

# PERFORMANCE OF REGIONAL INTEGRATION IN SOUTHERN AFRICA: SUCCESSIONS, CHALLENGES AND WAY FORWARD

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# Presentation Outline

- Background and Overview
- Successes
- Challenges
- Way Forward

# SUCSESSES

Under the **SADC Programme of Action (SPA)** - there have been many successes, e.g.:

1. SPA projects stand at over 400 with an estimated cost of over US\$8 billion.
2. Several infrastructural projects undertaken to rehabilitate roads, railway lines and harbours as well as the development through research of a number of various seed to cater for the different climatic conditions of the SADC Region.

# SUCSESSES

3. Several protocols developed and signed eg Shared Water Course Systems, Energy, Combating Illicit Drug Trafficking, Transport, Communication & Meteorology, Trade, Education and Training, Mining, Immunities and Privileges, Health, Wildlife Conservation and Law Enforcement, Finance & Investment, Tribunal and Legal Affairs.
  - ▶ Most of the Protocols have been ratified and are at various stages of implementation.
  - ▶ Most notable Protocol directly concerned with trade is the Protocol on Trade (the main focus of this presentation)

# SUCSESSES

## 4. Implementation of SADC Protocol on Trade

- ▶ Protocol entered into force in 2000
- ▶ SADC FTA successfully launched in 2008, with 10 MS
- ▶ FTA allows for duty free trade on an estimated 85% of all trade in goods among members
- ▶ Gradual tariff liberalisation (Asymetry – Art 3(1)(c))
- ▶ Launch of a SADC FTA presented opportunities for increased business interactions
- ▶ Presently Angola, DRC, Madagascar, MW and Seychelles not participating for various reasons.

# SUCSESSES

- Article 3(1) (c) - Some FTA countries have sought some derogations eg Malawi, Tanzania (sugar & paper products), Zimbabwe (Category C products)
- The 2011 derogations to TZ and ZW will not have any significant impact on intra-SADC trade (SA Trade Hub, 2011)

# SUCCESSSES

## **5. Online NTB Reporting System**

- ▶ Done in conjunction with COMESA and EAC

## **6. SADC Common Tariff Nomenclature**

- ▶ Based on the HS at 8-Digit
- ▶ Yet to be implemented by MS

## **7. Infrastructure development**

- ▶ Several corridor development projects undertaken and underway eg. Beira, Limpopo, Shire-Zambezi Waterway, Trans-Kalahari, North-South, OSBP (Chirundu, Ressano Garcia-Lebombo, Malaba-Tororo)

# SUCCESSSES

SADC Export Growth Since FTA Creation:

- ▶ Intra-SADC trade has nearly doubled from US\$ 5.02 billion in 2000 to US\$ 10 billion in 2010
- ▶ SADC exports to the world has also nearly doubled in the same period from US\$ 36.2 billion to US\$ 71.8 billion.
- ▶ Portion of SADC exports destined to the region, at around 14%, therefore remained fairly constant.
- ▶ SADC exports were dominated by RSA, accounting for 76.8% in 2010; RSA also accounted for 71% of intra-SADC trade in 2010

Data Source: SA Trade Hub, Technical Report: Impact of Derogations from Implementation of the SADC FTA Obligations on Intra-SADC Trade, June 2011



# Challenges

**MS still facing social, development, economic, trade, education, health, diplomatic, defence, security and political problems.**

**RI challenges for Southern Africa include:**

1. Political challenges in Zimbabwe, Madagascar and Swaziland continue to dog the region
2. SADC Tribunal suspended in 2010 – pending outcome of review by the SADC justice ministers and attorneys-general
3. RISDP (2003) Commitments are incompatible with commitments under overlapping REC arrangements
4. Lack of conformity with the phase-down schedules amongst some participating MS or ineffectiveness of moral suasion to ensure compliance with agreed positions.
5. Possibility that some MS may become members of the COMESA Customs Union before the launch of the SADC Customs Union.

# Challenges

6. High transaction costs that contribute to the cost of tradable goods
  - direct costs eg transport; indirect costs eg border delays
7. Lack of good infrastructure in most parts of the region to facilitate trade and investment
8. Weak Customs infrastructure eg. incompatibility of different IT systems used by different Customs authorities
9. Multiplicity of unharmonised trade/tariff regimes - challenge for Customs Authorities and border personnel.
10. Unharmonised Customs and border procedures
11. Lack of formal active private sector involvement in SADC programmes/initiatives – poor buy-in & implementation
12. Existence of different product standards

# Way Forward

1. Speed up infrastructure development projects eg Corridors, OSBP at Katima Mulilo, Machipanda, Beitbridge etc ([Launch Infrastructure Master Plan](#))
2. Facilitate implementation of adopted and other new trade facilitation measures eg SADC Single Administrative Document; Guidelines for completion of SADC Customs Documentation; SADC Transit Regulations, SADC Transit Customs Bond Guarantee
3. Develop a private sector participation strategy and programme for the SADC region

# Way Forward

4. Develop a mechanism for relating with MS that will only be members of the SADC Free Trade Area, but not the Customs Union.
5. Refine enforcement mechanisms to ensure greater compliance with agreed positions – sanctions & moral suasion.
6. Speed up adoption of a regional model Customs Act, harmonised customs regulations and procedures among member states - a major NTB causing delays at border posts and increases costs of imports

# Way Forward

7. Each MS should set up a regional integration management system to coordinate all matters related to regional integration
8. Develop an implementation framework for protocol on free movement of persons
9. Harmonisation of immigration policies and procedures
10. Harmonisation of transport rules, standards and policies (Protocol on TC&M – RISDP target:2008)
11. Expedite more OSBP projects and develop integrated border information management systems to facilitate trade and travel.
12. There is need to reduce transaction costs in order to develop international trade in Southern Africa

# Way Forward

13. Launch the SADC Regional Infrastructure Master Plan (SRIMP) to accelerate infrastructure development.
14. Need for SADC trade monitoring and compliance mechanisms for performance tracking of the implementation of protocols and treaty provisions – with clear and measurable indicators - of which Online NTB Reporting System would be part
15. Develop sustainable funding mechanisms for regional associations and corridor management institutions
16. Expedite the implementation of Finance & Investment Protocol (EU-funded Project) to improve investment inflows into and across the region
17. Harmonisation of product quality standards