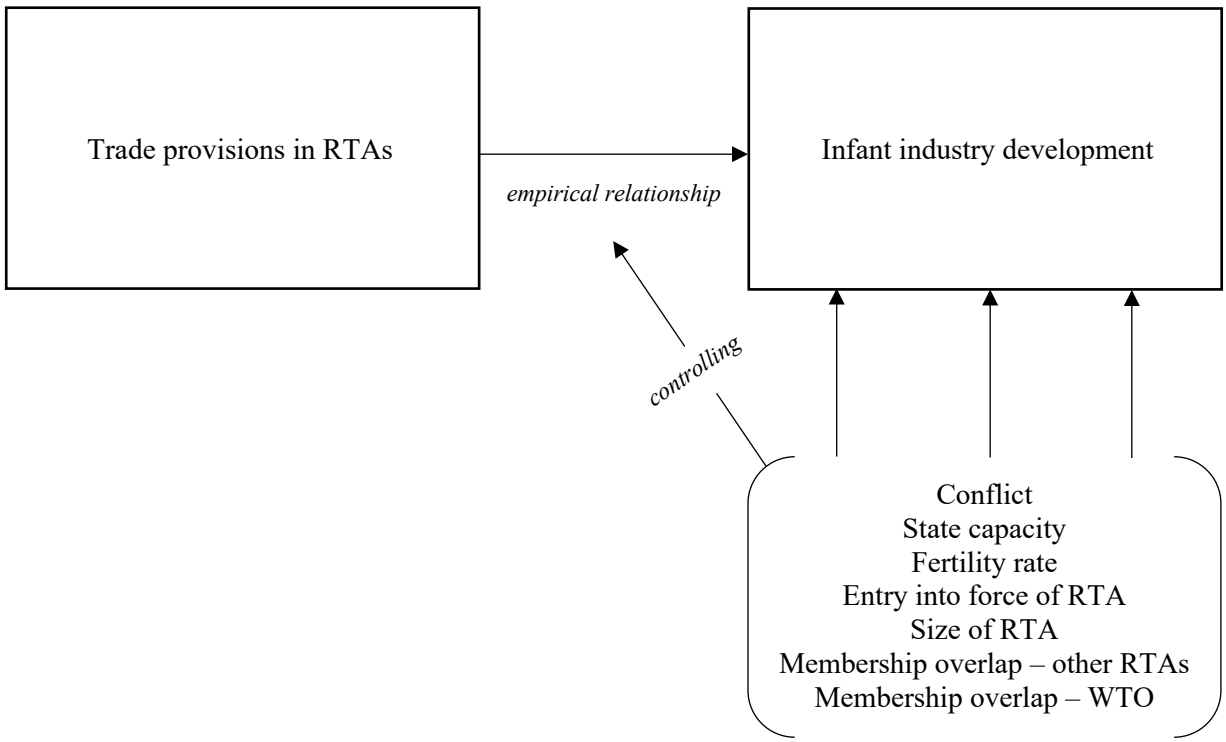
Indeed, a certain overlap consists within the commonly assumed trade provisions of RTAs, related to the two theories. On the one hand, they are building upon neoliberal assumptions that trade liberalization will boost industrial development within the region, hence why they liberalize trade between the member states. On the other hand, RTAs build upon infant industry protection assumptions that protectionist trade provisions against global competitive forces, outside of the region, will boost infant industry development. Therefore, this research aims to gain detailed and context-specific understanding of the trade provisions within the EAC and CEMAC, and how they

respectively affect the development of infant industries in Uganda and Cameroon. What follows from the discussion of the two theories 'neoliberalism' and 'infant industry protection' are expectations about the empirical relationship under study in this thesis:

- *Following the neoliberalism theory:* Regional trade agreements which allow for more liberalization trade provisions are expected to have higher levels of infant industry development.
- *Following the infant industry protection theory:* Regional trade agreements which allow for more protectionist trade provisions are expected to have higher levels of infant industry development.

Importantly, the independent variable 'trade provisions within RTAs' is not the only factor that has an impact on the dependent variable 'infant industry development'. Therefore, seven control variables have been included in this study, which control the empirical relationship and increase the validity of the causal interferences that will be made. In section 4.2.1, 'Case study selection: Operationalization of variables', these are elaborated on. For now, the theoretical model is illustrated in Figure 1.

Figure 1. Theoretical model



Chapter 4 Method

This chapter illustrates the chosen methods of this thesis. The research is designed to foster valid and reliable evidence, which together with theory answers the research question. First, the section on research design elaborates and justifies the methodological approach of this thesis. Second, the case study selection is elaborated on. Third, the variables and data used in this research are operationalized. Fourth, the data collection procedure, including sampling choices, is provided. Lastly, the methods for data analysis are discussed.

4.1 Research Design

In order to arrive at a context-sensitive conclusion on whether certain trade provisions within RTAs lead to infant industry development or not, a qualitative method is most fitting. Most existing studies on the effects of RTAs on several economic development variables, however, take a quantitative approach (Barnekow & Kulkarni, 2017; Coulibaly, 2009; Jordaan, 2013; MacPhee & Sattanyanuwat, 2014). Quantitative methods treat phenomena statistically and as static realities (Yilmaz, 2013). Rather, qualitative methods approach reality as dynamic and socially constructed (Vaismoradi, Turunen & Bondas, 2013; Yilmaz, 2013). The purpose of this research is to take varying contexts into account when inquiring about the empirical relationship. Indeed, for every country that is signatory of an RTA, the effects of the trade provisions within the agreement affect the country's infant industry development differently. If this research were to apply a quantitative method, the context surrounding the realities of this empirical relationship in case studies is often lost. By applying a qualitative method, the richness of data is guaranteed by allowing for context-sensitivity.

First, regarding the concept of RTAs, the purpose of this study is to gain insight into the trade provisions that such an agreement sets and how these rules impact the development of infant industries. If a quantitative method were to be applied, the RTAs' trade provisions would be measured on a standardized scale, ruling out context specification. In contrast, a qualitative approach allows for the extraction of rich data, which account for how trade provisions within an RTA manifest in a specific country. Second, regarding the concept of infant industry development, its status varies greatly among member states of various RTAs. Whilst the signatories to an RTA are often geographically proximate, the structure of their economy, and the development of its different sectors, can be very different. If a quantitative method were to be applied, the development of an industrial sector within a country would be reduced to static values, such as the growth in the number of employees within this sector. However, the purpose of this research is to discovers the dynamic, realistic phenomena in a country through a qualitative approach.

Because of the time- and resource-intensity that comes along with a qualitative research approach, the small-N approach is most fitting. The small-N approach includes a cross-case comparison. Indeed, this study aims to compare the effects of trade provisions within two RTAs on infant industry development between two countries, one member of each RTA. The approach to this small-N study will be that of co-variational analysis (COV), which compares several cases to arrive at a conclusion about the causality within the X-Y relationship (Blatter & Haverland, 2012). The purpose of the COV method is to examine whether it can be stated with confidence that X has caused Y, based on the small-N sample. This empirical study will be X-centered, thereby looking for variance in the independent variable as a basis for case selection. The true strength of the COV method lies in the opportunities it poses to measure concepts closely to how these in fact manifest as real-life phenomena. The COV method is suited for in-depth comparison across few cases, allowing the researcher to make an intensive and context-sensitive operationalization and measurement of the variables. Therefore, in comparison to a large-N study, the small-N study has a higher concept validity of measurement: the in-depth analysis allows for results in a concept measurement that is close to the true definition of the concept, thereby greatly increasing the validity of the research (Blatter & Haverland, 2012).

Despite these advantages, the COV method also poses certain limitations. A common critique on this method is that the conclusions derived from the research are limitedly generalizable. This critique stems from the fact that the context-sensitive small-N study makes the conclusions greatly valid for these specific cases, but not necessarily for a larger population. However, the findings of an small-N research are in fact generalizable to a larger number of cases, namely those cases that score similarly on the control variables. Indeed, these cases do not represent the *entire* population, nonetheless a substantive part. Therefore, the COV method allows for a contribution of intensive knowledge to more cases than are included in the specific research. Another limitation that is often argued is that of decreased reliability, compared to large-N designs. The critique refers to the susceptibility to measurement errors and difficulty in replicability. A counterargument to the critique of measurement errors, is that the small-N design does in fact pose the researcher the ability to reflect on the operationalization and measurement of variables more intensively within their case study. As such, measurement errors can be curtailed by the researcher. As for the difficulty in replicability critique, when the researcher applying the COV method remains transparent about how and why certain values were recorded throughout the research, the replicability is fostered. As a result of transparency, it is more probable for other researchers to arrive at the same results.

4.2 Case Study Selection

The selection of cases is of utmost important to ensuring the validity of the conclusions made following this approach (Blatter & Haverland, 2012). The sampling procedure aims to result in the

selection of **two countries**, from two different RTAs. When using the COV method, prior knowledge and theory forms the backbone for a great number of methodological choices. Indeed, only with an informed decision about the variance between the different variables across cases, causal interference will be possible. (Blatter & Haverland, 2012). Therefore, an *a priori* assessment of the suitability of different cases to this research is conducted, consulting existing academic literature and data sources (e.g. World Bank, Vision of Humanity, WTO). This *a priori* assessment is needed to select two countries where the independent variable varies (as much as possible) between them, and the control variables' values are similar. Therefore, on basis of a theory-based choice, the selected countries will then fit into the most-similar-case approach to the COV method, where variance on independent variable is sought after. Indeed, as *a priori* assessments are made, the case study selection is based on a purposive sampling procedure.

The sampling unit is African RTAs, out of which two RTAs with similar values for the control variables and varying values for the independent variable are selected. Importantly, the selected two RTAs shall *not* have membership overlap between them. In other words, any member of RTA1 shall not be member of RTA2, and vice versa. This is necessary to isolate the cases, making causal interferences valid. Then, a second purposive sampling procedure will take place, in which one country from each of the two selected RTA are picked. These countries must again score similarly on all control variables, whilst varying on the independent variable – following the most-similar-case approach.

After the purposive sampling procedure for the RTAs, the following two were selected: **East African Community (EAC)** and **Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC)**. The EAC has the following member states: Uganda, Kenya, Tanzania, Burundi, Rwanda and South Sudan. The current Treaty of the EAC entered into force in 2000, founded by Kenya, Tanzania and Uganda. In 2007, Burundi and Rwanda became member states, and South Sudan became the sixth member state in 2016. The CEMAC agreement entered into force in 1999 and was founded by six member states, who currently still make up the membership: Cameroon, Central African Republic, Republic of the Congo, Equatorial Guinea, Chad and Gabon (WTO, 2021b).

Then, after the purposive sampling for one country of each the EAC and the CEMAC, the following two countries were selected: **Uganda** from EAC, and **Cameroon** from CEMAC. Both countries score similarly on all control variables and diverge largely on the independent variable. Table 1 portrays the summary of the entire purposive sampling procedure, where the values found for the control- and independent variable(s) are included. The following section, 4.2.1, elaborates on the values that are recorded in Table 1.

Table 1. Summary of the sampling procedure for the case study selection

Variable	Concept	EAC	CEMAC	Uganda	Cameroon
Control variable	*Conflict*[1]	2.4	2.5	2.2	2.6
Control variable	*State Capacity*[2]	3.2	2.8	3.6	3.3
Control variable	*Fertility rate*[3]	4.5	4.6	4.8	4.5
Control variable	*Entry into force of RTA*[4]	2000	1999	2000	1999
Control variable	*Size of RTA*[4]	6 members	6 members	6 members	6 members
Control variable	*Membership overlap - other RTAs*[4]	2.2	2.3	3	2
Control variable	*Membership overlap – WTO*[5]	All	All	Yes	Yes
Independent variable	*Trade provisions in RTA*[6]	Stringent on liberalization	Lenient on liberalization	Stringent on liberalization	Lenient on liberalization
Dependent variable	*Infant industry development*	?	?	?	?

Sources:

[1] Vision of Humanity (2020). *Global Peace Index*. [Database]. Retrieved from https://www.visionofhumanity.org/maps

[2] World Bank (2019a). *Country Policy and Institutional Assessment*. [Database]. Retrieved from https://datacatalog.worldbank.org/dataset/country-policy-and-institutional-assessment

[3] World Bank (2019b). *Open Data*, search enquiry "fertility rate, total (births per woman). [Database]. Retrieved from https://data.worldbank.org

[4] WTO (2021b). *Regional trade agreements gateway*. [Database]. Retrieved from https://www.wto.org/

[5] WTO (2021c). *Members and observers.* [Database]. Retrieved from https://www.wto.org/

[6] Kamau (2014); Martijn & Tsangarides (2007); Ngepah & Udeagha (2018); Shinyekwa & Mawejje (2013); Legatum Institute (2019). *Global Index of Economic Openness*. [Database]. Retrieved from https://li.com/

4.2.1 Case Study Selection: Operationalization of Variables

This research includes seven control variables, whose selection is based on existing literature about the empirical research under investigation. As explained by Blatter and Haverland (2012), it is of great importance for the reliability and validity of a COV-approach research to thoroughly seek for alternative explanations which may explain variance in the dependent variable. Therefore, existing literature has been consulted about the factors that may determine infant industry development, other than trade provisions in RTAs.

The control variables of this study are operationalized in a quantitative manner, as these data points are readily available and allow for easy comparison. This does not take away from the qualitative nature of the study, as these variables are merely included in this stage of case selection to control for any confounding variables on the tested empirical relationship. They are not included in any further analysis. For the *a priori* assessment of RTAs, the values of all control variables are averaged for all member states of an RTA. To reach the values for the consequent case selection, the values of the control variables for each country are noted. Exceptions are the control variables 'Entry into force of RTA', 'Size of RTA' and 'Membership of WTO', which will remain similar across the RTA selection and consequent case selection.

Following studies by Annan (2004) and Aremu (2010), the prevalence of conflict is a

significant determinant of the level and course of sustainable economic development in Africa. **Conflict** is operationalized as a control variable with the 2020 values from the 'Global Peace Index', issued by *Vision of Humanity*. Their values are created by weighing twenty-three quantitative- and qualitative indicators, on a scale from one to five, the former being 'less peaceful' and the latter being 'more peaceful'. According to *Vision of Humanity*, the GPI is "a composite index measuring the peacefulness of countries".

Following studies by Nurudeen, Karim & Aziz (2015) and Reinsberg, Kentikelenis, Stubbs and King (2019), **state capacity** is included as a control variable. Reinsberg et al. (2019, p. 1222) explain: "administrative ability of the state to design and implement effective policy is an essential condition for economic development." The control variable is operationalized with the 2019 values of the 'Country Policy and Institutional Assessment' (CPIA), issued by *World Bank*. The CPIA measurement consists of twenty-one criteria, each ranging from 1 (low state capacity) to 6 (high state capacity). The CPIA criteria are grouped into four clusters: economic management, structural policies, policies for social inclusion and equity, public sector management and institutions. Thus, the inclusion of all criterium, and all clusters, constitutes this control variable to be very encompassing. For the sampling of the RTAs, all values of the twenty-one criteria for all member states are averaged. For the sampling of the country case, all values of the twenty-one criteria are averaged per country. However, not for every country of CEMAC was there a value for every indicator; all those that were there have been included.

The control variable **fertility rate** is operationalized with the 2019 values of the *World Bank* indicator 'fertility rate, total (births per woman)'. These are absolute numbers. It was selected based on its widely understood effect on economic development, where a high reproductive number is often associated with underdevelopment (Easterlin, 1967; Srinivasan, 1988).

The control variable **entry into force of RTA** depicts the year in which the RTAs have entered into force – thus, not the year in which they have been signed. It is important to control the empirical relationship with this variable because the year of entry into force of an RTA impacts the nature of the trade provisions – considering the dominant paradigm for trade governance at the time (Gathii, 2011; Hettne & Söderbaum, 1998; Sakyi, 2014). It has been operationalized with data from the *World Trade Organisation*.

The control variable **size of RTA** captures the number of members the RTA currently has. Often, RTAs attract new members throughout their lives, and all of them are included in this control variable. It is operationalized with data from the *World Trade Organization*. The size of the RTAs is operationalized as control variables based on its impact on the effectiveness of an RTA in decision-making, implementation and enforcement (Baccini, Dür & Haftel, 2013; Lee, Park & Shin, 2008).

The control variable **membership overlap - other RTAs** captures the number of other RTAs which the member states of the selected RTA are part of. This control variable uses data from the *World Trade Organization*. For the sampling procedure for the RTAs, this value includes the average

number of other RTAs that the selected RTA's members are part of. For the sampling procedure of the countries, this control variable includes the absolute number of other RTAs the country is member of. This control variable has been included based on its relevance to the popularized concept of the 'spaghetti bowl' of RTAs, where membership overlap is increasingly forming a threat to their efficiency (Baldwin, 2006; Sorgho, 2015).

The control variable **membership overlap - WTO** captures whether the member states of an RTA are all members of the WTO, and whether the selected country is member of the WTO, using data from the *World Trade Organiztion*. This has been included as a control variable, because the design of RTAs is determined by (non-)WTO membership. If member states of an RTA are also WTO members, they shall receive notice from the WTO to pursue the RTA and are subject to their WTO obligations (Mansfield & Reinhardt, 2003; Libman, 2020).

Then, for the **independent variable** *trade provisions within RTAs*, existing literature is consulted to obtain an *a priori* assessment of whether the trade provisions have a more trade liberalization (neoliberal) tendency, or whether they have a more protectionist (infant industry protection) tendency. The consulted literature includes information about the content of either EAC's or CEMAC's trade provisions, or comparisons between both (Kamau, 2014; Martijn & Tsangarides 2007; Ngepah & Udeagha, 2018; Shinyekwa & Mawejje 2013). Moreover, 2019 data from the *Global Index of Economic Openness* is consulted, to corroborate the findings about the trade provisions in the literature. For the case study selection, this variable is operationalized as having the value of either 'lenient on liberalization' (which indicates a tendency towards protectionism in the RTA's trade provisions), or 'stringent on liberalization' (which indicates a strong commitment towards trade liberalization in the RTA's trade provisions). This value remains the same throughout the RTA sampling and the consequent country case sampling, as it is precisely the trade provisions within the country's RTA membership that is under investigation.

4.3 Variables and Data

At this stage of the research design, we move from theory-based concepts to measurable variables – which ought to capture these concepts accurately. In general, the measurement of concepts needs to be valid and reliable. For the former, this means that the data extracted from the units of analysis in order to arrive at values for variables, shall correspond to the true meaning of the concepts (Gschwend & Schimmelfennig, 2007). The reliability requirement states that if the measurements of the concepts were to be repeated, the same values of the designed variables shall be yielded (Gschwend & Schimmelfennig, 2007). As discussed earlier in this chapter, the validity requirement is met with great conviction by means of the qualitative small-N approach and COV method. Moreover, whether the reliability requirement is convincingly met by means of this research design is often put up to debate. However, practical solutions to take away this doubt that have been mentioned earlier in

this chapter, such as increasing transparency, will be applied throughout the research process of this thesis.

4.3.1 Independent Variable

The independent variable (X) is **trade provisions in RTAs**. RTAs stipulate rules regarding trade between its member states, and often regarding trade between the regional trading bloc and third states or blocs – these are trade provisions. This research operationalizes the independent variable according to two elements of trade provisions within RTAs: 1) 'liberalization trade provisions', and 2) 'protectionism trade provisions'. These two elements will now each be operationalized individually.

Firstly, primary examples of provisions pertaining to trade *liberalization* are: The free movement of goods and services across the borders of member states; and restrictions or prohibition on the use of protectionist measures such as tariffs, subsidies and import quota. In essence, trade provisions within an RTA that are designed to result in trade liberalization are those which take away a member state's competence to impose protectionist measures on their incoming and outgoing trade flows. Much of the empirical work on trade liberalization has operationalized the concept from a quantitative outcome-perspective. For example, with variables such as: increased trade volume (Barnekow & Kulkarni, 2017), increased trade creation (Coulibaly, 2009), increased trade flows (MacPhee & Sattanyanuwat, 2014), increased GDP (Jordaan, 2014). Evidently, these scholars have assumed that provisions about trade liberalization in an RTA should result, if successful, in an increase in one of these quantitative variables. Whilst a change in these variables might indeed be a result of certain trade provisions within a trade agreement, it does not tell anything about the specificity of what the trade provisions entail. In other words, such research has operationalized trade liberalization according to values relating to the outcome of trade provisions, rather than according to the content of trade provisions. In contrast, in this research the concept of trade liberalization is operationalized as: the content of trade provisions in an RTA which aim to promote trade liberalization.

Secondly, primary examples of trade provisions pertaining to *protectionism* are: Enabling import tariffs (taxes) on incoming goods; enabling subsidies (privileging unit) for domestic industries. Moreover, so-called 'non-tariff barriers' (NTBs) to trade are also relevant examples of provisions pertaining to protectionism. These are all other ways – than tariffs and subsidies – for a country or group of countries to make the import of products more difficult or expensive, in the form of regulations, rules, and inspections. Examples include: Enabling import quota (quantitative limits) on incoming goods; imposing rules-of-origin regulations; enabling licenses as to privilege domestic sectors; imposing embargoes on other/third countries.

Alike the case of trade liberalization, empirical work has often operationalized the concept of protectionism in terms of quantitative variables. For example: the number of protectionist measures imposed (Osabuohien, Efobi & Beecroft, 2014), decrease in trade volume (Ades and Di Tella, 1999), decrease in trade openness index value (Treisman, 2000), and weighted average tariff rate (Dutt,

2009). Such numeric values can certainly say something about the degree of protectionism within trade provisions within RTAs, yet they are again outcome-centric – i.e., they measure the expected consequences of protectionist provisions within RTAs. However, none of these operationalizations of protectionism tell us something about the content of trade provisions within the agreement. For example, they do not tell us whether the trade provisions that allow for protectionism have included differentiating rules per economic sector. Rather, the qualitative approach of this research does not reduce the contents of these protectionist trade provisions numerical values, rather the richness of the agreement's texts is guaranteed. Therefore, the operationalization of protectionism in this research is: the content of trade provisions which aim to promote protectionism.

In conclusion, to allow for the analysis of all relevant content of trade provisions within RTAs during the data analysis procedure, it is important to include these two qualitative elements of *liberalization* and *protectionist.* Taking both together, the operationalization of the independent variable (X) is: The content of trade provisions in an RTA which aim to promote trade liberalization; and the content of trade provisions in an RTA which aim to promote protectionism. These two elements of the independent variable will also be translated into the coding scheme used to analyze the gathered data. See Table 3 in the section 4.5 'Data Analysis' for the coding scheme.

4.3.2 Dependent Variable

The dependent variable (Y) is **infant industry development**. Chapter 3 illustrates that the infant industry protection argument pertains to the growth of a non-existent or still non-competitive industrial sector. In other words, infant industry development captures the growth of the industrial sector in developing countries. The 'industrial sector' is a broad classification, referring to the secondary sector of the economy – the first one being agriculture, the third being services. It is often defined as the collective of energy-consuming practices related to processing, producing and assembling goods (see for example: Obwana, Shinyekwa, Kiiza & Hisali, 2014). Simply put, the industrial sector processes raw or primary products into partial- or completed products, or it assembles pre-processed products. For example, the industrial sector takes the steel that was extracted by the primary sector, and transforms it into a car, or one or more of its parts. This research will also follow this same definition of the 'industrial sector'.

Then, how to measure the development of these infant industrial sectors? Existing empirical studies measure the concept according to the growth in GDP share of the industrial sector. Other measurements have included the growth in the percentage of the population educated for industrial jobs. Whilst such measurements are important elements of infant industry development, they lack the ability to capture the dynamic contexts in which the development takes place in practice. For example, the GDP share measure does not say anything about the larger political-economic climate in which the industries have developed, or who benefits from the growth in reality.

Therefore, this research operationalizes the dependent variable 'infant industry development'

in a qualitative manner, in line with the research design. The following five elements of infant industry development are used for the operationalization of the variable: 1) phase, 2) direction 3), pace, 4) opportunities, and 5) challenges. 'Phase' refers to the current state of the industrial sector in Uganda or Cameroon – including whether it is competitive or not. 'Direction' refers to whether there has been an increase or a decrease in industrialization, whereas 'pace' refers to the speed or timeframe in which this has occurred. 'Opportunities' and 'challenges' are broad elements of the operationalization, allowing for the capture of all dynamic factors surrounding industrial development. 'Opportunities' may refer to, for example, a shift in the specialization within the East African region which causes Uganda to gain a comparative advantage in construction. 'Challenges' may refer to, for example, a stagnation or breakdown of quality infrastructure in the Central African region, which causes Cameroon to export fewer industrial products. These five elements are also translated into the coding scheme, see Table 3 in the section 4.5 'Data Analysis'.

4.4 Data collection

This research applies **methodological triangulation** for the data collection process. Triangulation aims to increase validity through cross-checking whether all collected data converges to the same answer to the expectations (or not), and they aim to develop a comprehensive understanding of the phenomena under study (Patton, 1999). Methodological triangulation drescribes the use of different types of methods for data collection. One of the main pros of mixing data collection methods is that it includes multiple perspectives on the phenomena under study, thereby generating a comprehensive picture with inclusion of data that may have been overlooked if merely one data collection method was used (Deniz, 1970). As such, omission bias and selection bias are decreased, and the reliability and validity of the research are increased (Carter, 2014). The two methods for data collection that are applied in this thesis are: semi-structured interviews and desk research.

Semi-structured interviews are the primary data collection method, as they lend themselves perfectly for collecting rich data whilst still allowing for methodological structure. Interviews fit well with qualitative research, because the interviewees give context, information, and opinions about the empirical relationship under study. Such data is not quantifiable, yet it provides a rich understanding of the phenomena in a realistic and dynamic setting (Brennen, 2012). Semi-structured interviews specifically include a combination of closed- and open-ended questions and encourages follow-up questions. Dearnley (2005) describes that semi-structured interviews allow for flexibility in the interview, thereby encouraging depth in the interviewees' answers, whilst still being attentive to the interview scheme. Each interviewee is still being asked the same questions following the interview scheme (Brennen, 2012). This structural element is essential in maintaining methodological rigor and allowing for comparison between the results of separate interviews (Dearnley, 2005). Since this research is concerned with two cases, Uganda and Cameroon, two separate interview schemes are

created (see Appendices A and B). The topic of the questions is similar in both.

This research applies **purposive sampling** for the procedure of finding interviewees, followed by **snowball sampling**. Purposive sampling for interviews is a matter of approaching interviewees who are ought to provide relevant information on the empirical relationship, based on *a priori* research (Flick, 2007). Therefore, the purposive sampling yielded a list of organizations and interviewees who are either located in one of the case countries, whose work is concerned with the EAC and/or CEMAC, or whose work is concerned with industrial development in Uganda and/or Cameroon. The organizations that were reached out to were international organizations, regional organizations, national organizations, independent researchers, and embassies in Uganda and/or Cameroon of countries who the researcher did not expect a language barrier with. The approached organizations were of course all selected on their expertise on the topic, most of them pursuing international development initiatives or trade-related topics. After initial outreach to those organizations and potential interviewees on the list, this research allows for snowball sampling to maximize the potential for relevant data gathering. Snowball sampling prescribes that when one relevant interviewee has been identified, that person might be asked for suggestions on other relevant interviewees or organizations in his or her network, which the researcher can approach (Flick, 2007).

In total, around 250 e-mails have been sent to organizations and individuals with relevant expertise. The pool of possible interviewees with enough related knowledge was drying up, so the outreach had to stop at these estimated 250 e-mails. Out of these, eleven interviews were conducted: four for the Cameroon case study, six for the Uganda case study, and one that related to both. Importantly, the interviewees were guaranteed anonymity in the reporting of the research, which has allowed them to share more personal and specific information. The final selection of interviewees includes a mix of Ugandans and Cameroonians working in regional organizations, non-nationals working in regional or international organizations, non-national independent researchers, and non-national embassy staff of West-European embassies.

The second source of qualitative data collection is **desk research**. As explained by Van Thiel (2014), this entails that existing data sources are used. Within desk research, different types of sources can be used to support arguments or to illustrate debates surrounding a topic. These can be either primary - e.g., personal documentation, online archives - or secondary - e.g., "earlier research findings that can be used anew in another study" (Van Thiel, 2014, p. 104). For the purposes of the present paper, desk research is the best available option as it is an unobtrusive, efficient, and cost-effective strategy best suited for content analysis (Van Thiel, 2014). The desk research method of data collection samples those sources which relate to the independent-, dependent variable, or the empirical relationship. The sampling of these sources is again purposive, as only those sources that are deemed relevant to the study are selected for analysis. The organizations from which documents were sampled were well-known international and regional organizations - such as the African Development Bank

and the United Nations – tasked with trade or economic development projects. Please refer to Appendix C for the selected units of analysis.

4.5 Data analysis

The interviews are recorded as audio-files, each transcribed into a separate document, which reflect the audio files fully accurately. Indeed, any discrepancy between the reality of the interview and the transcription used for data analysis would reduce the reliability of the research (Brennen, 2017). First, the researcher makes review notes of the transcription as a first analysis procedure, identifying themes, similarities, and differences. Then, the transcriptions will be coded with the use of ATLAS.ti software. This two-step approach to the analysis will increase the reliability of the research (Van Thiel, 2014).

Not only the interview transcriptions will be analyzed through coding with ATLAS.ti, so will the documents for the desk research method. This consistency provides a comprehensive and systematic overview of the results. ATLAS.ti has been identified as useful software for executing content analysis (Friese et al., 2018), as it creates organized overviews of all coding and allows for the clustering of codes that are similar. ATLAS.ti includes the function of generating a coding report, which will be used by the researcher to write the results.

The procedure of coding is guided by a coding scheme, which is based on the operationalization of the variables. See Table 3 for the coding scheme. Indeed, the two elements of the independent variable 'trade provisions in RTAs' form the themes for this variable: *liberalization* and *protectionism*. For both themes in addition to a general code, more specific or technical codes are included. For the theme 'liberalization trade provisions': 'free movement', 'intra-regional tariff liberalization' and 'common external tariff' are added, because these are the main pillars of the regional integration phase in which the EAC and CEMAC both find them – as customs unions and common markets (WTO, 2021b). For the theme 'protectionism trade provisions': 'tariff barriers' and 'non-tariff barriers' have been added, in line with the operationalization of protectionist trade provisions.

For the dependent variable, the codes which are included in the coding scheme follow directly from the variable operationalization. The five elements of infant industry development (phase, direction, pace, opportunities and challenges) are included as the codes. The first three of these codes belong to the theme 'Status', because they all refer to the current state of the infant industries and how they have developed from earlier points in time. The last two of these codes belong to the theme 'Progression', because they refer to the possible futures of the infant industry development.

In addition to the independent- and dependent variables, codes have also been added into the coding scheme to allow for easy referral to the empirical relationship under study. When an interviewee directly connects the trade provisions of the RTA to the infant industry development of a

country case, one of the two codes ‘liberalization and infant industry development’ and ‘protectionism and infant industry development’ are added. Since texts where the empirical relationship under study is directly mentioned are crucial to this research, they have been attributed separate codes for an accessible and clear overview.

Whilst this research is qualitative at heart indeed, the documents for desk research often – although not exclusively – include quantitative measures for the independent- and dependent variables. Indeed, the desk research is used as a triangulation effort, so such quantitative captures of the variables function as corroboration of the qualitative captures.

Importantly, the coding scheme of this research allows for flexibility. This means that once the researcher encounters fragments of texts which are relevant to the study, but do not adhere well to any of the codes created, new codes may be created. To ensure that all relevant fragments of texts were attributed a fitting code, a sample coding procedure has taken place. The researcher initially coded 25% of the total texts and added new codes where they needed to. This 25% sample includes a balanced number of texts from both the interview transcriptions and the documents.

The sample coding procedure has resulted in the addition of the following codes to the coding scheme: ‘intra-regional trade’ and ‘extra-regional trade’ in the new theme ‘trade flows’. Many interviewees addressed intra-regional trade flows, within RTAs, and extra-regional trade flows, between RTAs and third countries/blocs. These trade flows were often discussed during parts of the interview where the topic was the industrialization of the country. Indeed, it is relevant to include trade flows in the dependent variable, telling something about how much and with whom possible industrial products are traded.

Table 2. Coding scheme

Variable/Relationship	Theme (code group)	Codes
IV: Trade provisions in RTAs	Liberalization trade provisions	Liberalization - General
		Free movement
		Intra-regional tariff liberalization
		Common external tariff
	Protectionism trade provisions	Protectionism - General
		Tariff barriers
		Non-tariff barriers
DV: Infant industry development	Status industrialization	Phase
		Direction
		Pace
	Progression industrialization	Opportunities – IN
		Challenges – IN
	Trade flows	Intra-regional trade
		Extra-regional trade
Empirical relationship	Empirical relationship	Liberalization and infant industry development
		Protectionism and infant industry development

Chapter 5 Results and Discussion

This chapter discusses the results from the data analysis for both case studies, Uganda and Cameroon. Each case study will be discussed separately, structured as follows: first, the trade provisions in the RTA are discussed, second, the infant industry development in the case is discussed, and third, a discussion of the empirical relationship between the two variables follows. This chapter applies a narrative style to discuss the results, as is fitting with qualitative research and especially interviews. To provide a comprehensive account, it is sensible for this research to merge the statement of results with the discussion of the results. Quotes and paraphrases from both the interviews and the desk research are referred to with ID numbers – these are provided in Appendix C. Moreover, an overview of the number of appearances per code, per case study, is provided in Appendix D.

5.1 Case study: Uganda

To paint a picture of Uganda's government's general stance towards the EAC and towards trade liberalization, the results from the code '**liberalization – general**' and '**protectionism – general**' are discussed. The results show that Uganda's government expresses to be strongly committed to trade liberalization. "On economic development through trade, Museveni [Uganda's president] is very progressive" (ID_10). Another interviewee (ID_7) explains that, in relation to the stance of other EAC member states, Uganda firmly stands by its push for more trade liberalization. Nonetheless, Uganda also shows protectionist tendencies. As one interviewee (ID_8) illustrates: "They [EAC member states] pretend to liberalize, but they stab each other in the back. They take nonsense decisions because of pride or political interests."

5.1.1 EAC Trade Provisions

The EAC started its integration scheme with two pillars, consecutively: first, a Customs Union (CU) was to be established, and second, a Common Market (CM). One of the main pointers of the *EAC Customs Union Protocol* was to establish **intra-regional tariff liberalization**, meaning that none of the then three member states (Kenya, Tanzania and Uganda) could enforce tariffs on products they would import from the other member states (Doc_1). Kenya was to eliminate intra-regional tariffs with immediate effect, whilst Tanzania and Uganda were granted a five-year 'transition period' for some of their products – ending at full intra-regional tariff liberalization. An interviewee (ID_4) explains: "The transition period was provided for a period for least developed countries like Uganda to develop their industrial and competitive capacities. So that at a time when they open up to Kenya, they are able to compete."

Another main pointer of the EAC CU Protocol was the establishment of a **common external tariff (CET)**. This does not allow member states to unilaterally raise tariffs against a non-EAC

member, rather they must adhere to the CET that was agreed upon by all EAC member states. An interviewee (ID_9) explains that the EAC tariff scheme results in that "industrial" or "luxury" products are imported from outside the EAC upon high tariffs. In the EAC, the CET is implemented and enforced by its member states rather well (ID_10). Importantly, the CET by design allows for exemptions, with a list of 'sensitive products'. All member states, including Uganda, could list certain products that it would like to raise higher tariffs on, than is normally allowed under CET rules. The exemption list could be regarded as a **tariff** barrier, yet this is the only significant tariff barrier that persists in the EAC – others have been eradicated. As Doc_2 states: "In principle, exemptions are intended to encourage investment in value addition activities, industrialization and overall economic activity." Compared to other regions, the CET of the EAC is rather high. And, when compared with Uganda's pre-EAC average MFN tariffs, the CET is much higher (Doc_1).

Upon ratification of the EAC CU Protocol, member states agreed to "eliminate with immediate effect all existing NTBs on intra-EAC trade and to refrain from introducing new NTBs" (Doc_1, p. 29). However, in practice, **non-tariff barriers (NTBs)** have not been eradicated. Some main examples that resulted from the interviews are: Excessive police controls on roads, excessively elaborate quality checks at customs, national-set quotas, and subsidization. An interviewee (ID_10) pointed out that a major challenge towards eradicating NTBs is that there is "a lack of efficient or effective mechanisms to address and resolve non-tariff barriers to trade. There is no database where you can go to, to lodge a complaint. And if you lodge a complaint, there is no established process to follow that through."

Then, about the second pillar of the EAC integration scheme – the EAC *Common Market Protocol* pursues the **free movement** of goods, people and services. Interestingly, although the Common Market has eased the movement of particularly goods somewhat within the region, many interviewees exemplified that in practice a true common market has not been achieved. An example that multiple interviewees referred to, was the border closure between Uganda and Rwanda since 2018 (ID_5, ID_7). An interviewee (ID_8) explains that "Uganda and Rwanda have historically been enemies. There is also a lot of distrust and tension on a personal level between Museveni [Uganda's president] and Kagame [Rwanda's president]."

All in all, the Customs Union and Common Market trade provisions taken together, it appears that they clearly favor trade liberalization and a market-led economy, where the member states would be (in phases) exposed to foreign competition. This is in line with theoretical expectations that RTAs signed in the New Regionalism era strongly favor neoliberalism. However, the talk in favor of neoliberal regional integration from the EAC members – specifically from the loudest proponent of neoliberalism, Uganda's government – is currently still louder than the action. Protectionist tendencies such as the 'sensitive list' of the CET and several NTBs paint a different picture of how the EAC's neoliberal trade provisions manifest. Apparently, the EAC trade provisions still allow enough space for protectionist measures like these to persist, which is arguably intentional in its design for the

protection of their economy – or arguably an unintended side-effect of ill-informed policy making. Nonetheless, especially the tariff-related trade provisions of the EAC have been well implemented in its member states, and significant tariff liberalization has been achieved as a result.

5.1.2 Infant Industry Development in Uganda

With the new regional integration drive in the 1990s, industrial development started to pick up again in Uganda. Their president (Museveni) was greatly in favor of establishing a competitive industrial sector in the country, according to interviewees (ID_8, ID_10). Currently, the growth **direction** of the industrial sector is still positive, yet at a slow **pace**, one that is below the average annual industrial sector growth of least developed countries (Doc_2). The current **phase** is that it is still far more underdeveloped than the agricultural sector (ID_9). The growth, however, is largely attributable to the agro-processing part of the industrial sector (Doc_2, ID_9). Doc_2 states that most of the industrial sector is small-scale and low-capacity, and that it is mainly producing low-value products. Whilst their neighbor Kenya has a competitive industrial sector, "Uganda is having a flawed industrial model. It exports raw materials like minerals to Kenya, only to buy it back from Kenya to use it for production." (ID_4).

Evidently, the industrial sector in Uganda is not competitive currently. Then what are some **opportunities**? Doc_2 and Doc_3 argue that a more developed manufacturing section of the industrial sector in Uganda would boost employment and the export of more high-value products than is currently happening in agro-processing. However, an interviewee (ID_8) is more sceptic about this proposed focus on manufacturing: "Uganda will never beat India or China in manufacturing products. Uganda should rather skip that step and should go to a more modern aspect of the economy, like ICT.

It is not only global competition that is too stiff for Uganda's industrial sector. An interviewee argues that a major **challenge** is the regional competition, especially from industrialized Kenya (Doc_2, ID_5, ID_10). Another interviewee (ID_4) questions Ugandan's government self-proclaimed commitment to industrial policy: "For the last four financial years, the theme of the national budget for Uganda has been promoting industrialization, for job creation and shared prosperity. I have always been baffled. When by just a closer look on the paper, the industry sector is rotated 0.4%. Are you kidding me?". Additionally, a common theme throughout the interviews is the lack of a diversified economy in Uganda itself, and a lack of product basket diversification among the EAC members (ID_4, ID_5, ID_7).

Moreover, results from discussions about the **extra-regional trade flows** confirm that Uganda's industries are currently still infant – they have not developed to the extent that they can compete on a global scale (Doc1, ID_7, ID_9). On the other hand, **intra-regional trade flows** have increased significantly since the ratification of the EAC – and so have Uganda's exports. Interviewees point out that the increased intra-regional trade is a major accomplishment of the EAC (ID_9, ID_10).

5.1.3 Uganda: Discussing the Empirical Relationship

Let us now zoom in on the effects that specific trade provisions of the EAC have had on Uganda's infant industry development. Starting with the **liberalization trade provisions** in the EAC. The expectation from the *neoliberalism* theory is as follows: *Regional trade agreements which allow for more liberalization trade provisions are expected to have higher levels of infant industry development.* Many interviewees agreed that in theory, intra-regional tariff liberalization offers great opportunities for the development of the industrial sector in Uganda – especially in combination with initial protection from the CET. For example: "Regional markets offers Uganda opportunity to progress on the learning curve and develop their competitiveness in the industrial sector, because they have the protection of the common external tariff. So, in that regard, it's an opportunity to develop their competitiveness as a steppingstone for further integration into the global market." (ID_2). Some interviewees argue that the increased regional competition, stemming from intra-regional tariff liberalization, offers opportunities for Uganda's industrial sector. Another interviewee (ID_10) has argued that the increased competition within the EAC should stimulate Uganda to produce higher-quality, industrial products. These higher-value products would then result in an easier entrance into the global market because it can withstand that competition. These arguments are in line in line with neoliberal assumptions about how exposure to competitiveness drives infant industry development. About the comparative advantage assumption of neoliberalism, an interviewee (ID_9) says: "If Kenyans produce a product because it is cheaper there, that is not necessarily bad for Uganda. If producers in Uganda need that product as an input for their industrial process, it is good that they can get it cheaply in Kenya."

However, in practice, such envisioned development of infant industries through the liberalization trade provisions of the EAC has stayed out. It seems as if even with the 'transition period' for Uganda before reaching full intra-regional tariff liberalization, the competition coming from its industrialized neighbor Kenya has proven too stiff for Uganda's infant industries to develop. An interviewee (ID_5) argues that "the problem with this agreement is that there isn't that recognition of where the vulnerable sectors are going to be hit, by the stream of imports from Kenya, and not thinking strategically enough about what this transition process might look like." Indeed, another interviewee (ID_4) argues that this transition period, which was granted to develop Uganda's infant industries, has not been utilized to develop an industrial base.

Many interviewees (ID_2, ID_4, ID_5, ID_7, ID_9) agree that increased regional competition is only fruitful for Uganda's infant industry development, if the member states of the EAC actually specialized based on comparative advantage. The utilization of this comparative advantage is an assumption of neoliberalism's view on how developing countries will 'catch up' with developed countries; the theory assumes that specialization will happen through competition. This is not how it has worked out in practice for Uganda. An interviewee (ID_4) argues: "The basket of goods of most EAC member states is almost the same, we produce almost similar commodities, and these are

agricultural. So, you find that it becomes challenging to trade." A telling example of how infant industry development in Uganda is obstructed by regional competition is the following: "The most absurd competition we currently see is in the automobile industry. Uganda is in the process of manufacturing cars. So, Uganda suggested to the region: let us have Kenya specialized in the production of these particular parts, then we can assemble a finished product in Uganda. In response, Kenya signed a deal with Volkswagen to start assembling Volkswagen cars in Nairobi, and Volkswagen will also start assembling in Rwanda. Instead of consolidating on developing our regional value chains, we are fighting. We compete with each other. We are in a race to the bottom. When it comes to investments and value chains in industrialization, we tend to have national outlook rather than regional outlook strategies." (ID_4).

Moreover, a major factor that has caused these trade liberalization provisions to not bring about significant infant industry development in Uganda is the forced regional sourcing of industrial inputs. Pre-EAC, Uganda could import industrial inputs from outside the region more cheaply, because its average MFN tariffs were lower than the EAC CET. The relatively high CET combined with intra-regional tariff liberalization, has forced Uganda to source their industrial inputs regionally – largely from the more developed Kenya, which comes predominantly at the cost of industrial producers (ID_2, Doc_1).

Regarding the effects of trade provisions regarding free movement, the interviewees see little positive effect on infant industry development – although, they do see significant positive effect on trade within the region. Due to the common market, Uganda's access to its neighbor's markets has ameliorated, which is "vital for a landlocked country like Uganda" (ID_9). However, the bottleneck remains that Uganda does not export high-value industrial products – because the industrial sector is still infant. Thus, such increased trade has not led to *sustained* development in Uganda, it has not structurally transformed the economy from an agricultural, lower-value one, to an industrial, higher-value one.

In sum, the drive for industrial, sustained economic development through trade liberalization provisions was there in the EAC – indeed, the RTA followed a neoliberal development agenda. Uganda's government especially committed greatly to these principles. The expectation from neoliberal theory that more liberalization trade provisions lead to infant industry development is not supported by the empirical evidence found in this case.

Moving to these **protectionism trade provisions** in the EAC, he expectation from the *infant industry protection* theory is as follows: *Regional trade agreements which allow for more protectionist trade provisions are expected to have higher levels of infant industry development*. Whilst in combination with intra-regional tariff liberalization the CET is part of efforts to liberalize trade within the region, the design of the EAC's CET shows tendencies of infant industry protection. The CET tariff bands, where finished industrial products face a very high CET and raw materials face a low CET, can be translated into an effort by the EAC to boost industrialization within the region – by

means of protecting the regional economies from affordable industrial imports from third countries. Nonetheless, as explained, Uganda's industries have not developed past the infant phase yet with this protection of domestic industrial goods from the CET.

Importantly, the CET 'sensitive list' is flexible, which results in that a "strong lobby" can push the Ugandan government to place its products on the sensitive list, and thereby get protection from a high CET (ID_2). This relates to an issue of the protectionist trade provisions in the EAC design that many interviewees have touched upon: they are not targeted. This contrasts with what the infant industry protection theory had envisaged, where infant industry protection needs to be targeted to those industries that show potential for becoming competitive in the long run. Rather, the EAC is protecting some industries with the CET 'sensitive list' not based on knowledge, but rather on which industrial lobby screams the loudest. An interviewee (ID_5) describes that in the EAC, there is a lack of "evidence-based policy making and decision making", which makes protectionist trade provisions to develop infant industries ineffective.

NTBs are by many interviewees considered to be the biggest impediments to free trade within the region, rather than as an efficient trade provision to protect and develop infant industries: the biggest hinder of NTBs is that they form impediments to regional trade (ID_2, ID_7, ID_8, ID_9, ID_10). Even when infant industries in Uganda were to be protected by EAC trade provisions, and it results in the production of high-value industrial products, the products still have to be exported. Again, especially for landlocked countries like Uganda, the regional market is vital to export products at a lower cost (ID_9). "You'll find in a number of instances, countries just come up with some arbitrary regulations and impose it on their neighbors. So, they are not able to trade." (ID_8).

In sum, the expectation of the infant industry protection theory that more protectionist measures within the EAC lead to more infant industry development in Uganda is not supported by empirical evidence in this case. Indeed, the EAC's trade provisions are geared more towards liberalization, and the protectionist ones that *are* there have not resulted in the development of infant industries towards global competitiveness. Importantly however, the protection of infant industries in Uganda, through EAC trade provisions, have not followed the infant industry protection theory seamlessly – as the protection was not targeted.

5.2 Case study: Cameroon

The results from the codes **liberalization – general** and **protectionism – general** show that whilst Cameroon's government had agreed with the agreements on CEMAC level for more trade liberalization, the country has not implemented the agreements made at the regional level satisfactorily (Doc_4, Doc_5). Interviewees (ID3, ID_6, ID_11) seem to converge towards the opinion that in Cameroon, there is the feeling that although trade liberalization brings benefits, it wants to keep options open for unilateral protection of its economy. On a regional level, it is evident that Cameroon

is the biggest economy. Because of Cameroon's regional power, some countries have seen Cameroon as a threat, an interviewee (ID_6) explains. As such, neither Cameroon seems to have a strong commitment towards trade liberalization in the region, and neither do the other member states of CEMAC – although this is what they *de facto* agreed upon in the RTA.

5.2.1 CEMAC Trade Provisions

The Treaty of CEMAC agreed to a Customs Union with a commitment to significant internal- and external tariff reductions, in comparison to the high pre-CEMAC tariff rates. Plus, a Common Market would be established, with free movement of goods, services, and people (Doc_4). As Doc_4 states, "the goal therefore was complete free trade within the zone", which is confirmed by interviewees (ID_1, ID_6, ID_11). This adheres to the discussed New Regionalism era, where RTAs are agreed upon for the pursuit of neoliberal principles.

Let us start off by discussing the CEMAC *Customs Union*, of which a main pointer was to achieve **intra-regional tariff liberalization**. All goods that would be traded within the region were to be subject to a "zero-rate preferential tariff" (Doc_7). In other words, CEMAC member states agreed to remove tariffs on imports and exports between them. An interviewee (ID_6) says that tariff rates between Cameroon and the other CEMAC-members have lowered compared to pre-CEMAC, and thus have liberalized to some extent. However, the implementation of intra-regional tariff liberalization is far from fully implemented in the region – also not by Cameroon (ID_6). Cameroon still maintains significant **tariff barriers** as protectionist trade provisions: "Import controls are imposed indirectly through tariffs on imported products, to make them costlier." (Doc_6).

Alike in the EAC, the trade provision for intra-regional tariff liberalization went hand-in-hand with a **common external tariff (CET)**: another major pointer of its Customs Union. Like is the case with EAC, the CET of CEMAC is relatively high when compared to other Sub-Saharan African regional groupings (Doc_5). The CEMAC's CET was designed with four tariff rates on imports, of which "the highest rates apply to footwear, wood products, and agriculture, which are also produced domestically." (Doc_5). However, as is the case with intra-regional tariff liberalization, the implementation of the CET is unsatisfactory (Doc_5, ID_6). As interviewees (ID_1, ID_6) illustrate, Cameroon rather negotiates tariff schemes with third blocs, particularly with the EU, unilaterally. Reasons for this are the lack of perceived benefits from the CET (ID_6) and personal interest of Cameroon's leaders (ID_1). Additionally, because of Cameroon's strong position in the region, it has plenty leverage to negotiate exemptions from the CET (ID_1) – indeed, the CET is still faced with a complicated scheme of exemptions and tariff surcharges, which are again considerably **tariff barriers** (Doc_5, Doc_7). The CET in its design allowed for initial exemptions, which were "to be progressively phased out within five years" (Doc_4) – but, these have not been phased out yet.

Moreover, many **non-tariff barriers (NTBs)** exist in CEMAC. Unlike the EAC, CEMAC has never expressed strong commitment towards their eradication (ID_3, Doc_5). Some of the NTBs are

rather non-structural, including: red tape, excessive quality checks at customs and misclassification of reports (ID_3, Doc_5). Interestingly, Doc_5 identifies that Cameroon's government itself unilaterally protects certain industries from both regional and global competition: it competes with the private sector, there is a high degree of state participation in industrial endeavors: Cameroon has a "heavy-handed state" (Doc_6). Other NTBs are more structural: the weak and inefficient administrative capacity of both member states and the CEMAC Secretariat, low access to electricity, insufficient infrastructure, security risks, and a lack of political willing (ID_3).

The CEMAC *Common Market* was agreed upon to allow the **free movement** of people, goods, and services (Doc_4, Doc_7, ID_11). However, this has been far from achieved, due to implementation problems (Doc_7, ID_11). An interviewee (ID_11) explains that although Cameroon tried to hold up its end of the agreement, two other member states (Gabon and Equatorial Guinea) have not committed to the Common Market, which has resulted in an overall regional lack of implementation. Moreover, historically the region has been resistant to free movement (ID_6). The most frequently identified barrier to free movement was identified as the structural NTB of insufficient infrastructure, referred to as the "infrastructure gap" (ID_3). Moreover, the environmental complexity of Central Africa (high densities of forests and mountainous areas) form natural barriers to free movement (ID_1).

In sum, due to low implementation of intra-regional tariff elimination, the persistence of tariff- and non-tariff barriers, and the high CET from which many exceptions are made, "Cameroon has one of the highest trade tariff rates in the world" (Doc_6). Additionally, the region is still far removed from allowing free movement. Indeed, the design of the CEMAC trade provisions is rather similar to that of the EAC, with much talk in favor of neoliberalism. CEMAC allows space for some protectionism through the CET and its exemptions, and – significantly more than the EAC – through weak enforcement of liberalization trade provisions. Interestingly, in comparison with Uganda, it becomes clear that Cameroon's commitment towards trade liberalization is *much* lower – both in talk and reality. The Cameroonian state itself plays a covert role in upholding protectionist trade provisions, unlike was agreed in CEMAC.

5.2.2 Infant Industry Development in Cameroon

Regarding the **phase**, where the industrial sector of other CEMAC member states is largely non-existent, Cameroon does have one – although small (Doc_5, Doc_7). As an interviewee (ID_1) explains, Cameroon is very rich in natural resources – particularly petrol: "we have everything here", which is a major factor as to why it has a more developed extractive industry than the others. Moreover, the interviewee says a contributing factor is there is simply a larger workforce because of the many inhabitants, compared to others in the region. Nonetheless, Cameroon's industrial sector is still infant, because they are far from being globally competitive, according to interviewees (ID_1, ID_3). As Doc_6 exemplifies: "Global competitiveness indicators rank Cameroon below income peers

and the world average". The raw materials from the extractive industry are not manufactured into end-products in Cameroon itself (Doc_7, ID_3). Tellingly: "We are rich [in natural resources]. But what are we doing with all those things? We don't transform our petrol. We produce petrol, and we sell it, and we buy it again." (ID_1) Cameroon is also developing agro-processing capacities (ID_3), like Uganda is – but again, these are not sophisticated industrial goods.

Cameroon has developed a vision to "become an upper-middle-income country by 2035" (Doc_6). The **direction** and **pace** of the infant industries' growth, however, do not show promising signs towards achieving this goal. Doc_6 explained that since entering CEMAC, Cameroon has in some years achieved growth rates of the industrial sector, but this was mainly driven by commodity booms. Thus, high-pace growth rates were "never sustained over a long period". Moreover, most of the growth in GDP achieved in the past decade is attributable to "increased volumes of existing export products to established markets" – further indicating that a structural transformation of the economy has not occurred. Indeed, the largest part of the working population is employed in the (primary) agricultural sector, and the largest part of the country's exports are agricultural products. Regarding **intra-regional trade**, an interviewee (ID_6) states that Cameroon is the "breadbasket of the region". Doc_6 explains that in CEMAC, there is a "one-way trade dominated by Cameroonian exports of agricultural commodities".

All analyzed units point towards the lack of transportation infrastructure and stable electricity in Cameroon as major **challenges** to developing a competitive industrial sector. Other impediments to industrial development, as identified by Doc_7, are: "a technological gap, a largely undiversified productive structure, an unevenly distributed and largely unskilled workforce, and a lack of industrial complementarity between member states". Indeed, regarding the latter, the **intra-regional trade** pattern is not one for a lucrative regional market for industrial products: "There is substantial similarity in the natural comparative advantages of the CEMAC countries, and, as a result, in their production and trade patterns, which limits the scope for internal trade" (Doc_5). Overall, the intra-regional trade within CEMAC is among the lowest when compared to other African trading blocs (Doc_5, Doc_7). As a result, Cameroon largely opts for **extra-regional trade** flows to import manufactured products, rather than for pursue a regional specialization scheme to achieve this production: "Cameroon and Gabon should unite in order to sell cars, for instance. But we don't do that, we prefer going to Europe and buy cars." (ID_1). Interviewees seem to agree that this lack of specialization in the region is largely due to, again, a lack of political will and a mindset that is not focused on achieving economic development *as a region* (ID_1, ID_3, ID_6, ID_11).

Despite this bleak outlook for infant industry development in Cameroon, some interviewees (ID_3, ID_6) remain optimistic about the **opportunities** for Cameroon to transform its economy into a higher-value industrialized one, where Cameroon would be the national regional leader for growth. However, a prerequisite for growth is a new leadership in Cameroon, before the CEMAC can be a contributing factor, as convincingly put forward by multiple interviewees (ID_1, ID_6, ID_11).

5.2.3 Cameroon: Discussing the Empirical Relationship

Let us now zoom in on the effects that specific trade provisions of the CEMAC have had on Cameroon's infant industry development. Starting with the **liberalization trade provisions** in the CEMAC. The expectation from the *neoliberalism* theory is as follows: *Regional trade agreements which allow for more liberalization trade provisions are expected to have higher levels of infant industry development.* Most documents and interviewees claim that the limited trade liberalization that has been achieved in the CEMAC region has largely benefited Cameroon, in comparison to the other member states (ID_1, ID_6). This is because Cameroon's economy is the largest in the region and thus it does not face increased regional competition because of regional trade liberalization – unlike the case of Uganda. A neoliberal assumption is that the competition that follows from liberalization would lead to efficient resource allocation and specialization. But why has this regional competition not been achieved in CEMAC, and hence why is there no specialization? Interviewees and documents argue that one reason is the low implementation of trade liberalization directives. They are of the opinion that if these were to be implemented correctly, by Cameroon and all other member states, competition would ensue and the industrial sector in Cameroon would develop. Indeed, *all* analyzed documents identified that more regional trade liberalization would significantly improve infant industry development in Cameroon, thereby signaling strong beliefs in neoliberalism's promises.

Yet again, in reality, the talk of commitment towards neoliberal-base trade provisions by CEMAC countries has been louder than the actions. Some argue that the major constraints that persist on the free movement of goods, people and services within CEMAC result in an inefficient regional distribution of qualified human capital for industrial production (Doc_7, ID_3). The interviewee (ID_3) argues that when industrial products would be open to free trade, "the producer will also need to reallocate their resources to the more productive sectors and less productive ones. So that's a good thing." In addition, interviewees agree that because of a lack of political commitment to resolve structural impediments to regional trade, such as the insufficient infrastructure, the regional market potential for the export of Cameroonian industrial products has not been utilized (ID_1, ID_6). Barriers to efficient intra-regional trade limit the abilities of industrial producers to export their products: "We cannot move easily, goods cannot move easily. Ans that means that if you are producing, you cannot deliver. Then how should your industry go up? That is the bottleneck." (ID_11). Moreover, interviewees argue intra-regional trade in especially industrial goods is hampered by the fact that there simply is not much to trade in this sector. This is due to a lack of specialization in the region, everyone is producing similar goods (ID_3, ID_5). Thus, the neoliberal assumptions that comparative advantages would be exploited due to trade liberalization, creating specialization and a profitable regional value chain, do not ring true for CEMAC. For one, because the liberalization provisions have largely not been implemented, and second because there simply is very little industrial capacity that can be used in the region. As such, industrial imports need to be imported from outside the region (ID_6).

Tariff rate reduction in the entire region and in Cameroon itself remains low, pointing directly to empirical evidence for a lack of trade liberalization, despite what CEMAC had envisioned at its foundation. Doc_6 argues that the high tariff protection is "detrimental to exporters, especially manufacturing exporters that need imported intermediate products for inputs." Interestingly, greatly line with the foundations of neoliberalism, an interviewee (ID_3) believes that opening up Cameroon's economy on a global scale already now, whilst the industries are still at the infant stage, would proof very helpful for industrial development. The interviewee states that opening Cameroon's economy up on a global scale "could be bad for our own industry, but we don't have one now. So, I don't see what is the problem. It would be good for Cameroon to benefit from a kind of agreement with the European Union, to get some heavy equipment" to further industrial development. A similar notion is supported by Doc_4, which expects that Cameroon would gain more from unilateral global trade liberalization than by sticking to the high CET of CEMAC.

Other interviewees are less convinced of the benefits that integration into the global market, before achieving regional progress, would bring for Cameroon's infant industry development. They point towards problems of equity, where bigger export markets due to global integration would indeed boost Cameroon's GDP, but it will not bring about equitable economic progress in terms of providing more Cameroonians with higher-paid jobs in manufacturing industrial products (ID_5, ID_6). ID_1 agrees that global competition is still too stiff and currently is not the right tool for Cameroon to develop its industries – however, the interviewee argues that CEMAC is also not the right tool. A new agreement is under negotiation, including ten Central African countries, which would pose more potential to Cameroon because it will find more lucrative markets in new member states like the Democratic Republic of Congo – which is very populous.

In sum, it becomes evident that the trade liberalization in CEMAC is limited, and that many of the interviewees and documents agree that *more* trade liberalization would help Cameroon's industrial sector. This theoretically agrees directly with the neoliberal expectation – however, empirically this consequential progression is not found. Neoliberal-based trade provisions have not been implemented to the extent that the neoliberal expectation of positive effect on infant industry development can be concluded on with certainty.

Then, let us zoom in on the **protectionism trade provisions** in CEMAC. The expectation from the *infant industry protection* theory is as follows: *Regional trade agreements which allow for more protectionist trade provisions are expected to have higher levels of infant industry development*. An interviewee (ID_5) argues in favor of targeted protection of industries on a regional level, for a limited period before these will be integrated into the global market. The protected industries shall be, the interviewee argues, selected based on evidence that they have at least potential to become competitive one day. This thinking is very much in line with the infant industry protection theory. However, another interviewee (ID_1) says that this is not the reality in Central Africa. Countries have their own interests, so does Cameroon. If they feel it is necessary for them to pursue their national

interests, Cameroon does so, and it will not wait for an exemption from the CEMAC integration scheme.

Indeed, this is very much what the situation in CEMAC and Cameroon looks like. Trade provisions of CEMAC have not resulted in significant trade liberalization, as discussed, but they have also not resulted in targeted infant industry protection. In the CEMAC trade provisions, it seems as by design there is a lot of room for member states to issue protectionist policies unilaterally. The somewhat 'concerted effort' at the regional level to protect a regional industrial value chain from global competition, the CET, is not implemented sufficiently. Rather, Cameroon as the most dominant member state, leverages exemptions from the CET for the protection of its own industries, as well as pursues a domestic protectionist policy (ID_3, Doc_6). Indeed, the *regional* protection of infant industries, as the theory would suggest for RTAs, has not been accomplished. The protectionist policies that Cameroon's government pursues on a national scale are not targeted on the prospects of competitiveness. According to Doc_6, "government policies or regulations allow some inefficient firms to stay in the market." Clearly, the big role of the Cameroonian state in regulating markets stand perpendicular to the neoliberal thought of minimal intervention of governing authorities.

Additionally, the CEMAC as a region, and Cameroon itself, do not show political will towards eradicating non-tariff barriers. Interviewees and documents converge around the notion that NTBs form impediments to infant industry development, rather than enablers through protectionism. "No, we are not competitive. Because of lack of energy, because of lack of infrastructure. Because our administration, civil servant, they are not competitive. And because our politicians are not pro-active." (ID_1).

In sum, the CEMAC's trade provisions in writing lean towards neoliberal assumptions, whilst realistically, their low implementation and room for protectionism by design have resulted in an environment of economic protectionism. The expectation from the infant industry protection theory reads that more protectionist trade provisions would lead to more infant industry development, and one can say that this should be disproven because of the uncompetitive state of Cameroon's industrial sector at current – despite an environment of protectionism. However, the assumption of the infant industry protection argument about RTAs, is that the protection of infant industries should be for the *regional* industrial value chain, as to achieve economies of scale, and that it should be *targeted* around competitive potential. That is not the case in Cameroon, the protection of industries is pursued nationally, and it is also not targeted to those industries that have competitive potential per se.

Chapter 6 Conclusion

Following the discussion of the results in the previous chapter, let us now turn to a brief and concrete answer to the research question of this thesis: *How do trade provisions in regional trade agreements affect infant industry development in Uganda and Cameroon?* First and foremost, the extent to which the interviewees and documents have connected trade provisions in RTAs (X) to infant industry development (Y) in both cases, and the extent to which they have explicitly confirmed the empirical relation between the two variables, ensures that the empirical relationship is plausible.

6.1 Answering the Research Question

The results show that the trade provisions in both RTAs were overwhelmingly designed on neoliberal assumptions about economic development. However, in reality, the *modus operandi* of both RTAs turned out to be not as neoliberal as it appears in their design. In short, in the EAC, significantly more of the envisioned trade liberalization was achieved than in CEMAC, especially when it comes to the eradication of intra-regional tariffs and the increased magnitude of intra-regional trade. In CEMAC, despite small successes in intra-regional tariff liberalization, the reality is one of economic protectionism: unilaterally by Cameroon's government, and regionally due to space in CEMAC's trade provisions for protectionism as well as the low implementation of liberalization trade provisions. In both cases, the pursuit of a Common Market and the eradication of non-tariff barriers (NTBs) to trade proof especially difficult. Moreover, it is evident that the Uganda has a much stronger commitment towards achieving the goal of trade liberalization – and towards neoliberalism's prescription of minimal state intervention – than Cameroon has.

Then, how have these trade provisions of the two RTAs, and the commitment towards them of both selected member states, affected infant industry development? Strikingly, more than twenty years after both the EAC and CEMAC have entered into force, the industrial sectors of both Uganda and Cameroon remain infant, and thus non-competitive on a global scale. Despite the trade liberalization that has been achieved in EAC by means of trade liberalization provisions, although still limited, infant industries have not developed significantly in Uganda. And, despite trade liberalization provisions by intent, but a reality of more economic protectionism of infant industries CEMAC, they have not developed significantly in Cameroon.

Consequently, this research offers theoretical implications. The precise paths that both theories of *neoliberalism* and *infant industry protection* prescribe towards infant industry development, appear to have little empirical evidence to their name in this study. However, it is appropriate to nuance the empirical results found in this research, in their relation to the two theories. Firstly, neither of the theories' prescribed paths towards infant industry development have been seamlessly followed by the RTAs' trade provisions. Secondly, it seems like there is not as strong of a dichotomy between the two as there appears to be at first glance. In the design of the trade provisions of both EAC and CEMAC,

traces of neoliberal as well as infant industry protection thoughts can be found.

The **policy implications** of the evidence found for the empirical relationship do not appear promising at first glance. Indeed, this research shows that the two African RTAs have not resulted in infant industry development in one of each their member states. Thus, no structural transformation of the economies has taken place in Uganda and Cameroon – thereby higher chances of sustained economic development through RTA membership have not followed. Arguably, generalizing the results from this research to Sub-Saharan African RTAs, they do not seem to be promising policy tools for sustained economic development, despite their popularity in Sub-Saharan Africa.

Whatever one might argue about the most ideal design or implementation of the trade provisions, the **social implications** of the failure of these RTAs to bring about sustained economic development stand firmly. Despite these regional efforts, although varying in the member states' commitment towards them, the socio-economic situation in Uganda and Cameroon has not improved significantly. Likely, neither are the socio-economic situations of similar countries, member to similar RTAs. The challenge of escaping the underdevelopment trap remains, including all its implications for those citizens living in least-developed countries.

6.2 Policy Recommendations

This thesis now provides some practical policy recommendations. Starting with recommendations that apply to the design of trade provisions in both EAC and CEMAC. Leaving the neoliberal versus infant industry protection debate behind, some trade provisions clearly hinder the effectiveness of a regional agreement - whatever theoretical assumption they may be based on. First, the exemption list of a common external tariff (CET) should be more bounded. The exemption list *can* be flexible, adapting along with the maturity progression of industries – more mature industries would need less protection. However, the exemption list should always be *targeted*, to avoid protecting industries that a country, or region, simply does not have a comparative advantage in, and thus has very low chances of becoming globally competitive. Excessive protection of industries that are not likely to become globally competitive is wasting resources, that could otherwise be used for promising industries. Second, the high rates of the CET in both EAC and CEMAC do not show empirically positive results for infant industry development. The protection from global competition through the CET can indeed be helpful, especially when regional trade is simultaneously liberalized. Nonetheless, a CET that is too high has largely resulted in industrial inputs previously sourced outside of the region, to be sourced inside the region – even if their costs are higher inside the region. This constitutes significant welfare losses for producers as well as consumers. Therefore, the protection from global competition through a CET can surely be remained in Sub-Saharan African RTAs, nonetheless their rates could be lowered to avoid these welfare losses. Additionally, the results converge towards the evaluation of non-tariff barriers (NTBs) as major impediments to industrial and overall economic progress. They are not perceived as possibly useful protectionist trade provisions. As a result, both

Cameroon and Uganda should commit to eradicating the NTBs that they issue unliterally within their respective regions, such as border closures and corruption. Moreover, the commitment towards the eradication of NTBs on the EAC-level should be renewed, and it shall be created in the first place in CEMAC. Efficient mechanisms should be put in place on the regional level, by both secretariats of EAC and CEMAC, to which NTBs can be reported to. This effort should be followed by efficient oversight and enforcement authorities.

For the EAC and Uganda specifically, the industrial capacity that *does* exist within the EAC, mainly in Kenya, offers opportunities. If it agrees on regional specialization, industrial inputs and knowledge that are already there in Kenya can flow to Uganda; where they would not face competition on similar industrial production processes, because other member states take care of other phases on the value chain. Moreover, *targeted* protection of Uganda's infant industries would be fruitful for the initial period of capacity and knowledge accumulation, where returns on investment are typically still rather low.

There is little regional competition for Cameroon within CEMAC, and unlike in the EAC there is no member state that has passed the infant industry stage already. Aside from having a larger market to export their agricultural products to, intra-regional liberalization and regional free movement would likely not 'magically' lead to the appearance of industrial capacities within the region. Moreover, protectionist trade provisions – both within CEMAC and from Cameroon unilaterally – have not contributed to infant industry development either. Cameroon's government should take on the role of a regional leader in pursuing sound industrial policy, by concerting a harmonized regional effort towards investments in industrial capacity. In any way, Cameroon and its regional partners should seriously invest in infrastructure and electricity – without these, any effort towards accumulating industrial equipment would go to waste.

6.3 Limitations and Suggestions for Future Research

Although this research has committed maximal effort to methodological rigor, validity, and reliability, some limitations of this research's methodology can be identified. Purposive sampling procedures inherently have researcher bias, to some extent, as the researcher is personally involved in the selection procedure. Nonetheless, this research has tried its hardest to eliminate researcher bias, by sampling interviewees from a diverse and large pool of organizations. Moreover, the bias of interviewees is a limitation. The semi-structured interviewees constitute a major part of the data used in this research. The data that resulted from the conducted interviews has proven to be very rich and context-specific, which greatly increases the validity of the research. Nonetheless, the interviewees are insurmountably part of a 'knowledge bubble', shaped by the social construction of their personal and professional surroundings. Importantly, some of the interviewees in this research work for international organizations which are notably strong proponents of a neoliberal global trading regime. This interviewee bias has been taken into account as best as possible, by carefully comparing

interviewees' opinions with one another and finding the nuance in them.

Some more limitations of this research relate to the bounded time the researcher could spend on conducting and reporting the research, the limited resources, and limited professional network the researcher had on hand. Especially the latter made the data collection process more complex. Moreover, technical boundaries of this thesis such as a maximum wordcount, a somewhat pre-determined structure, and other technical requirements can be considered as limitations. Although on the other hand, they have contributed to the readability and conciseness of this research.

Limitations that relate more to the content of the research are that this research has only focused on the *trade provision* within the RTAs. However, there are other facets of RTAs which are determinant to the regional integration scheme as well. For example, more and more RTAs evolve into monetary- or even political unions, where the issue scope and sometimes competency of the regional agreement is far further-reaching than merely trade provisions. Moreover, a portion of the data from the interviews has not been used in this research, because of too little relevance to the empirical relationship under study. However, this content is not irrelevant to some of these other domains of regional integration. Accordingly, a recommendation for further research is to focus on a larger scope of regional agreements than merely trade provisions, and specifically to do so with the method of semi-structured interviews as a lot of interesting data is likely to be yielded. Moreover, the data identified a rather specific trade provision to be very negatively impactful on trade flows and economic development: non-tariff barriers. Besides future research taking on a broader scope of RTAs' domains, it could also focus on specific trade provisions to truly uncover the nitty-gritty and provide more specific policy recommendations.

Moreover, a recommendation for future research would be to investigate the design of the African Continental Free Trade Area. Indeed, currently the agreement is still too young (it entered into force in January 2021) to be empirically tested regarding its effects on infant industry development. Nonetheless, it is a major and historical endeavor on the African continent, which is likely to have important implications for the economic development of many countries. A thorough investigation of the design of its trade provisions could be related to how similar provisions in RTAs have impacted infant industry development in the past.

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Appendices

Appendix A. Interview scheme for Uganda

Opening

- Greeting the interviewee and introducing one another.
- State that this interview is being recorded. Ask the interviewee if he/she agrees. As long as the audio is being recorded, this will be visible on the screen for both the interviewer and interviewee.
- Ask the interviewee if he/she has read the consent form and confirm that he/she has signed it before joining the interview.
- Assure the interviewee that although his/her name will be included in the sample document of the thesis, he/she will not be directly quoted or paraphrased with his/her name attached. The conclusions from this interview will be written down without referring to the person who said it, merely with a short sketch of the person's expertise. An example: "An expert on the Ugandan economy stated that…"
- Ask the interviewee if he/she has any questions before starting the interview.

Introduction of interviewee and expertise

- State the purpose of the research and the case about which this interviewee will be asked.
- Can you briefly state your profession and your area of expertise?

Phase 1: Uganda and the EAC

- To start, I would like to ask you how you would describe the relationship between Uganda and the EAC?
- We will first talk about trade within the EAC region and what it has meant for Uganda.
  Whilst trade within the EAC has increased since its foundation, the regional trade still remains relatively low compared to other regional trading blocs. What do you think are the main barriers to increasing the trade between member states?
    a. Kenya still imports very little from other EAC members. Uganda, on the other hand, imports relatively much from EAC member states, specifically from Kenya. Why do you think Uganda remains this dependent on imports from Kenya, whilst vice-versa it's not the same?
- The first major endeavor of the EAC was the creation of the Customs Union in 2005. Gradually, all tariffs within the region were to be liberalized, so there would be complete free trade. How do you think this liberalization within the region has economically benefitted Uganda, or not?
    a. To what extent do you think Uganda adheres to the EAC rules that there shall be no tariffs imposed between the member states?
- Aside from liberalizing trade within the region, the Customs Union imposed a common external tariff with immediate effect. This EAC common external tariff was quite higher than the one Uganda imposed on third countries before the agreement. What do you think are the benefits and losses for Uganda, from this higher tariff toward third countries?
    a. Why do you think Uganda agreed to this higher common external tariff?
- Before entering the EAC customs union, Uganda's tariffs to the current EAC members were already very low – and so were its tariffs to non-EAC countries. Where do you think Uganda's preference for low tariffs stems from?
    a. Were their policy preferences in line with the conservative economic thought of minimal state intervention into the country's economy?
    b. To what extent do you think this policy preference for low tariffs is beneficial for Uganda's economy?
- The EAC also pursues a common market. To what extent do you think there is free movement of goods, people and services within the EAC?
    a. What barriers to free movement of goods, people and services does Uganda still impose in the region, and why?
- The EAC has also ordered the removal of non-tariff barriers, such as quota, embargoes, lengthy administrative processes, police checks, etcetera. However, Uganda and the other member states seem reluctant to remove these non-tariff barriers. Why do you think Uganda maintains some of its non-tariff competencies?
    a. Do you think that the removal of such non-tariff elements would be beneficial for Uganda's economy?
    b. There are also more structural non-tariff barriers which face Uganda, such as the state of the public infrastructure. To what extent do you think Uganda's infrastructure forms a barrier to trade for Uganda?

Phase 2: Infant industry development in Uganda

- What do you think the most underdeveloped sector of Uganda's economy is? E.g., the agricultural sector, the (industrial) manufacturing sector, or the services sector? It can be a combination of the above as well.
    a. What do you think is the most developed sector?
- The hypothetical growth of which sector would contribute most to sustained economic development in Uganda, do you believe? I.e., which sector should be the focus of economic development policy in Uganda, because it has the most secure, beneficial long-term welfare perspectives?

- Can you describe the development of the industrial sector in Uganda over the past two decades (or over the period you are knowledgeable of)?
    a. Has it progressed, stalled, or even declined?
    b. To what extent has the EAC membership, and the trade liberalization it has brought along, been a driver for industrial development?
- Do you think the current industrial sector of Uganda is competitive on a global scale?
    a. Do you think it is competitive on a regional scale?
    b. How do you think Uganda's manufacturing sector could become competitive on a regional and global scale?
- What do you believe are the main obstacles to significant industrialization in Uganda?

Phase 3: EAC's trade provisions and infant industry development in Uganda

- What do you think the effects of hypothetical full trade liberalization within the EAC can be on the development of the industrial sector in Uganda? This means that Uganda cannot impose any protectionist measures for its economy on its own, also not the non-tariff barriers.
- Do you think the way the customs union and common market function currently, form drivers of industrial developments, or impediments to industrial development?
    a. What current trade provisions within EAC specifically do you see as beneficial for industrial development in Uganda?
    b. What current trade provisions within EAC specifically do you see as detrimental for industrial development in Uganda?
- What have been the main points of progress for the industrial sector in Uganda since entering the EAC?
    a. And; what have been the main points of stagnation?
- Do you believe that EAC membership has made Uganda liberalize its trading regime?
- In general, do you think that trade liberalization is beneficial for Uganda's economic development?
    a. And; do you think trade liberalization in general benefits Uganda's industrial sector?
- Should Uganda be allowed to issue national-set protectionist measures, in order to pursue industrialization?
    a. Should the EAC trade provisions allow for this national-set protectionism?
    b. Or should EAC pursue protectionism as a bloc, protecting infant industries regionally through regional measures?

Phase 4: The future of regional integration and trade liberalization for Uganda

- Do you believe that trade provisions in EAC should remain the way they are now, when pursuing industrialization in Uganda?
    a. If not; what should be the main points of reform?
- What do you think the main roadblocks are for EAC currently?
    a. To what extent do these roadblocks effect Uganda?
    b. How can Uganda overcome these roadblocks?
- What do you think the most ideal trade provisions in EAC would be for Uganda?
    a. Specifically, for its industrialization?
- Do you believe Uganda should remain a member of EAC, considering the pursuit of economic development?
- Do you think that there are other tools than EAC's trade provisions which are more suited to the pursuit of industrialization in Uganda?
- Do you think that the pursuit of free trade and trade liberalization, in the way that EAC aims to, are something that Uganda should want when looking at industrial development?
    a. Or, would it be more beneficial to industrialization for Uganda to be able to set protectionist measures?
    b. What should be these protectionist options? Mainly tariffs, quotas, embargoes, subsidies, or other non-tariff barriers (red tape etc.)?

Appendix B. Interview scheme for Cameroon

Opening

- Greeting the interviewee and introducing one another.
- State that this interview is being recorded. Ask the interviewee if he/she agrees. As long as the audio is being recorded, this will be visible on the screen for both the interviewer and interviewee.
- Ask the interviewee if he/she has read the consent form and confirm that he/she has signed it before joining the interview.
- Assure the interviewee that although his/her name will be included in the sample document of the thesis, he/she will not be directly quoted or paraphrased with his/her name attached. The conclusions from this interview will be written down without referring to the person who said it, merely with a short sketch of the person's expertise. An example: "An expert on the Cameroonian economy stated that…"
- Ask the interviewee if he/she has any questions before starting the interview.

Introduction of interviewee and expertise

- State the purpose of the research and the case about which this interviewee will be asked.
- Can you briefly state your profession and your area of expertise?

Phase 1: Cameroon and the CEMAC

- To start, I would like to ask you how you would describe the relationship between Cameroon and the CEMAC?
- The intra-regional trade within CEMAC is one of the lowest of all regional trading blocs. Why do you think Cameroon's trade with other countries in CEMAC remains low?
- The CEMAC was amongst others designed as a customs union, where the member states would adhere to a common external tariff. However, alike other member states, Cameroon does not fully adhere to this common external tariff. Why do you think it does so?
    a. On what products or sectors does Cameroon deviate from the common external tariff? Why do you think it does so?
    b. Currently, none of the CEMAC members are fully adhering to the common external tariff of CEMAC. If this situation continues, what would be the best way forward for Cameroon's economic development?
- The common external tariff of the CEMAC is relatively high, when compared to other regional trading blocs. What do you think the benefits and losses of such a high common external tariff can be for Cameroon's economic development?
    a. Do you think the common external tariff of CEMAC would be more efficient if it were to be reformed? If yes, what do you think the main points of improvement are?
- The tariff scheme of the CEMAC's common external tariff is rather complicated, compared to other regional trading blocs. It applies different rates to a large variation of products. Why do you think CEMAC issues so many differentiating tariff rates for different products and sectors?
    a. Do you think it benefits Cameroon economically?
- The CEMAC allows each member state to list so-called 'tariff exemptions'. These are exemptions to the common external tariff. All member states must then treat these as exemptions, even if it is not a product that it has listed itself. Why do you think this provision was included in CEMAC?
    a. Do you think it benefits Cameroon economically?
- Besides the pursuit of a common market, which is at the foundation of CEMAC, several blockades to free trade in the region persist. Can you describe Cameroon's contribution to the pursuit of a free trade within the CEMAC?
    a. What barriers to free movement of goods, people and services does Cameroon still uphold in the region, and why?
- Cameroon still upholds non-tariff barriers to trade, despite the CEMAC's pursuit of a common market where goods and people get to move freely. For example, Cameroon upholds national standard measures and national technical barriers, whilst the CEMAC intends to harmonize such measures amongst the member states. Why do you think Cameroon has not removed many of these non-tariff barriers to trade?

Phase 2: Infant industry development in Cameroon

- What do you think the most underdeveloped sector of Cameroon's industry is? E.g., the agricultural sector, the (industrial) manufacturing sector, or the services sector? It can be a combination of the above as well.
    a. What do you think is the most developed sector?
- The hypothetical growth of which sector would contribute most to sustained economic development in Cameroon, do you believe? I.e., which sector should be the focus of economic development policy in Cameroon, because it has the most secure, beneficial long-term welfare perspectives?
    a. Oil is one of Cameroon's major export products. Do you think the reliance on this natural resource makes Cameroon vulnerable, or not?
- Do you think the current industrial sector of Cameroon is competitive on a global scale?
    a. Do you think it is competitive on a regional scale?
    b. How do you think Cameroon's manufacturing sector could become competitive on a regional and global scale?

- Can you describe the development of the industrial sector in Cameroon over the past two decades (or over the period you are knowledgeable of)?
    a. Has it progressed, stalled, or even declined?
- What do you believe are the main obstacles to significant industrialization in Cameroon?

Phase 3: CEMAC's trade provisions and infant industry development in Cameroon

- What do you think the effects of full trade liberalization can be on the development of the industrial sector in Cameroon?
- Do you think the way the customs union and common market in the way they function currently, form drivers of industrial developments, or impediments to industrial development?
    a. What current trade provisions within CEMAC specifically do you see as beneficial for industrial development in Cameroon?
    b. What current trade provisions within CEMAC specifically do you see as detrimental for industrial development in Cameroon?
- What have been the main points of progress for the industrial sector in Cameroon since entering the CEMAC?
    a. And; what have been the main points of stagnation?
- Do you believe that CEMAC membership has made Cameroon liberalize its trading regime?
- Do you think that trade liberalization, in the way the CEMAC had intended it via a fully efficient customs union and common market, would be beneficial for Cameroon's economic development overall?
    a. And; do you think trade liberalization in this desired form by CEMAC would benefit Cameroon's industrial sector?
- Should Cameroon be allowed to issue national-set protectionist measures, in order to pursue industrialization?
    a. Should the CEMAC trade provisions allow for this national-set protectionism?
    b. Or should CEMAC pursue protectionism as a bloc, protecting infant industries regionally through regional measures?

Phase 4: The future of regional integration and trade liberalization for Cameroon

- Do you believe that trade provisions in CEMAC should remain the way they are now, when pursuing industrialization in Cameroon?
    a. If not; what should be the main points of reform?
- What do you think the main barriers in CEMAC's inefficient realization of the free trade provisions it stipulates have been?
- What do you think the most ideal trade provisions in CEMAC would be for Cameroon?
    a. Specifically, for its industrialization?
- Do you believe Cameroon should remain a member of CEMAC, considering the pursuit of economic development?
- Do you think that there are other tools than CEMAC's trade provisions which are more suited to the pursuit of industrialization in Cameroon?
- Do you think that the pursuit of free trade and trade liberalization, in the way that CEMAC aims to, are something that Cameroon should want when looking at industrial development?
    a. Or, are CEMAC-deviant protectionist measures that have been issued by Cameroon more beneficial to industrialization than free trade measures are?

Appendix C. Units of analysis for the methods *semi-structured interviews* and *desk research*.

Case	Type of unit	ID number	Title	Issuing Organization(s)	Issuing Year	Pages
Uganda	Interviewee	ID_2				
Uganda	Interviewee	ID_4				
Uganda	Interviewee	ID_5				
Uganda	Interviewee	ID_7				
Uganda	Interviewee	ID_8				
Uganda	Interviewee	ID_9				
Uganda	Interviewee	ID_10				
Uganda	Document	Doc_1	Tariff Liberalisation Impacts of the EAC Customs Union in Perspective	TRALAC (Trade Law Centre)	2005	36
Uganda	Document	Doc_2	The evolution of industry in Uganda	African Growth Initiative, African Development Bank, United Nations	2014	45
Uganda	Document	Doc_3	East Africa Economic Outlook 2019	African Development Bank	2019	29
Cameroon	Interviewee	ID_1				
Cameroon	Interviewee	ID_3				
Cameroon	Interviewee	ID_5				
Cameroon	Interviewee	ID_6				
Cameroon	Interviewee	ID_11				
Cameroon	Document	Doc_4	How integration into the CEMAC affects Cameroon's economy	World Bank Policy Research	1998	25
Cameroon	Document	Doc_5	Trade Reform in the CEMAC: Developments and Opportunities	International Monetary Fund	2007	19
Cameroon	Document	Doc_6	2016 Cameroon – Country Economic Memorandum – Markets, Government and Growth	World Bank	2016	30
Cameroon	Document	Doc_7	Central Africa Economic Outlook 2019	African Development Bank	2019	25

Appendix D. Results of coding procedure with ATLAS.ti

Theme (code group)	Codes	Nr. of code appearances	
		Uganda	Cameroon
Liberalization trade provisions	Liberalization - General	9	10
	Free movement	10	15
	Intra-regional tariff liberalization	17	9
	Common external tariff	17	19
Protectionism trade provisions	Protectionism - General	7	5
	Tariff barriers	24	8
	Non-tariff barriers	46	37
Status industrialization	Phase	46	25
	Direction	15	9
	Pace	5	3
Progression industrialization	Opportunities – IN	18	15
	Challenges – IN	44	13
Trade flows	Intra-regional trade	26	20
	Extra-regional trade	7	4
Empirical relationship	Liberalization and infant industry development	53	48
	Protectionism and infant industry development	26	25
Regional integration	Opportunities - RI	22	13
	Challenges – RI	34	18