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trade law
centre for
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- **Living in the shadow of the mountain**
- by
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- This paper will examine the implications of South African trade and trade-related policies on the BLNS (Botswana, Lesotho, Namibia and Swaziland) countries.
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- In particular:
- the direct trading relationship between RSA and BLNS;
- the machinations of the SACU tariff revenue pool
- compensating for shrinkage in the revenue pool;
- linkages between the TDCA and the EPAs - the mountain may be moving to accommodate the EPAs;
- RSA industrial policies - effects on BLNS;
- how policies such as the infamous ‘Singapore’ issues of the WTO relate to the South African and BLNS interface.

SACU trade

BLNS trading patterns, US$ million and RSA %

Botswana 2005	World	RSA	EU	RSA%
Exports	4,450	401	3,418	9%
Imports	3,272	2,770	214	85%
Lesotho 2003 –clothing to US				
Exports	474	92	1	19%
Imports	1,107	909	4	82%
Namibia 2003 (dated/poor data)				
Exports	1,279	404	383	32%
Imports	1,403	1,128	107	80%
Swaziland 2004				
Exports	1,781	1,283	28	72%
Imports	1,502	1,433	8	95%

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Revenue pool details

2006 estimates

	%GDP	% gov rev	capita	PPP GDP capita
Botswana	9	20.1	3,692	12,240
Lesotho	28.2	53	1,398	4,340
Namibia	**12.2**	**41**	**2,695**	**8,110**
Swaziland	24.1	56.9	4,256	5,170
South Africa	1	3.9	666	11,710

Net transfers from pool

	% GDP	R capita
Botswana	4.8	1,509
Lesotho	23.1	876
Namibia	11.9	2,058
Swaziland	17.5	2,329
RSA	-0.9	-240

Final results

- there are large transfers from South Africa;
- Botswana, a country wealthier than South Africa, gets transfers of R1,509 per capita that equate to 4.8 percent of its GDP;
- Lesotho, the poorest, gets the least per capita (R876); and
- Swaziland and Namibia get the highest net transfers per capita.
- From Flatters & Stern but tralac shows similar

TDCA tariff reductions

- TDCA imports – 34.64% total in 2006 (35.04% in 2007)
- 2006 duties = 7.60% average (no rebates)
- No preferences = 8.86%
- End TDCA = 5.35
- Means R14.25B to   R12.2B to   R8.6B
- Or loss of R5.55 billion (from $18B) = 1/3
- Only really motor vehicles (and they are coming down)
- Several caveats to this, but reductions are clear

The Distribution

- Excise – returned to source
- Development – smaller and equal shares
- Customs – Big transfers from earlier

- What to do?
- Revamp ‘aid monies’ away from Customs revenue
- Why such unequal transfers to “Rich Africa”?
- SADC & Zimbabwe looming for transfers
- Why should it be the EU’s responsibility??

TDCA to EPA

- Latest development
- TDCA trade parts to EPA

- Freeze or increase some imports (mostly agr?) – Beef for appeasing Namibia? But why??

- For better access for RSA agriculture into EU
- RSA in a strong position now re EU (must ensure that stays the case and deflect blame)

Industrial Policies

- RSA developing Industrial policy – scant recognition of BLNS
- BLNS trying for theirs
- Must be allied to Tariff policies
- But RSA does not have a tariff policy
- Two main sectors
- Motor vehicles – BLNS for expensive cars but a small parts sector (WTO challenge?)
- Clothing – RSA quotas may or may not open for Lesotho – no evidence yet as others rush to fill quotas.
- Raising tariffs – agr limited
  - Non-agr some more ‘wriggle room’

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Singapore Issues

- Trade remedies
- Competition policies
- Investment & government procurement
- Trade facilitation – EU aid to BLNS ?? (Current Customs pool transfers are grants from RSA)

- Tralac computer simulations (Book)
- Little to say about BLNS – except sugar to EU from Swaziland
- Real issues is trade diversion away from duty paying sources each time – very limited trade creation (new trade). Confirmed by both simulation and spreadsheet analysis
- Implication – less pool revenue

BLNS options

- **Defensive**
- – BLNS are locked into South African policies.
- This has a cost
  - Tariff revenues
  - Lack of Industrial policy (at present)
  - No competition polices for protection (at present)