

Lesotho

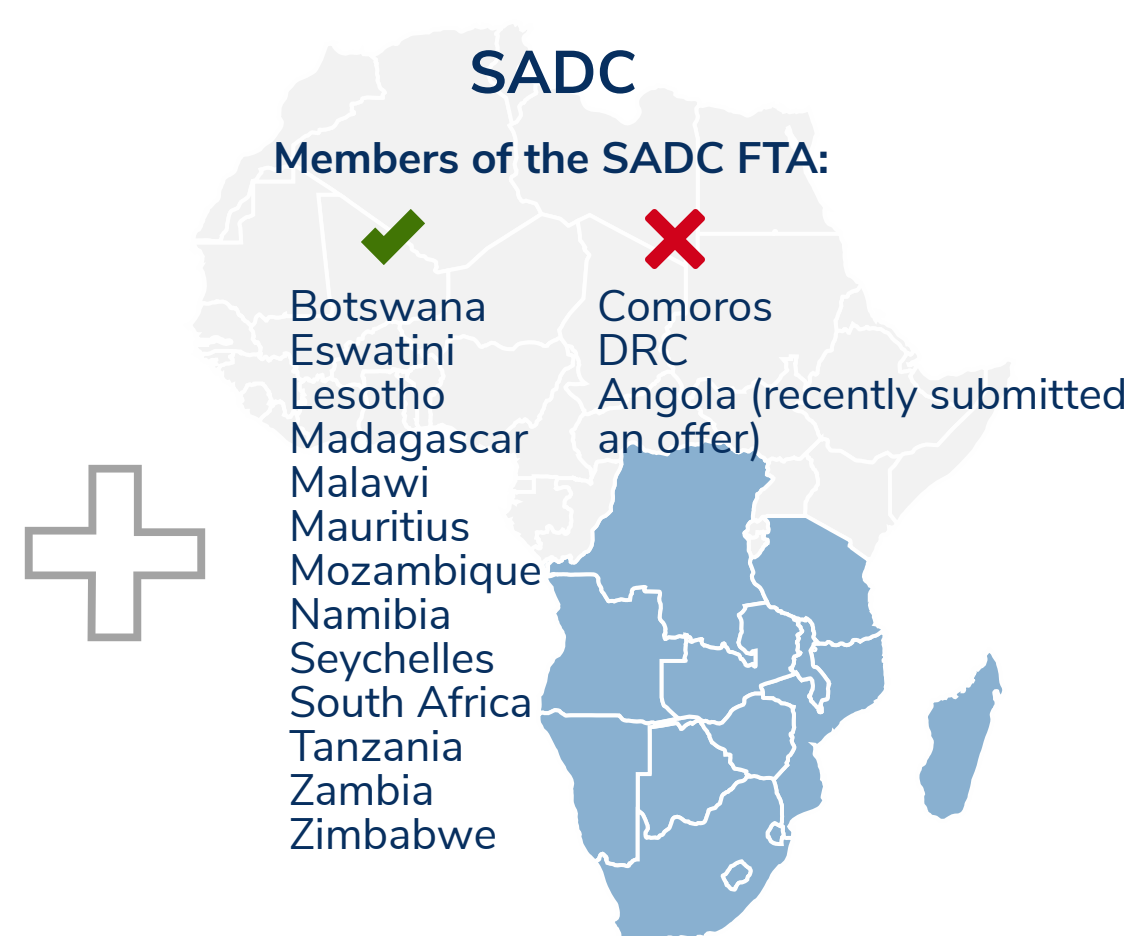
intra-Africa trade & tariff profile 2019



1. Introduction

Lesotho along with Botswana, Eswatini, Namibia and South Africa are members of both the Southern African Customs Union (SACU) and the Southern African Development Community (SADC).

- SACU is a customs union with duty-free intra-SACU trade and a common external tariff (CET) applicable to all goods entering from outside the Union
- SADC is a Regional Economic Community (REC) which includes 16 member states - all the SACU countries, Zimbabwe, Zambia, Mauritius, Mozambique and Malawi. 13 SADC member states are in a Free Trade Arrangement (FTA); Comoros, Angola (has recently submitted an offer) and DRC are yet to join



2. Intra-Africa trade

For 2019, 39% of Lesotho's world exports & 78% of world imports were to and from the rest of Africa. Intra-Africa exports amounted to US\$253 million (19% less than in 2018) & intra-Africa imports to US\$1 billion (26% increase from 2018).

Lesotho mainly trades with South Africa - 98% of total intra-Africa trade. Other intra-Africa exports are mainly destined for fellow SACU and SADC FTA member states Eswatini and Botswana. The majority of goods exported are clothing and textiles including suits, t-shirts and shirts.

Apart from South Africa, Lesotho also sources goods from Zambia, Zimbabwe and Eswatini. Apart from petroleum oil and vehicles, imports are mainly food and beverage products including poultry, wheat, cereal flours, waters, beer, cider, milk and cream, maize and wheat flour.

Main destination markets

South Africa, Eswatini, Botswana & Tanzania



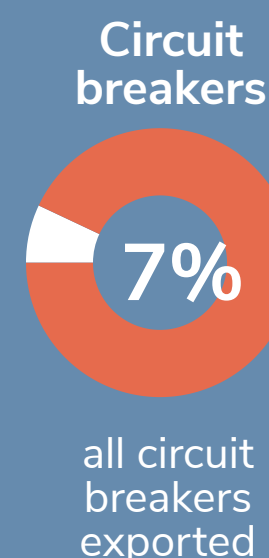
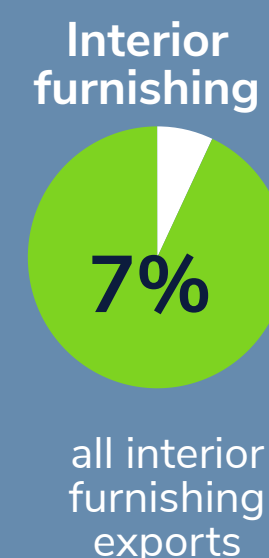
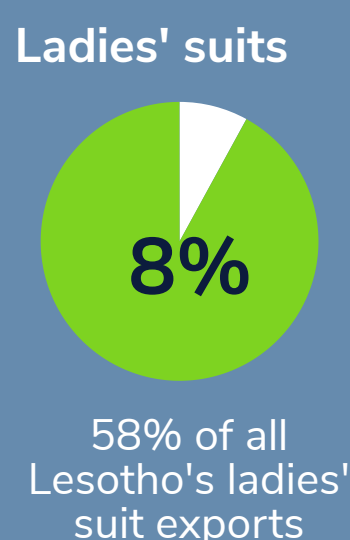
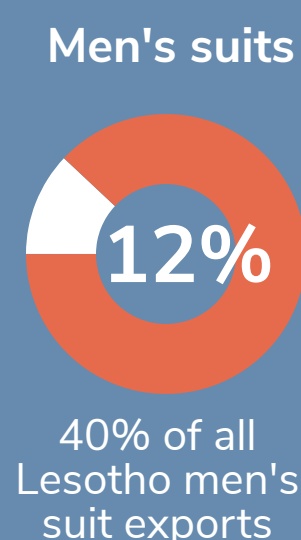
Main source markets



Lesotho's intra-Africa trade 2019

Exports

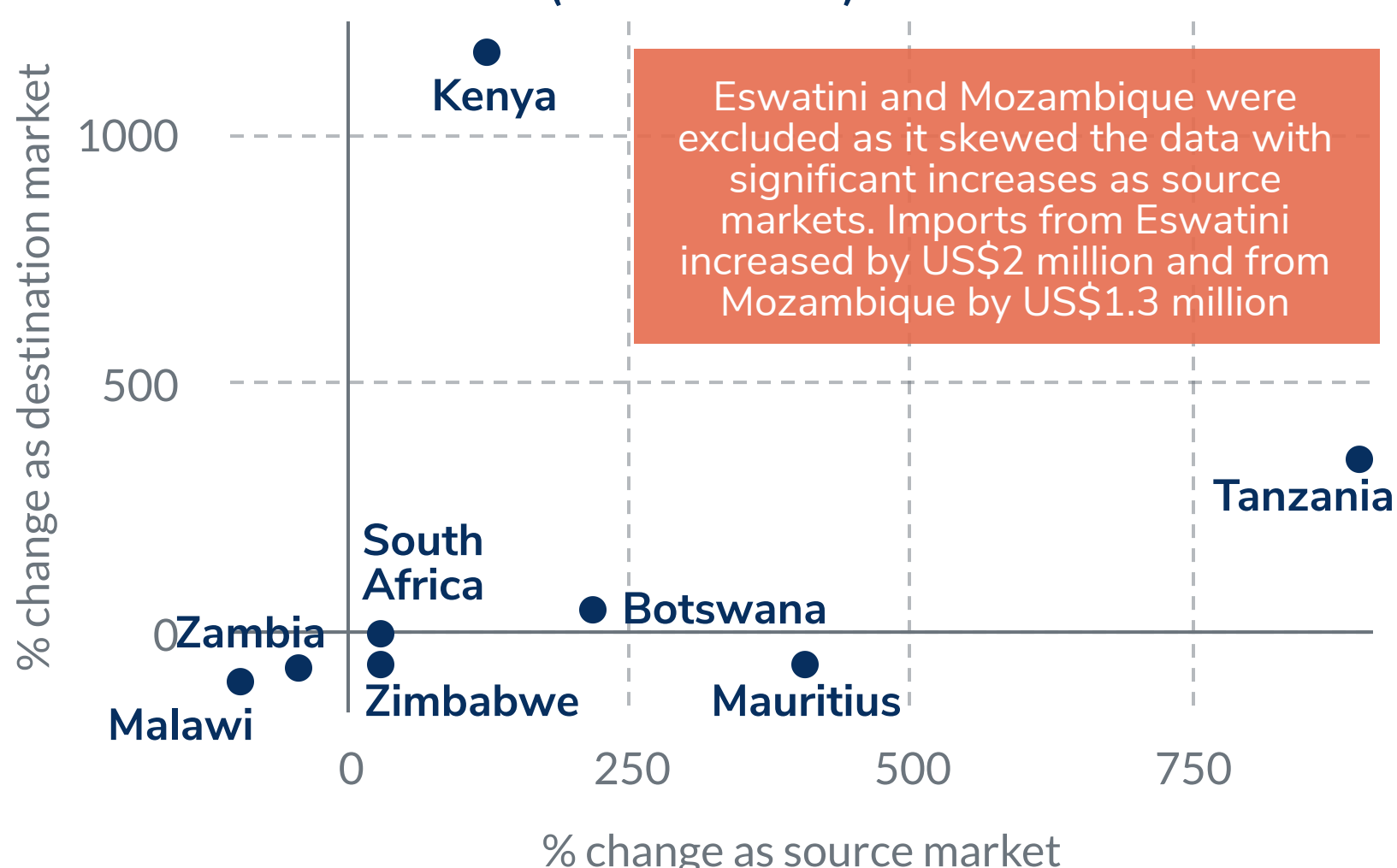
Imports



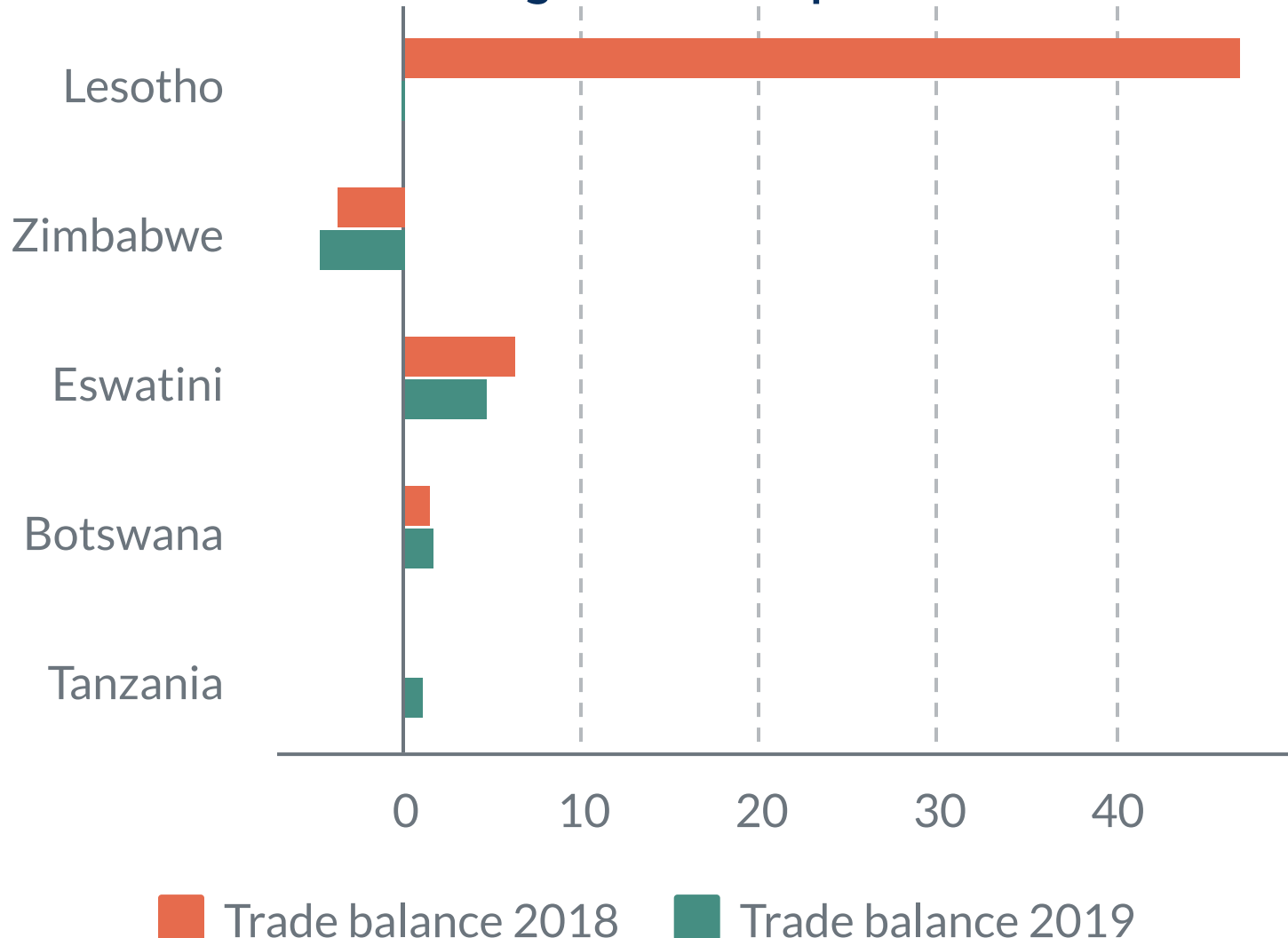
intra-Africa imports as % of world imports of designated products

Petroleum oil (15.84%)	100%
Goods vehicles (2.97%)	95%
Cereal flours (2.97%)	100%
Poultry (1.98%)	100%
Wheat (1.98%)	100%
Passenger vehicles (1.98%)	43%
Other (72.28%)	

% change in exports to & imports from main African trade partners (2018 to 2019)



Trade balance with designated trade partners 2018 & 2019



3. Intra-Africa tariffs & non-tariff cost of trade
Imports from SACU and SADC (excl. sugar, second-hand clothes, original vehicle components parts & wheat flour) enter Lesotho duty-free. Imports from countries outside SACU and SADC face MFN applied duties which is the SACU CET with numerous tariff bands, specific & combined tariffs.

Only 0.04% of world and 0.1% of intra-Africa exports are to African countries not members of SACU & SADC. 63% of these exports are domestic cooking appliances and printing ink. Lesotho exports only 11 products to African countries outside SACU & SADC; 10% of these exports are of products which are not specified at the HS6 level. Other exports include passenger vehicles, medicines and magnetic readers.

In terms of imports, 0.016% of world and 0.02% of intra-Africa imports are sourced from countries outside SADC & SACU. Imports are mainly duty-free imports of medicine, industrial sewing machines and laboratory reagents sourced from Kenya. The only imports facing higher duties include ski-boots, office supplies, footwear and men's trousers. The non-tariff cost data shows there has not been much improvement in the cost of trading industrial goods.

MFN duty categories & % of national tariff lines in each category

Duty-free 55%

fresh & frozen fish; eggs; fresh vegetables; spices; medicines; protective clothing, ballet shoes & safety headgear; machinery & motorcycle engines

>0%-5% 3%

frozen cassava, sweet potatoes, yams & arrowroot; avocados, citrus fruits & grapes; soy sauce, ketchup & mustard; beer & ventilators for vehicles with water-cooled engines

>5%-10% 10%

dried fruits; seed & olive oils; iron bars, rods, shapes & sections; dumpers not heavier than 50 tons; off-road logging trucks & certain vehicle parts

>10%-20% 16%

sanitary products; furniture; arms & military weapons; bicycles; airbags, clutches & steering wheels; hearses; basketwork; beauty products & frozen boneless chicken breasts & thighs

>20%-30% 9%

ambulances; slippers & waterproof footwear; linen & curtains; wine & fermented fruit beverages; chicken offal; salmon & blankets & most fabrics

>30%-40% 1%

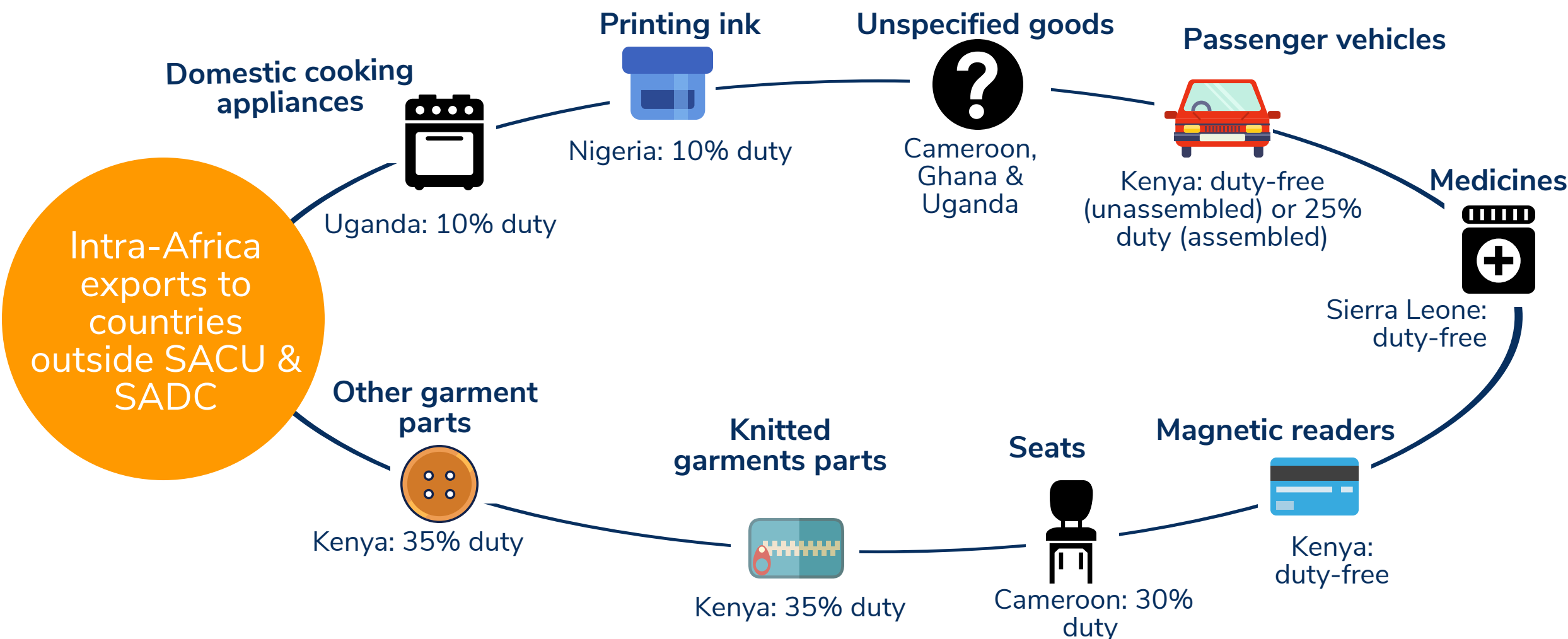
clothing from textile materials & man-made fibers; frozen chicken cuts; guavas & mangoes; white chocolate; preserved tomatoes & retreaded tyres for buses & lorries

>40% 2%

whole frozen chicken; preserved pineapples; cigarettes; knitted & crocheted clothing & retreaded pneumatic tyres

specific and/or combined 4%

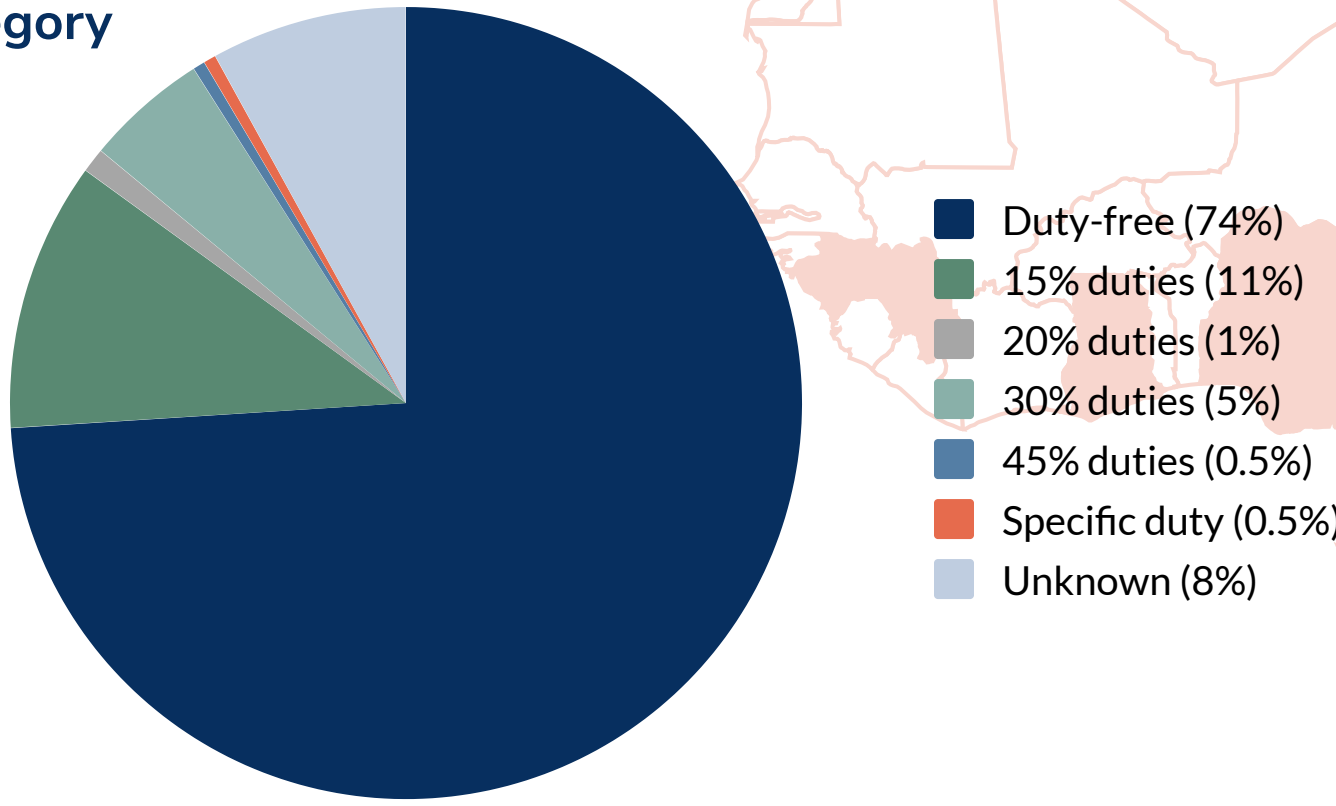
footwear; stuffed pasta; cane sugar; smoked & preserved seafood; wheat flour; roasted malt & coffee; cheese, butter & buttermilk & beef, pork & lamb



Lesotho's intra-Africa imports from outside SACU & SADC

The only product of which all imports are sourced from outside SACU & SADC are satellites sourced from Kenya. 0.4%, 0.25%, 0.35% and 0.11% of respective world imports of medicines, plastic articles, industrial sewing machines and laboratory reagents are sourced from countries SACU & SADC.

Categories of MFN duties & % of 2019 imports in each category



- Kenya (86%)**
 - Medicine, industrial sewing machines & laboratory reagents (duty-free)
 - Unspecified goods
 - Plastic articles (duty-free, 5% or 15% duties depending on the product)
- Ghana (5%)**
 - Ski-boots (30% duty)
- Egypt (5%)**
 - Medicines (duty-free)
- Guinea (2%)**
 - Unspecified goods
- Nigeria (1%)**
 - Animal feed preparations (duty-free or 20% duties depending on the specific product)

Of the 18 products imported from African countries outside SACU & SADC most are imported duty-free including medicines, laboratory reagents, industrial sewing machines, polypropylene, satellites and printing ink. 15% import duties are applicable to parts for clothing items like hooks, eyelids and plastic beads. 20% duties are levied on imports of office supplies, 30% duties on imports of ski-boots and 45% duties on imports of men's trousers. Specific duties of 30% or 500c/unit is applicable to imports of footwear.

The non-tariff cost of bilateral trade between Lesotho & designated trade partners

The ESCAP-World Bank trade cost database include the cost of transportation and the time to complete import procedures and obtain necessary information as non-tariff costs affecting bilateral trade between trade partners. The data shows the cost of trading industrial goods with France and Malawi are much higher than industrial goods trade with any other country, including China, Germany and the UK. Also, the cost of trade has remained the same for 2016 & 2017 with the cost of trade with Brazil, Mauritius, the UK, Namibia & Zimbabwe only showing a slight decrease over these two years. On the contrary, the cost of trading industrial goods with France and Malawi actually increasing between 2016 and 2017.

