



# Trade in the Southern African Development Community

**Eastern Cape Export Symposium  
28 March 2019**

**Noma-Efese Mxi**



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Presentation Outline

- Background
- Status of implementation of tariff phase down commitments
- List of products
- Rules of origin
- South African Trade with SADC
- Implementation Challenges
- Tripartite Free Trade Area
- African Continental Free Trade Area
- Conclusion



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Background

- Sixteen (16) Member States: Angola, Botswana, Comoros, Democratic Republic of Congo, eSwatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe;
- Southern African Development Community (SADC) Protocol on Trade - an agreement between 13 of the 16 SADC Member States, to reduce customs duties and other barriers to trade on imported products;
- Signed in 1996, and came into force in 2000;
- SADC FTA launched in 2008 – when 85% of intra-SADC trade achieved duty free status.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Status of implementation

Country	Status of Compliance
SACU (Botswana, Lesotho, eSwatini, South Africa & Namibia)	Fully Compliant
Mauritius	Fully Compliant
Zambia	Fully Compliant
Mozambique	Fully Compliant
Tanzania	Fully Compliant
Madagascar	Fully Compliant
Seychelles	91,2%, 6.3 % over 12 years (2026)
Malawi	90,5%
Zimbabwe	Non compliant – over 1000 tariff lines
Angola, Comoros & DRC	Not yet participating in the FTA, MFN tariffs apply



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# List of products

Country	Excluded Products
SACU	31 lines - chapter 17 (sugar), 63 (worn clothing) & 98 (parts of vehicles)
Mauritius	15% safeguard duty on spreads and margarine until 2020
Mozambique	17 lines of chapter 93 (weapons)
Tanzania	derogation on paper, pulp and sugar until 2020;
Madagascar	38 lines - 14 lines of chapter 17 (sugar), 24 lines of chapter 27 (fuel)
Seychelles	307 lines spread across a number of chapters e.g. mineral water, motor vehicles and parts, fish products, etc
Malawi	19 lines - 1 in chapter 17 (sugar), 18 in chapter 93 (weapons)



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# List of products – top 5 exports

Product Code	Description	Values (Rands)
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	36 billion
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	34 billion
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	23 billion
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	14 billion
26	Ores, slag and ash	12 billion



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# List of products – top 5 imports

Product Code	Description	Values (Rands)
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	27 billion
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	7 billion
62	Articles of apparel and clothing accessories, not knitted or crocheted	4 billion
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	4 billion
17	Sugars and sugar confectionery	3 billion



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Rules of origin

- Specify the conditions under which a product qualifies for tariff preferences in a trade agreement;
- To benefit from preferential treatment/reduced tariff rates, a valid Certificate of Origin should be obtained;
- From SARS offices;
- <http://www.sars.gov.za/Legal/International-Treaties-Agreements/Trade-Agreements/Pages/SADC-Treaty-and-Protocols.aspx>



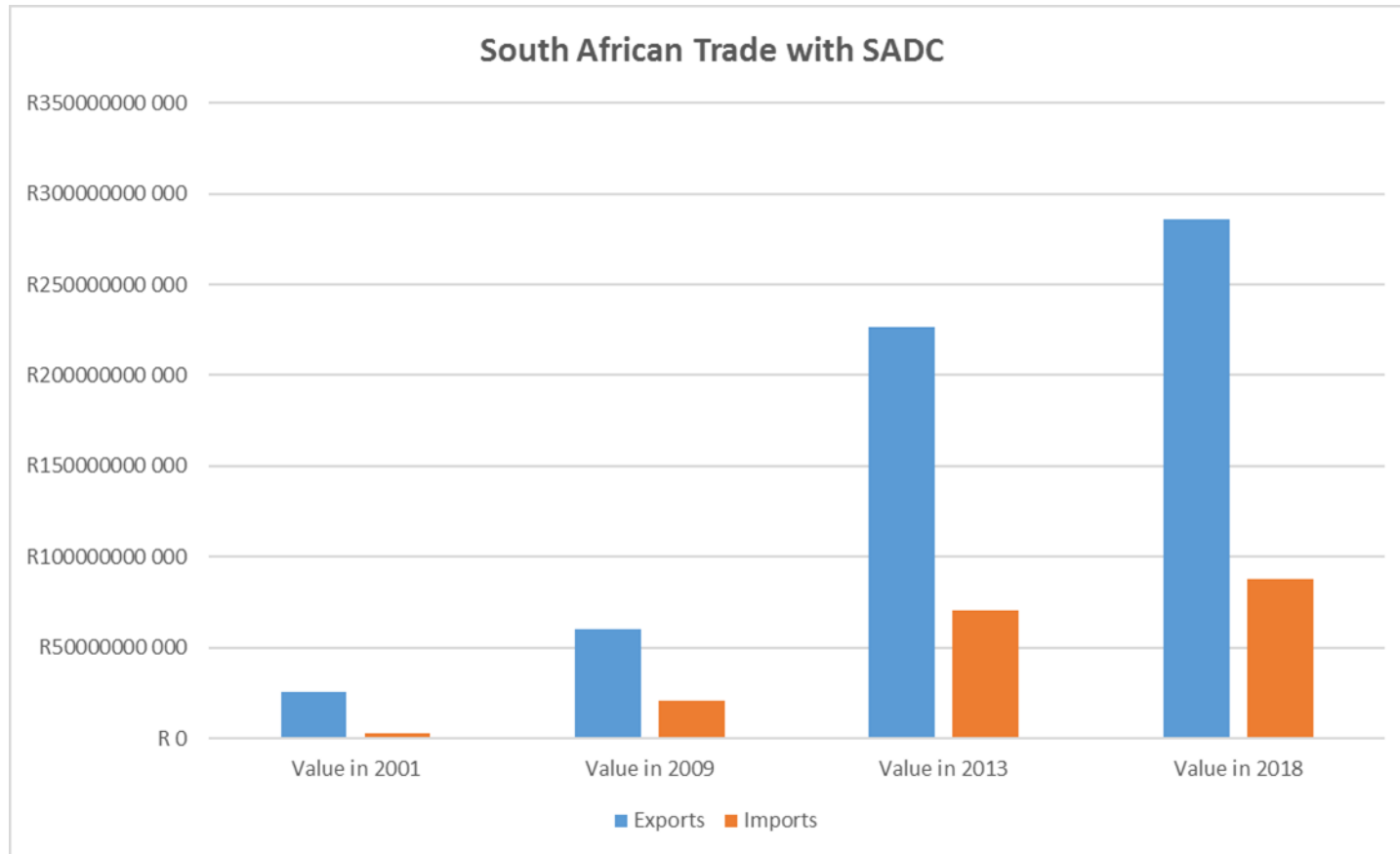
the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA





# SA Trade with SADC



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Implementation challenges

- **Non compliance to tariff phase down commitments**
  - some MS have not complied with their phase down commitments (Malawi and Zimbabwe);
  - to resolve this, engagements are undertaken both at bi-lateral level with the countries concerned and at multi-lateral level in various SADC fora, from technical to Ministerial level.
- **Derogation criteria (Annex X)**
  - annex X makes provision for MS negatively affected by tariff liberalisation to apply for grace period (3 years, 5 products at HS 08 per chapter).



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Implementation challenges...cont'd

- **Rules of origin**
  - constant complaint that SADC rules of origin are stringent;
  - targeted sectors include clothing and textiles;
  - TFTA and AfCFTA used to further the narrative for flexible rules;
  - Rules ignored in exchange for revenue at borders - requirement to pay full duty;
  - Joint verification by SARS and foreign counterpart.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Implementation Challenges...cont'd

- **Non Tariff Barriers**

- Major impediment to trade in the region (road user fees, customs related, SPS);
- Agreement calls for removal of all trade barriers to facilitate free flow of trade;
- Online reporting of NTBs ([www.tradebarriers.org](http://www.tradebarriers.org)) - shared by COMESA and EAC;
- National focal points (**the dti**) and National Monitoring Committee (SARS, DAFF, Transport, etc) oversee resolution;
- Improvements to include and SMS tool for ease of access.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Implementation Challenges...cont'd

- **Lack of dispute settlement mechanism (DSM)**
  - No Tribunal;
  - New Protocol on Tribunal adopted and signed by 11 MS during the 2014 Summit;
  - Will enter into force when two thirds of MS (10) have ratified the Protocol;
  - To date no MS has ratified the Protocol;
  - In the process of exploring alternative ways, e.g delinking the DSM from the Tribunal.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Tripartite Free Trade Area (T- FTA)

- Agreement between Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and SADC;
- 26 Member States;
- Legal instruments (annexes) finalised;
- Ongoing negotiations on rules of origin and tariff liberalisation schedules;
- Entry into force requires 14 member states to deposit instruments of ratification;
- 4 countries have ratified: South Africa, Egypt, Uganda & Kenya.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



## T- FTA...continued

- Combined GDP of US\$1.2 trillion, population of approximately 626 million people;
- Upon implementation, South Africa will have access to a larger, more integrated and growing market to the COMESA and EAC countries, likely to stimulate industrial development and job creation.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# African Continental Free Trade Area (AfCFTA)

- AfCFTA negotiations launched in 2015;
- Legal instruments (annexes) finalised;
- Ongoing negotiations on rules of origin and tariff liberalisation schedules;
- Entry into force requires 22 member states to deposit instruments of ratification;
- 15 countries have ratified: South Africa, Kenya, Rwanda, Ghana, Niger, Chad, eSwatini, Guinea Conakry, Congo, Djibouti, Mauritania, Cote D'Ivoire, Mali, Uganda & Namibia.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA





# AfCFTA...continued

- Offers an opportunity to create larger economies of scale and a bigger market;
- Over 1 billion people and approximately US\$3.3 trillion;
- New markets in West and North Africa.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Conclusion

- Regional integration remains a critical component of the continent's efforts to ensure sustainable economic and inclusive growth;
- SADC provides a good foundation for negotiations at T-FTA and AfCFTA level.



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



# Contact Details

For more information on trade in the SADC region, please contact the following officials of **the dti**:

1. Ms Noncedo Mviko - Director: SADC

Email: [NMviko@thedti.gov.za](mailto:NMviko@thedti.gov.za)

Tel: 012 394 3084

2. Ms Noma-Efese Mxi – Deputy Director: SADC

Email: [NMxi@thedti.gov.za](mailto:NMxi@thedti.gov.za)

Tel: 012 394 1601

3. Mr Shonisani Madzivhe - Assistant Director: SADC

Email: [SMadzivhe@thedti.gov.za](mailto:SMadzivhe@thedti.gov.za)

Tel: 012 394 5805



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA





**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA