
Trade Policy Review Body
4 and 6 November 2015

TRADE POLICY REVIEW

SOUTHERN AFRICAN CUSTOMS UNION (SACU)

MINUTES OF THE MEETING

Chairperson: H.E. Mr Atanas Atanassov Paparizov (Bulgaria)

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Note: Advance written questions and additional questions by WTO Members, and the replies provided by the Southern African Customs Union are reproduced in document WT/TPR/M/324/Add.1 and will be available online at http://www.wto.org/english/tratop_e/tp_r_e/tp_rep_e.htm.

1 INTRODUCTORY REMARKS BY THE CHAIRPERSON

1.1. The fourth joint Trade Policy Review of the Southern African Customs Union (SACU) countries, i.e. Botswana, the Kingdom of Lesotho, Namibia, South Africa, and the Kingdom of Swaziland was held on 4 and 6 November 2015. The Chairperson H.E. Mr Atanas Atanassov Paparizov (Bulgaria) welcomed the five delegations of SACU headed by Ms. Ontlametse B. Ward of Botswana, Deputy Permanent Secretary; Mrs. Mapulumo Mosisili, Principal Secretary, Ministry of Trade and Industry of the Kingdom of Lesotho; Mr. Gabriel P. Sinimbo, Permanent Secretary of Namibia; Ms. Niki Kruger, Chief Director of Trade Negotiations from South Africa; Mr Jinno L. Nkhambule, Principal Secretary, Ministry of Commerce, Industry and Trade of the Kingdom of Swaziland; the rest of the delegations from Botswana, the Kingdom of Lesotho, Namibia, South Africa, and the Kingdom of Swaziland; H.E. Mr. Mothusi Bruce Rabasha Palai, Ambassador of Botswana; H.E. Mr. Nkopane Raseeng Monyane, Ambassador of Lesotho; H.E. Mrs. Sabine Böhlke-Möller, Ambassador of Namibia; and H.E. Mr. Xavier Karim, Ambassador of South Africa; other colleagues from the Missions in Geneva; H.E. Ms. Paulina M. Elago, the Executive Secretary of the SACU Secretariat; and the discussant, H.E. Mr. Alberto Pedro D'Alotto (Argentina).

1.2. The Chairperson recalled the purpose of the Trade Policy Reviews and the main elements of the procedures for the meeting. The reports by the SACU countries were contained in document WT/TPR/G/324 and that of the WTO Secretariat in WT/TPR/S/324.

1.3. Questions by the following delegations had been submitted in writing before the deadline of 5.30 pm on 21 October and had been transmitted to the SACU countries: Switzerland; the European Union; Canada; the United States; Australia; Brazil, New Zealand and Colombia. The following delegations submitted written questions after the deadline: Singapore; the Russian Federation; Mexico; China; Argentina; Japan; Ecuador; the Republic of Korea; Hong Kong, China; Thailand; and Chile. These questions had also been transmitted to the SACU countries.

1.4. Over the period under review, economic performance in the SACU countries had fluctuated with a downward trend in their consolidated (total) GDP growth rate. Their highest consolidated GDP growth of 3.4% had been recorded in 2011 and the lowest (-1.7%) in 2009; it had been around 2.5% per year since 2012. This performance had largely resulted from the global economic crisis and its impact on the mining and manufacturing sectors. Economic growth had been uneven within SACU but the overall (consolidated) performance largely reflected South Africa's, as the latter accounted for about 91% of the region's total GDP.

1.5. SACU countries sourced some 13% of their imports in the customs union, and supplied the union in the same range. As the main economy, South Africa also dominated regional trade, with over 95% of commercial flows within the customs union involving South Africa as a destination or source. Extra-SACU imports originated mainly from the EU, China, and the United States, which were also among SACU's main export markets. Overall, with the exception of South Africa, diversification remained an issue for SACU members as it was at the time of the previous Review in 2009.

1.6. SACU's common trade regime had remained broadly unchanged since the previous Review. Within SACU, customs-related measures, including the applied MFN tariff, excise duties, duty and tax concessions, customs valuation, rules of origin, and contingency trade remedies, had been harmonized. For the time being, in the absence of a regional body, the International Trade Administration Commission (ITAC) of South Africa was responsible for managing the SACU common external tariff (CET); it was also mandated to recommend all rebates, refunds, and drawbacks in SACU.

1.7. During the period under review, SACU members had made efforts to facilitate trade by further streamlining customs procedures and documentation. Nevertheless, their common external tariff (CET) remained complex, comprising *ad valorem*, specific, mixed, formula (variable) duties, and their combination, while their individual tariff binding commitments were at *ad valorem* rates. The simple average applied rate of the CET was 8.3% in 2015, slightly up from 8.1% in 2009. Tariff rates continued to display high dispersion.

1.8. In addition to these challenges mostly related to the common trade regime of the SACU countries, other elements of the harmonized regime such as the antidumping regime, as well as

country-specific regimes were of interest to Members. On investment, Members wanted to know more about the reforms implemented by each SACU State since the previous Review and their likely impact. Regarding non-tariff barriers, issues of interest to Members included import prohibitions, licensing and other import restrictions applied by most SACU States, for instance the use of import restrictions to promote local production in Botswana, Lesotho and Swaziland, and the administration of tariff quotas by South Africa.

1.9. On SPS, Members were interested in the reforms implemented by South Africa and its compliance with the relevant WTO provisions. SACU States used incentives to promote diversification and investment, and the impact of such a strategy was of interest to Members. None of the SACU States was a party to the WTO Government Procurement Agreement and information on their plans to join the Agreement was appreciated, as this would further open their procurement regime to foreign participation and enhance transparency. Members were also interested in the enforcement of intellectual property rights in the SACU region, specifically on the role that Customs played in this regard, and the current status of draft laws and regulations.

1.10. On sectoral policies, Members' knowledge would be improved by further information on the extent to which environmental aspects were taken into account in the fisheries, energy, mining, tourism and transportation sectors; state participation in the mining sector in Botswana and Namibia; the agricultural reform undertaken by Lesotho; and on the industrial policies applied by South Africa and Swaziland.

1.11. The Chairperson noted that as at the time of the last Review in 2009, the SACU economies continued to grapple with issues such as poverty eradication and income inequality; thus the need to accelerate structural reforms to improve the productivity and competitiveness and hence ensure inclusive growth. In this context, Members were interested to learn which policies were the SACU States planning in order to implement and attain the UN Development Goals and how the WTO Members could assist them in this endeavour.

1.12. The Chairperson was sure that these and many other themes would be touched upon in greater detail at the deliberations on the first and second day of the meeting.

1.13. He closed his introductory remarks by wishing SACU members a very successful fourth Trade Policy Review. He looked forward to their active engagement in this TPR.

1.14. He informed that the podcast of the meeting could be accessed on the Members' website after the first day of the meeting.

2 OPENING STATEMENT BY THE SPOKESPERSON OF THE SOUTHERN AFRICAN CUSTOMS UNION (MS. NIKI KRUGER, SOUTH AFRICA)

2.1. It is an honour and privilege for me to deliver this statement on behalf of the Southern African Customs Union (SACU) consisting of the following member States:

- The Republic of Botswana;
- The Kingdom of Lesotho;
- The Republic of Namibia;
- The Republic of South Africa; and
- The Kingdom of Swaziland.

2.2. At the onset, I wish to welcome all present here this week for the fourth Trade Policy Review of the Southern African Customs Union member States. I further wish to thank the Chairperson, Ambassador Atanas Atanassov Paparizov for his Opening Remarks and I wish to recognize Ambassador Alberto Pedro D'Alotto for agreeing to be the discussant for this fourth WTO Trade Policy Review of SACU.

2.3. I wish to also extend our gratitude to the WTO Secretariat for their assistance in preparing their report, as well as our member States and our own SACU Secretariat for their work in preparing the Government reports and coordination of inputs and responses to questions from WTO Members. I also wish to thank all WTO Members that shown an interest in this review and for the questions posed to us in advance. We have endeavoured to answer all of these as per the timeframes in the procedural guidelines.

2.4. SACU member States are now undertaking its fourth Trade Policy Review, once again, as a Customs Union. We are of the view that the transparency exercise that the trade policy review promotes is of great value to all of us. We therefore re-affirm our commitment to submitting our trading regimes for review within the context of our obligations under the WTO. This commitment is consistent with the objectives of the Trade Policy Review Mechanism (TPRM) as provided for in Annex 3 of the Legal Texts of the WTO Agreements.

2.5. I wish to remind Members that the Southern African Customs Union dates back to 1910, making it the oldest Customs Union in the world. Following the attainment of independence by the British Overseas Territories in the mid-1960s, a new Agreement was signed on 11 December 1969 by the sovereign States of Botswana, Lesotho and Swaziland (BLS), as well as South Africa.

2.6. However, the 1969 Agreement was a colonial construct with important elements missing, such as joint decision-making procedures, common policies, common institutions and institutional infrastructure. Around the time of the signing in 1994 of the Marrakesh Agreements, which heralded a new era of trade liberalization, some important political developments took place in Southern Africa with the achievement of independence of Namibia in 1990 and the attainment of democracy in South Africa in 1994.

2.7. To take advantage of these important global and regional developments, SACU member States took a decision in 1994 to renegotiate the 1969 SACU Agreement to better reflect the prevailing political and economic environment. The objective of the SACU member States was to have an international organisation with effective, transparent and democratic institutions, based on joint decision-making procedures, while also providing for a dispute settlement mechanism in the form of a Tribunal and the development of common policies.

2.8. In 2002, the process of renegotiating the new SACU Agreement was completed and the five SACU member States signed a new and comprehensive Agreement in Gaborone, Botswana. This Agreement entered into force on 15 July 2004 following its ratification by all SACU member States. I wish to note that the 2002 SACU Agreement was also successfully considered by the Committee on Regional Trade Agreements at its 53rd sitting in 2009.

2.9. As most of you would be aware, the 2002 SACU Agreement forms the basis for a collective review of the five Member States' trade policies. SACU is a fully-fledged Customs Union, with a Common External Tariff and free movement of goods amongst its Members. Four of its Members are also in a Common Monetary Area. The five SACU States are at different levels of economic development. Botswana and South Africa are classified as upper middle-income countries, while Namibia and Swaziland are considered as lower middle-income countries, and Lesotho is a least developed country. However, all SACU countries face common challenges relating to poverty, unequal income distribution and high unemployment rates.

2.10. The 2002 SACU Agreement is a comprehensive agreement when compared to the previous Agreement of 1969. The main features of this agreement can be summarised as follows:

- Joint decision-making processes: the 2002 Agreement provides for clear decision-making processes whereby all SACU member States are involved, with decisions taken based on consensus.
- The establishment of common institutions: the Agreement establishes a number of common institutions with the SACU Council of Ministers being the highest decision-making body in SACU, supported by the SACU Commission, the Technical Liaison Committees and the SACU Secretariat, a permanent institution based in Windhoek, Namibia, responsible for the day-to-day administration of the agreement. The agreement further provides for the establishment of a SACU Tariff Board, which will be responsible for setting and implementing tariff policy. The Tariff Board will be supported in its work by National Bodies in member States. Finally, the agreement establishes an ad hoc Tribunal created to resolve all differences that might occur amongst member States.
- Revenue-sharing formula: the Agreement makes provision for a revenue-sharing formula that provides for the equitable sharing of revenue derived from customs and excise duties, taking into account the different levels of economic development amongst SACU member States.
- Trade relations with third parties: the Agreement further provides for the establishment of a Common Negotiating Mechanism. As a Customs Union, SACU will have to ensure the integrity of the Common External Tariff. As a result, the Council decided that SACU should enter all trade negotiations with third parties as a bloc.
- Development of common policies: the Agreement recognizes that economic integration cannot proceed in the absence of common policies. The Agreement therefore calls for the development of common or harmonized policies, and increased cooperation in the areas of industrial development, agriculture and competition.

2.11. Since the implementation of the revised SACU Agreement in 2004, a number of initiatives have been embarked on to further deepen integration in the Customs Union and to strengthen the cooperation that exists among the five member States. To this effect, SACU has taken a decision to include a Summit of Heads of State and Government in its institutional arrangement. There have also been initiatives aimed at facilitating further integration, including the adoption of a new Vision and Mission for SACU, as well as a related 7-point priority work programme, which includes: (i) regional industrialisation; (ii) establishment of institutions; (iii) review of the revenue sharing arrangement; (iv) trade facilitation; (v) unified engagement in trade negotiations; (vi) trade in services; and (vii) strengthening the capacity of the Secretariat.

2.12. This work programme is aimed at promoting development integration within the Customs Union, enhance economic development, diversification, industrialization and competitiveness of member States and promote the integration of member States into the global economy through enhanced trade and investment. We believe that if the region is to develop faster and take advantage of regional integration and globalisation, member States need to address the constraints facing the supply side of their economies, including those related to inadequate regional infrastructural linkages. This requires restructuring in member States to be orientated to become more diversified economies and to significantly reduce member States' over-dependence on primary commodities. This would also contribute to increases in the volume of intra-regional trade and SACU's integration into the global economy. The key objective is thus diversification of

production particularly into higher value added products. There is also a need to invest in infrastructure development to promote inter-connectivity between economies.

2.13. There has been notable progress in all areas including on the negotiation and conclusion of some trade agreements. A number of trade facilitation initiatives have been launched and progress has been achieved in defining the parameters for the review of the revenue sharing arrangement.

2.14. With respect to trade negotiations specifically, I wish to indicate that SACU member States continue to undertake trade negotiations with third parties as a collective. This is a legal requirement given our common external tariff. SACU has therefore negotiated common tariff offers with third parties and has thus far signed Free Trade Agreements (FTAs) with the Southern African Development Community (SADC) and the European Free Trade Association (EFTA) and a Preferential Trade Agreement (PTA) with the member States of the Southern Common Market (MERCOSUR). The SADC and SACU-EFTA FTAs already entered into force, while the SACU-MERCOSUR PTA is yet to be implemented as ratification on the part of MERCOSUR is still pending. In addition, we have signed a Trade, Investment and Development Cooperation Agreement with the United States aimed at facilitating increased trade between the two parties to the Agreement.

2.15. We are further also engaged in negotiations with India towards a PTA. As a collective, SACU is also involved in negotiations towards a Tripartite Free Trade Agreement between the Common Market of East and Southern Africa (COMESA), the Southern African Development Community (SADC), and the East African Community (EAC), while negotiations towards a comprehensive Continental Free Trade Agreement involving all African Countries was launched in June 2015. Finally, SACU member States as part of the SACU EPA Group have recently finalized the Economic Partnership Negotiations with the European Union and it is anticipated that the agreement will be signed and ratified by October 2016. Our guiding principle in negotiating all these trade agreements has been adherence to the WTO provisions that apply in this regard.

2.16. Speaking of the WTO, it is important to observe as well that SACU member States are having common tariff bindings to a large extent. There are only a few exceptions to this, and SACU has, with the assistance of the WTO Secretariat, embarked on an initiative to harmonize those bindings. SACU also applies common trade remedies and implements a common tariff setting mechanism. Further work to improve the institutional mechanisms and institutional infrastructure in SACU is ongoing.

2.17. Trade reforms have continued over the last few years. Despite the outbreak of the financial crisis in 2008, the simple average applied MFN tariff remained stable at around 8% since the last trade policy review in 2009 as attested by the latest WTO Secretariat report. It is noteworthy that SACU increased the percentage of duty-free tariff lines from around 54% in 2009 to 56% in 2015. Despite our varied levels of development, the shares of SACU's WTO agricultural products and WTO NAMA products attracting a zero tariff in 2015 are 40% and 58%, respectively. In light of this and other features of our trade regime, we do not concur with the assertion made in the Secretariat report that the SACU Common External Tariff remains complex.

2.18. Although SACU's trading partners have stayed mainly the same since 2010, the percentage of trade with Asia and Africa has increased substantially.

2.19. Deepening global economic interdependence has meant that SACU's economic prospects and resilience to external shocks is often severely tested. This has been most evident during the recent economic crisis which has had a disproportionate impact on SACU given the relatively small size of our economies. The International Monetary Fund projects the global economy to grow by 3.1% in 2015 and increase moderately over the coming few years. For SACU, the average growth for the period 2012-2014 is recorded at around 2.3%. SACU countries have had to contend with the impact of deep declines in commodity prices, volatile exchange rate fluctuations and falling export demand that are attributable to the global trade slowdown.

2.20. Against this background, it is our view that developing countries, including SACU member States must be able to use all legitimate, legal policy space provided by WTO rules as necessary to protect their economies.

2.21. In our view, the recent crisis has served to underline the importance of our programmes to pursue and deepen industrial development, infrastructure development and economic integration in SACU, within our region and across the African continent.

2.22. I wish to thank Members of the WTO for the interest shown in SACU and specifically for the large number of questions received. Nine countries submitted questions in advance, while another eleven countries have submitted since the deadline. In total, we received over five hundred questions. We have sought to provide comprehensive answers to all of the questions received before the deadline. It should be noted that we received a number of questions in Spanish and we were not in a position to answer those without an official translation into English. We will endeavour to provide answers to these questions during this week and all the questions will be answered within the prescribed period of one month as provided for by the rules of procedure. We look forward to a fruitful exchange in this regard.

2.23. In conclusion, I would like to once again thank all delegations and the Secretariat for all your time and effort in participating in SACU's fourth trade policy review, and for already making this exercise a success.

3 STATEMENT BY THE DISCUSSANT

3.1. Thank you Chair, and allow me to welcome the Honourable Ms. Ontlametse B. Ward, Head of delegation of Botswana; Honourable Mrs. Mapulumo Mosisli, Principal Secretary Ministry Trade and Industry and Head of delegation of Lesotho; Honourable Ambassador of Lesotho, Mr. Nkopane Raseeng Monyane; Mr. Gabriel P. Sinimbo, Honourable Permanent Secretary and Head of delegation of Namibia; Mrs. Sabine Böhlke-Möller, Honourable Ambassador to the United Nations and other International Organizations in Geneva; Honourable Ms. Niki Kruger, Head of delegation and spokesperson for the SACU Countries; and Mr. Jinno L. Nkhambule, Principal Secretary, Ministry of Commerce, Industry and Trade and Head of delegation of Swaziland.

3.2. I would also like to welcome the other Members of the delegations that are here today with us. It is a great honour to have the opportunity to share insights of the oldest existing customs union in the world, the Southern African Customs Union (SACU).

3.3. In this sense, I would like to highlight the comprehensive reports prepared by the Governments of Botswana, Lesotho, Namibia, South Africa and Swaziland and by the WTO Secretariat for this meeting. Their effort for the work of this TPR must be emphasized, as this TPR encloses multiple Members, and therefore there are multiple sources of information to be taken into account. Both the Secretariat's report and the SACU's report, thanks to their comprehensiveness, will certainly assist us during the following days in our discussions.

3.4. I would like to draw your attention over certain aspects of these reports, which I considered as being the most important ones to be addressed briefly.

3.5. As you recall, the last review was made in 2009 and that was a year with a particular connotation as a global financial crisis happened during that time. Thus, it is understandable that in the global review that we are discussing today, the effects of this crisis are reflected with a downward trend in their consolidated (total) GDP growth rates. The detrimental impact of the economic crisis on almost all economic activities brought down the consolidated GDP growth as low as -1.7% in 2009. If seen disaggregated, two countries were more resilient to the crisis, as Lesotho and Namibia had GDP growths of 3.4-7.8% and 0.6-6% respectively for the period under review.

3.6. When observed collectively, the SACU economies grew the most in 2010 (3.4%), and in 2011 (3.7%). These positive results were triggered mainly by the pickup of the mining activities throughout the region and also thanks to the revenues from the manufacture sector.

3.7. The discrepancy between the consolidated GDP and the disaggregated one relies mainly on the inequality amongst the SACU economies. With a total GDP of US\$350 billion, South Africa's economy ranked first in the region as it represented over 91% of the region's total GDP (which adds up to US\$380). In contrast, Lesotho accounted for only 0.6% of the total GDP with its US\$2.1 billion in 2013. This macroeconomic inequality is reflected not only on the different levels of development or economic structures between the SACU members, but also on an Intra-country level. For example, one of the biggest challenges that still persist for SACU members is that they rank high on the income inequality worldwide. This situation has worrying social effects throughout the region, as for example the population living below the poverty line has ranged between 19.3% and -63% (Botswana in 2009 and Swaziland in 2010, respectively). We sincerely trust that SACU members will be up to the challenge of overcoming this situation with the policies reforms and programmes that will be discussed during these couple of days.

3.8. As it was noted in the previous report, SACU displays a trade deficit that still has to be corrected by all of its members, except for Botswana, which had a trade surplus during this review period. For example, in Namibia this is a challenging issue, as its trade deficit has increased in a yearly basis since 2010, rising from 3.8 in 2010 to 26.5 in 2014. If a trade deficit widens in one year by 52.3% (from N\$17.2 billion in 2013 to N\$26.2 billion in 2014), the political willingness to address this issue must be accompanied by innovation. That is why we see with optimism that Namibia has implemented the Export Processing Zone Programme (EPZ), which we hope will succeed in attracting investments for export-oriented manufacturing and value added activities.

3.9. But when we analyse the region as a whole, I cannot help but notice that its main source of the aggregate trade deficit is the decline of exports and a high demand for motor vehicles and machinery by South Africa. Even though this is a result of the development that South Africa is experiencing, it would be interesting to hear from all these countries what actions or plans are being taken to overcome this trade deficit experienced in the region.

3.10. South Africa's views about these subjects, in particular, will be most relevant during this review, as it is involved in over 95% of the commercial flows within the customs union. As reported in the previous TPR, there are still opportunities for the region to enhance their intra-SACU trade as, in aggregate, approximately 13% of SACU's imports were sourced by the region. For example, approximately 3% of South Africa's import demands were covered by SACU countries, while Lesotho's and Swaziland's imports were covered in approximately 90% by their SACU partners. This is an opportunity to be addressed, without overlooking the strong market that the region already has with EU countries, which are the leading investors in the region, and with the United States, China, and other Asian countries.

3.11. We are confident that SACU will also be able to increase their extra-SACU trade with these countries, as its members are implementing different types of programmes that will improve the business environment in general. For example, Lesotho's Private sector competitiveness and Economic Diversification project or its Customs Modernization Programme, might ensure trade benefits in general. Also, Swaziland's Investor Road Map and its National Development Strategy could effectively induce economic diversification and growth. Overall, these programmes might help improve SACU members' ranking in the World Bank's doing business report, to rise them back - or even better - to where they were in 2008 (compared to this year's negative results).

3.12. Although no new trade agreements were signed or implemented during the last five years, since the last review report, SACU members are currently negotiating a Preferential Treatment Agreement with India, and they are participating in the negotiations on the Tripartite Free Trade Agreement between COMESA¹, the EAC² and SADC³. Negotiations with the EU on a SADC-EU Economic Partnership Agreement (EPA) were completed last year during July, and some SACU countries maintain trade agreements and have launched bilateral trade negotiations (despite a consensus to negotiate this type of agreements as a group).

3.13. As reported by the Secretariat in 2009, applied MFN customs tariff, excise duties, duty and tax concessions (rebates, refunds and drawbacks), customs valuation, rules of origin, and contingency trade remedies remain harmonized within SACU. But it is noteworthy to mention that in 2014, South Africa adopted a new customs valuation legislation that still derives from the WTO Agreement on Customs Valuation, where the customs value of imported goods is the transaction value based on the f.o.b. prices of imports. SACU's customs valuation regime is still largely based on South Africa's legislation, and in 2011, a "Regional Customs Policy Document" was adopted by the SACU Council of Ministers as a common strategic objectives plan to pursue the implementation of specific customs projects.

3.14. Members of the WTO have submitted interesting questions to the different SACU countries, on a variety of issues, and being so many, I would like to call your attention upon those that deal with SACU's Common regime. Also, concerns about SACU's efforts to bring its institutions into operation and to promote their full independence have been brought forward. Members' questions about the SACU's services liberalization seem most relevant as their economies remain dominated by their relatively large services sector (about 60% of their consolidated GDP).

3.15. I look forward to a very interesting exchange on these and other relevant issues that I am sure will enlighten us during these couple of days. I wish Members and the SACU delegations a very productive discussion.

1 The Common Market for Eastern and Southern Africa.

2 The East African Community.

3 The Southern African Development Community.

4 STATEMENTS BY MEMBERS

SWITZERLAND

4.1. Switzerland appreciates the comprehensive information provided by the SACU member States and the Secretariat on developments since the last TPR. We note that the recent economic downturn has affected the SACU member States in varying degrees. In this context, Switzerland welcomes and encourages the SACU members to pursue their efforts to diversify their economies, with the aim of making them more competitive and resilient to changes in the international environment.

4.2. From a bilateral perspective, the EFTA-SACU free trade agreement - which entered into force in 2008 - provides the framework of our bilateral trade, in particular with regard to trade in goods. In 2014, Switzerland's trade volume with SACU amounted to US\$2.9 billion, with South Africa continuing to be our largest SACU partner.

4.3. With an accumulated stock of Swiss direct investments of US\$2.2 billion and 33'000 employees, Swiss companies have an important presence particularly in South Africa. We will, therefore, continue to follow with high interest developments regarding South Africa's Bill on the Promotion and Protection of Investments, hoping that the new regime will provide a predictable environment and reassure the confidence of investors.

4.4. Let me thank the SACU delegation for the answers provided to the questions submitted prior to this meeting. Among the issues covered by Switzerland's questions, the measures aimed at deepening SACU's common regime in the areas of trade in services and non-tariff measures are of particular interest to us.

4.5. We furthermore note the growing importance of preferential South-South trade agreements also for the SACU member States. In this regard, we will continue to follow and study the outcomes and effects of the negotiations on the Tripartite Free Trade Agreement between COMESA, the EAC and SADC as well as the implications of ongoing negotiations on an Economic Partnership Agreement between the EU and SADC.

4.6. Switzerland also appreciates the important role played by the SACU states in the WTO and in the multilateral trade negotiations. We count on them to contribute constructively to make the coming Ministerial Conference in Nairobi a success.

4.7. One way to do so would be the ratification by all SACU States of the amendment of the TRIPS Agreement on Public Health and the ratification of the Protocol of Amendment to insert the Agreement on Trade Facilitation into the WTO law book. These two amendments have been ratified by Botswana, which we commend for its action. The entry into force of these instruments will in our view be beneficial for each WTO Member and for the multilateral trading system as a whole.

4.8. I would like to conclude by saying that Switzerland is looking forward to further deepening our economic ties with the SACU member States and by wishing the delegations of the SACU states a successful and useful Trade Policy Review.

CANADA

4.9. To set our comments in context, Canada enjoys healthy bilateral merchandise trade with SACU members, which while fluctuating over the last five-years, stood at \$2.3 billion in 2014, up 27% from the previous year. Our trading relationship is balanced, with \$1.08 billion in exports and \$1.2 billion in imports in 2014.

4.10. Although the Secretariat report underlined a lot of fluctuations in SACU countries' economic performance since the last review in 2009, I note that SACU members are forecasted to register consolidated annual GDP growth of approximately 2.3% until 2017, despite the downturn in commodity prices. I am particularly pleased to see the higher consolidated GDP forecast for the Union's much smaller members, which suggests they are managing to produce a respectable overall economic performance in the face of uncertain global economic conditions. Nevertheless,

these growth rates fall short of the 7% the World Bank estimates as being necessary to achieve substantial poverty reduction and sustainable social and economic development.

4.11. Canada commends the Members under review for their continued efforts at fully implementing the provisions of the 2002 Southern African Customs Union (SACU) Agreement. But, in line with the many countries that have raised it in their written questions, we look forward to seeing the completion of common policies and strategies, including fully bringing SACU institutions into operation.

4.12. A good indicator of the work to be done is the feedback we have received from Canadian companies operating in the region. They report that they continue to face disparate taxation, trade and business policies that make doing business difficult, and increased transaction costs that at times appear to run counter to the Union's national development strategies. Allow me to highlight three areas where improvements could lead to better performance on the part of SACU members.

4.13. First, Canadian businesses operating within SACU contend with customs procedures that have not yet been fully harmonized, differences in regulatory and administrative procedures, and different documentation requirements. This is contrary to Article 23 of the 2002 SACU Agreement, which calls for appropriate measures, including customs cooperation, to ensure that the provisions of the agreement are applied effectively and harmoniously. In addition, the inconsistent application of Article 31, which permits member states to provide preferential treatment of goods originating from non-SACU members, where the obligation pre-dates SACU, creates uncertainty, for example, regarding the treatment of goods entering duty free from a third country that are then subject to duties when moved between SACU members.

4.14. I am taking good note from the Governments' submission that SACU members are committed and moving towards ratification and implementation of the WTO Agreement on Trade Facilitation, and I congratulate Botswana on already submitting its instrument of acceptance to the WTO. Implementation of the TFA will help SACU Members to modernize and simplify customs procedures, reduce trade costs, achieve greater competitiveness, attract investment, improve export performance, create jobs and achieve further economic growth.

4.15. The second major concern I would highlight is the high rates of state participation in the economy and over-reliance on a limited number of sectors. In our view, this stifles competition and makes national economies more vulnerable to cyclical shocks. Canadian firms' ability to contribute to private sector-led efforts to diversify the economies of member states is stymied by high-levels of government ownership of large parts of the economy and procurement legislations that provide price preferences to local companies. These arrangements promote inefficiencies in the market place and discourage investment.

4.16. Canada would like to re-emphasize that the establishment of the Tariff Board and fully functional national bodies, beyond South Africa, would improve trade flows.

4.17. In conclusion, Canada would like to wish the SACU delegation a very successful policy review.

EUROPEAN UNION

4.18. It is somewhat of a challenge to make a statement that covers both the regional organisation – SACU – as well as its individual members. SACU is the oldest Custom Union in the world, yet the institutional set-up, the level of development and the geographical characteristics of each SACU member are quite different.

4.19. The reports show that generally speaking growth has not been sufficient in several of the SACU members reviewed. The reports also reveal that the cause of this lacklustre growth can be traced back to the financial crisis or to international developments, such as the evolution of commodity prices. Other factors seem to include – to name only a few - the energy supply (for example in South Africa or Lesotho) or the need to strengthen certain institutions (which seems quite important for Botswana and Lesotho).

4.20. One of the priorities of SACU member States is to diversify their economies, to broaden their export base, and to move up the value chain away from pure reliance on commodities. The EU has also noted their commitment to address major regional and social inequalities, poverty, health, education and the policy measures aimed at attracting investment.

4.21. We strongly support SACU and its members in these policy objectives and believe that this Trade Policy Review will contribute to shedding light on how to obtain them.

4.22. The EU is of the view that the Economic Partnership Agreement concluded in July 2014 should help in this regard, not least because it includes a development chapter that can guide trade-related assistance in a number of key areas for trade and investment. From 2007 to 2013, cooperation with SACU members under the European Development Fund and the EU Budget amounted to about €1.4 billion. The European Investment Bank contributed with a roughly equivalent amount of €1.4 billion during that period. As a result, a number of key areas of national development strategies were supported. We hope to sign our bilateral agreement in 2016. During the negotiations, the EU-SACU relationship has proven to be strong. I would like to express my thanks to my colleagues of SACU for these achievements.

4.23. The EU is by far SACU's biggest import partner and its second export partner. No less than 28% of all SACU's imports originates from the EU and SACU ships 16% of all its exports to the EU. South African exports to the EU are diversified, but we recognize - as do the reports for this review - that the other SACU Members have a narrower export base and that diversification is a key objective.

4.24. We note that trade facilitation is an important area and we are keen to know where the individual SACU members stand in terms of notification of their category A commitments and how far has the process had gone towards the ratification of the Trade Facilitation Agreement.

4.25. In our advanced written questions, we have raised a number of issues. Let me group them into three categories.

- Investment-related measures. Improving the business climate is a condition to attract more Foreign Direct Investment. It is not limited to investment laws and Bilateral Investment Treaties, even if those are indeed quite fundamental. Public procurement, local content requirements, the role of the institutions, the consultation of stakeholders, and the role of State Owned Enterprises in relevant markets are important as well. Naturally, investment is also dependant on infrastructure and a reliable and affordable energy supply.
- Import licenses, import levies and export taxes. In a number of cases, the EU is of the view that there are disproportionate or burdensome requirements that constitute obstacles to trade. We would like to hear more about your reasoning for the appropriateness of these measures.
- The functioning of SACU. The EU would be interested to know more about the Members' views on the perspectives for SACU. For example, we raised questions on competition enforcement at regional and national level, on the link between the Common External Tariff and some applied tariffs, and on the prospects for a reform of the revenue sharing formula.

4.26. Addressing all these issues will keep us busy during the two days of the review. Nevertheless, in our view, discussing these matters could lead to decisions that would bring improvements to the business environment and investment climate in SACU.

NORWAY

4.27. The economic features of the Southern African Customs Union have remained quite stable since the last trade policy review in 2009. The economy contracted during the crisis in 2009, but has since then been growing, albeit at a slower pace than before. The economic growth in Botswana, Namibia and Lesotho has been rather good with growth rates above 3 %, while South Africa and Swaziland have seen more moderate growth rates since 2009. The economic crisis in its main trading partner had, and still has, an impact on the region.

4.28. South Africa is – not surprisingly - the dominant economy in SACU. The South African economy underperformed during the review period, partly due to slowdown of household consumption. Unrest in the mining sector, a sector not reformed during the review period, also negatively influenced the South African economy.

4.29. The economies of the four other SACU countries, Botswana, Namibia, Lesotho and Swaziland, are much less diversified than the South African economy. We believe, as others have already mentioned, that increased diversification could strengthen economic growth in these countries.

4.30. On the World Bank's "ease of doing business" ranking all of the SACU countries fell from 2008 to 2015. This indicates that further efforts could be made to attract more FDI and enhance the economies' growth potential. At the same time, we notice that most of the indicators actually improved during the said period. This tells us that it is only the relative competitiveness of the SACU countries that was reduced during the review period.

4.31. We note that Botswana, Namibia and Swaziland have fully enforced their national competition regimes during the review period, and commend them for that.

4.32. The Secretariat's report states that intra-country socio-economic inequalities within SACU are among the highest in the world, and that the SACU agreement does not provide for harmonization of macroeconomic policies. We would be interested in knowing more about the formula that determines how the customs and excise revenues gathered in SACU are distributed among its members, and how the discussions on the possible review of the revenue-sharing formula are progressing.

4.33. A word on regional trade agreements: we note with interest the initiatives on intraregional trade that the different SACU members are engaged in. We encourage these regional moves as tools for economic diversification.

4.34. As a member of the European Free Trade Association (EFTA) Norway signed a Free Trade Agreement (FTA) with SACU in 2006. The FTA, which entered into force on 1 May 2008, takes account of the SACU countries' diverse levels of development by allowing for special and differential treatment where appropriate, and by setting out principles of economic co-operation and technical assistance. SACU and EFTA held a Joint Committee meeting in April this year, where the parties agreed to continue work in order to improve further the free trade agreement.

4.35. In 2014, Norwegian exports to SACU amounted to 906 million Norwegian kroner (NOK) a decrease by 34% compared to 2013. The most important products are seafood, machinery, medical instruments and oil. Norway's imports from SACU amounted to 3.3 billion NOK in 2014, a decrease by 20% compared to 2013. The most important products are nickel, ores, aluminium, meat and edible fruit and nuts. We hope that the review of the EFTA-SACU FTA will help pave the way for an increase in our trade figures.

4.36. For Norway, assisting developing countries in reaping benefits from the possibilities offered by the multilateral trading system continues to be a high policy priority. Norway channels most of our Aid for Trade funding via international organizations. Our key partners include the WTO, the Enhanced Integrated Framework (EIF), the World Bank Group, the International Trade Centre and UNIDO. We encourage developing WTO Members such as the SACU countries to engage with international organizations and partners in this field to make good use of opportunities for technical assistance and capacity building.

4.37. In conclusion, Norway remains a committed development and trading partner to SACU. We look forward to continued cooperation with the SACU countries, both bilaterally and within the multilateral WTO framework. We are especially looking forward to continue working constructively together to support and strengthen the role of the WTO, as we move towards the ministerial conference in Nairobi.

UNITED STATES

4.38. As noted in the Secretariat's report, SACU member countries have made important strides since the last trade policy review. Since the 2009 global economic crisis, at which time SACU as a whole registered negative growth, SACU member economies have managed to collectively grow at about 3% annually on average; albeit, unevenly among individual SACU members. At the same time, we recognize that the SACU member countries continue to face serious challenges that have kept them from achieving their full economic potential. As the Secretariat's report notes, intra-country inequalities within SACU remain among the highest in the world, with high unemployment and poverty as common challenges.

4.39. Since the last trade policy review, the United States is pleased to continue a robust and vibrant trade and investment relationship with each of the SACU countries. Overall, two-way U.S.-SACU trade in goods grew by 40% to US\$16 billion between 2009 and 2014. Each SACU member country has exported a variety of products to the United States under the African Growth and Opportunity Act (AGOA) and the U.S. Generalized System of Preferences (GSP).

4.40. AGOA remains the foundation of our economic engagement with Africa, and we are pleased that the Trade Preferences Extension Act of 2015 (TPEA) extended AGOA – including the third-country fabric provision – through 2025, the longest ever extension of AGOA. The TPEA also extended GSP through 2017, thus providing producers, exporters, and investors across sub-Saharan Africa the certainty of duty-free access for a wide variety of products to the U.S. market under both AGOA and GSP.

4.41. South Africa has continued to be a significant beneficiary of AGOA. It is the largest non-oil exporter under AGOA, and exports a broad array of goods to the United States under AGOA and GSP, including motor vehicles and parts, metals and minerals, agricultural products, textiles, and chemicals to name a few. Lesotho is a leading exporter of apparel to the United States under AGOA. Botswana exports apparel under AGOA, and Namibia exports worked marble, granite, and wood products under GSP. Swaziland continues to export sugar and other products under GSP, but became ineligible for AGOA benefits in 2015 after failing to take certain necessary steps to protect core labour rights, over the course of several years. All told, over 98% of SACU exports to the United States in 2014 entered the U.S. market duty-free.

4.42. Additionally, since 2008, the U.S.-SACU Trade, Investment, and Development Cooperation Agreement (TIDCA) has provided a forum for consultative discussions, cooperative work, and possible agreements on a wide range of trade issues, including customs and trade facilitation, technical barriers to trade, sanitary and phytosanitary measures, and trade and investment promotion. We look forward to working with SACU to address how to use the TIDCA as an effective vehicle to discuss the future of the U.S.-SACU trade and investment relationship based on a more mature, permanent, and reciprocal relationship.

4.43. The United States has submitted some questions about policies and processes at both the SACU-wide level and in individual countries. I would like to highlight just a few with respect to South Africa, and then also draw your attention to additional issues of interest to the United States.

4.44. With respect to South Africa, I would like to draw your attention to three areas:

- First, according to the Secretariat's report, South Africa bases its animal health requirements on World Organization for Animal Health (OIE) guidelines and on risk assessments. In light of South Africa's commitments under the WTO SPS Agreement, the United States remains extremely concerned regarding South Africa's non-science based requirements that impact the import of poultry meat from countries affected by highly pathogenic avian influenza (HPAI); import requirements concerning Salmonella in poultry; import requirements for beef; and finally, import requirements concerning animal health issues related to pork, including trichinae, pseudorabies, and porcine reproductive and respiratory syndrome.
- Second, we remain concerned about policies that may ultimately have a chilling effect on foreign investment in South Africa. In particular, the provision contained within the Private

Security Industry Regulation Amendment to require at least 51% South African ownership and control of foreign-owned private security firms would negatively affect existing foreign investment in this sector. If signed into law, the bill's local ownership requirement would create a disturbing precedent concerning firms in a broad range of sectors, and would likely discourage foreign firms, including U.S. firms, from considering new investments in South Africa.

- Third, we note South Africa's concern, as stated in SACU's report, related to a provision contained within the Trade Preferences Extension Act of 2015 that requires an out-of-cycle review of South Africa's eligibility to receive the duty-free benefits afforded under AGOA. We note that South Africa, like all AGOA-eligible countries, must meet certain eligibility criteria to take advantage of AGOA's benefits, and we encourage South Africa to take the necessary steps to demonstrate that it is meeting those requirements.

4.45. With respect to SACU writ large, we are interested in hearing how plans for wider regional economic integration in Africa might affect SACU's future, including the recently launched Tri-Partite FTA encompassing the Southern African Development Community, the East African Community, and the Common Market for Eastern and Southern Africa; as well as the African Union's plans for a Continental FTA also announced earlier this year.

4.46. Finally, we applaud Botswana for playing a leadership role within SACU and ratifying the WTO Trade Facilitation Agreement (TFA) and notifying the WTO of its category A commitments. The WTO TFA would set the stage for more efficient customs and border procedures and coordination and encourage regional integration among SACU member countries. The TFA is widely recognized as having broader development benefits in addition to promoting regional integration, private-sector investment, and supporting export promotion. We encourage Lesotho, Namibia, Swaziland, and South Africa to follow Botswana's lead to accept and implement the agreement as soon as possible. The United States stands ready to work with SACU member countries to ensure their timely implementation of the agreement.

4.47. In closing, the United States appreciates the opportunity to participate in this review of SACU's trade policy, and we look forward to further discussions on trade matters with the delegation from the SACU countries.

BRAZIL

4.48. We are glad to announce on this occasion that on the 18th of last September, through Legislative Decree No. 200, Brazil ratified the Mercosul-SACU Preferential Trade Agreement (PTA), signed by the State Parties of Mercosul in December 2008 and by the Member countries of SACU in April 2009. This opens the way for the entry into force of the Agreement and for producers and exporters on the two sides to finally become able to enjoy reciprocal preferences on a number of goods that are comprised in the Agreement.

4.49. Although SACU already ranks as the third destination of Brazilian exports in Africa, we are very optimistic that this agreement will be helpful to promote faster growth in our bilateral trade flows, for both agricultural and industrial goods. The main exported products from Brazil to SACU countries are currently motor vehicles, electrical and mechanical machinery, beef, sugar, minerals, aluminium, fuels, tobacco and wood products. Main exports from SACU countries to Brazil include fuels, iron and steel, chemical products, cars, plastic products, gold, precious gems, aluminium, minerals and mechanical machinery.

4.50. Whenever it becomes feasible, Brazil is interested in working with our Mercosul partners and the SACU Members with a view to expanding and deepening our preferential arrangement.

4.51. Brazil shares with SACU Member States a commitment to place job creation, social inclusion and sustainable development at the center of governmental priorities. In the area of trade, however, as both SACU and the Secretariat rightly acknowledge, the international economic environment has become more challenging for developing countries, owing to lower rates of growth in relevant importing markets and general uncertainty regarding the impact of exit policies from the crisis of the last decade, in both developing and industrialized countries.

4.52. This reality brings about the risk of a backward movement in international economic cooperation, including - and maybe especially - in the WTO. The failure of the multilateral trading system to address issues of critical importance to developing countries, especially the reform of agricultural disciplines, is an opportunity lost time and again.

4.53. Here too we find convergence with SACU in the belief that the multilateral rules-based system shall continue to provide the framework for trade policies with a "net benefit" for development. We also concur with the need to assess the impact of the recent surge in plurilateral, regional and bilateral negotiations on the WTO system, while at the same time recognizing the contribution of these initiatives to the liberalization of trade and investment around the globe.

4.54. On a more hopeful note, we were quite taken by the concept of "development integration" advanced by SACU in the report, where we can find similarities with our own view, in the context of Mercosul, of a successful integration process, built on solid trade foundations but also covering issues such as the promotion of productive integration, physical infrastructure development and cooperation in social policy, environment, health and law enforcement, among other areas.

4.55. Finally, we would like to refer to the questions submitted by Brazil in writing, which reflect an interest in deepening our knowledge of SACU's internal procedures, especially in the area of trade remedies, not only in terms of decision-making, but also regarding the implementation of measures across its Member countries. We have also seen from the report that SACU is very active in trade negotiations with developing and developed countries, and we are of course interested in hearing about SACU's priorities and approach towards third partners, both within their region and elsewhere.

4.56. Strengthening relations with Africa, as a reflection of both historical links to the continent and a long-standing commitment to South-South cooperation, ranks high among Brazil's foreign policy priorities. SACU's TPR certainly offers some important elements and hints at interesting opportunities for our government's consideration. We congratulate SACU on its excellent work and express our satisfaction for taking part in this dialogue.

AUSTRALIA

4.57. Australia commends Botswana, Lesotho, Namibia, South Africa and Swaziland for their efforts in promoting intra-African trade which is making an important contribution to help Africa address its development priorities.

4.58. While SACU faces challenges, Australia knows from its own experience that the road to a stronger economy and increased prosperity lies in structural economic reform. Australia encourages members of SACU to support bilateral and multilateral trade liberalization as an important component of economic reform to help boost trade and contribute to economic growth.

4.59. Australia welcomes the efforts of SACU members towards Africa's economic integration efforts, in both the Tripartite FTA and Continental FTA negotiations.

4.60. We note that Australia and members of the SACU share strong interests in mining and mining related services. We would welcome opportunities to work together more closely in these areas of mutual interest.

4.61. Australia is looking forward to working with SACU members to deliver credible results as the WTO 10th Ministerial Conference in Nairobi, Kenya – the 20th anniversary of the WTO and the first Ministerial Conference to be held in Africa. In particular, Australia will work closely with our Cairns Group partner South Africa to try and achieve outcomes on agriculture. Australia will work with SACU members towards a package of outcomes that supports all WTO Members' participation in the multilateral trading system, and recognizes and supports the importance of the development dimension of the WTO.

4.62. We praise Botswana for submitting its category A notification and ratifying the TFA. We encourage Lesotho, Namibia, South Africa, and Swaziland to ratify the TFA as soon as possible and submit their category A notifications.

4.63. For this review, Australia has submitted a number of written questions relating to SACU's trade and investment regime. We look forward to SACU's response to these questions.

NEW ZEALAND

4.64. SACU members are all long-standing trading partners for New Zealand. Both trade and investment flows between our economies are growing, as is New Zealand's broader economic relationship with the African continent. Accordingly, New Zealand takes an interest in the trade and investment policies of the region.

4.65. Since the period of the last review, total trade between SACU and New Zealand has remained steady at around NZ\$350 million. We are particularly pleased to note that the trading relationship is by no means one-sided. New Zealand has recently seen sizable investments from countries in Southern Africa in the retail sector, and we have also been chosen as a base for southern African businesses expanding further into the Asia-Pacific. This reflects the growing depth of the trade relationship and confidence that our engagement can, and will, deliver mutual benefit.

4.66. New Zealand is encouraged by the ongoing efforts for multilateral, regional, and bilateral trade integration in the SACU region. Our own experience with regional economic integration has been positive. We encourage SACU to continue integration efforts at all levels, and note that regional progress is not mutually exclusive to improved multilateral trade rules.

4.67. We note with concern, however, that each of the SACU members ease of doing business rankings have slid backwards since the previous review. New Zealand is in the process of working with Lesotho and Botswana to improve ease of doing business through projects to digitize the companies' registry processes in those countries. It is our hope that further efforts to harmonise elements of individual SACU policies (such as value added tax and rules of origin) might drive better ease of doing business results and increased trade flows.

4.68. One of SACU's members, South Africa, is a fellow founding member of the Cairns Group. We are encouraged that the Secretariat report notes that agriculture is one of the least supported industries in terms of subsidies. We look forward to clarification about how SACU governments ensure that where a specific or mixed tariff is used the bound tariff rate is not exceeded.

4.69. New Zealand has been proud to work with all of the SACU members to improve access to agricultural and other trading opportunities, including last year co-hosting with South Africa a workshop on Food Safety Systems for Export, with participation from government and commercial representatives from all members of the Southern African Development Community.

4.70. New Zealand appreciates SACU's continued commitment to the multilateral trading system and we welcome the positive steps that SACU members have taken in the time since the last TPR.

COLOMBIA

4.71. During the period under review, the consolidated economy of the five countries of the Southern African Customs Union (SACU) showed a downward trend. The impact of the world economic crisis has been felt in almost all the member countries. As noted in the Secretariat report, this can be explained by the effects of the debt crisis in the European Union, SACU's main trading partner, and the economic uncertainty experienced by other industrialized countries that are important to the Union.

4.72. In terms of economic performance, inequalities between and within the countries are still an issue. Botswana and South Africa, and more recently Namibia, are classed as countries with an upper middle per capita income, while Swaziland remains a lower middle income country, and Lesotho, a least developed country (LDC). South Africa's highly diversified economy contrasts with the narrow based ones of its regional counterparts: diamonds and other minerals in Botswana and Namibia; textiles and clothing in Lesotho; and sugar in Swaziland. We would therefore encourage these countries to diversify their export products and markets. This considerable challenge is faced by a number of developing countries, but meeting it will, in the medium and long term, help to strengthen our economies with a view to containing, to a certain extent, the negative effects of economic crises.

4.73. Regarding bilateral trade, South Africa is not only Colombia's main SACU partner, but its principal African trading and investment partner. In 2014, Colombia's exports (f.o.b.) to South Africa amounted to US\$165 million and comprised mainly petroleum (73%) and ferronickel (20%). Imports amounted to US\$41 million, with metallurgical goods accounting for the largest share (46%). Bilateral trade between the two countries amounted to 99.6% of all Colombia's trade with SACU in 2014.

4.74. From the reports, it is clear that SACU faces a number of challenges that to a certain extent affect trade. The customs tariff is complex. As noted in the Secretariat's document, it comprises ad valorem, specific, mixed and formula duties, and a combination thereof. The rates also display relatively high dispersion. A high level of protection continues to be applied in SACU countries to both agricultural and manufactured products, particularly in South Africa.

4.75. SACU has been an active participant in regional trade agreements. Negotiations with the European Union on an Economic Partnership Agreement were concluded in 2014. An agreement with India and a tripartite agreement with the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community are also being negotiated. The SACU countries currently have regional trade agreements with members of the European Free Trade Association; a Trade, Investment, and Development Cooperation Agreement with the United States; and a reciprocal trade agreement with the MERCOSUR countries, which is not yet in force. It should, however, be noted that during the review period, SACU did not sign or bring into effect any new trade agreements. We hope that the establishment of clear and predictable disciplines through agreements with more trading partners will contribute to the economic and social development of all SACU members and help ensure their further integration into the WTO and the world economy.

4.76. Lastly, we would like to highlight and acknowledge the efforts that have been made by each of the SACU members to fulfil their obligations and improve the multilateral trading system. Botswana was the eighth WTO Member to ratify the Agreement on Trade Facilitation in June this year. Lesotho is an active WTO Member and participates in various negotiating groups such as the ACP, the African Group, the G 90 and the LDC group. Namibia has made the most of the technical assistance and training opportunities provided by the WTO; it has, for instance, participated in 230 activities since the last review. South Africa was an active participant in the Trade Facilitation Agreement negotiations and, according to its authorities, has begun the ratification process. Lastly, Swaziland, which, in spite of certain difficulties, has succeeded in fulfilling a number of its WTO notification obligations for the review period.

4.77. We encourage SACU to continue playing an active role in the WTO, particularly in the current negotiations. We wish it every success in its fourth trade policy review.

SINGAPORE

4.78. Since its last TPR in 2009, SACU has bounced back from the global financial crisis, collectively growing by more than 3% in the immediate years after. It is clear that trade was and remains a key engine for economic recovery and growth, with SACU's collective trade continuing to account for about 60% of its GDP.

4.79. We are heartened that SACU is continuing its effort to improve its trade environment. Individual SACU members have made headways in reforming their economies, including by implementing policies to: (i) improve the business environment and investment climate; (ii) diversify exports; and (iii) improve trade facilitation. In particular, we commend Botswana for being the eighth Member to ratify the WTO TFA. We urge the other SACU members to ratify the TFA as soon as possible. SACU members form a critical part of the value chain in Africa, and the early entry into force of the TFA would present tangible benefits for SACU.

4.80. We note also that SACU is currently negotiating an FTA with India, and participating in the negotiations on the Tripartite FTA (T-FTA) between Common Market for Eastern and Southern African (COMESA), East African Community (EAC) and Southern African Development Community (SADC). Singapore, too, remains interested in strengthening trade linkages with SACU through an FTA. The bilateral trade account between Singapore and SACU is on an upward trend, increasing 7% to reach S\$3 billion last year. Our very first trade promotion office (IE Singapore) in

Sub-Saharan Africa (SSA) was established in Johannesburg, South Africa in 2011. Singapore companies are already operating in SACU in sectors such as ICT, infrastructure, and logistics. There are also strong links between our officials through the 1800 SACU officials who were trained in fields such as economic development, trade promotion, and urban development through the Singapore Cooperation Programme.

4.81. We urge SACU to continue looking outwards and to leverage on trade to drive economic growth and development. The Secretariat's report notes the increase in average MFN tariffs and complex tariff regime. The presence of tariff escalation has also continued to provide higher effective protection for processed goods. We urge SACU to take timely and concrete steps to eliminate these barriers to trade.

4.82. Finally, Singapore looks forward to continued constructive cooperation with SACU members through the missions of Namibia, Botswana, South Africa, Lesotho and Swaziland in Geneva to strengthen the Multilateral Trading System and to deliver a successful Nairobi Ministerial Conference. We thank SACU for their timely responses to our questions and wish them every success in their fourth Trade Policy Review.

RUSSIAN FEDERATION

4.83. The Russian delegation would like to welcome the fourth Trade Policy Review of the Southern African Customs Union. We have no doubt that the present TPR will be mutually informative and practically useful both for the SACU members and for the whole WTO Membership. We believe that the current TPR of the Southern African Customs Union (the oldest customs union in the world, which dates back to 1910) will become an excellent monitoring exercise enhancing the transparency and enabling us to emphasize those elements in the SACU's trade regime we are interested in or concerned about.

4.84. We take note of the SACU members' initiatives aimed at promotion of the integration into the global economy, enhancement of the economic development, diversification, industrialization and attraction of foreign direct investments.

4.85. Notwithstanding the existing economic and social challenges, the SACU members play an active and visible role in the WTO. We appreciate their commitment to the multilateral trading system.

4.86. On the bilateral track, SACU and the Russian Federation have enjoyed mutually benefiting trade and investment relationships, progressing well over the last ten years. The amount of our bilateral trade in 2014 totalled about US\$1 billion, which represents an exceptional increase of 89% over 2009. We note that the substantial share of the total bilateral trade has traditionally been conducted with South Africa, the biggest economy in SACU. Nevertheless, we believe that we have the potential to further enhance trade in goods and services and to increase the flow of investments with all SACU members.

4.87. Prior to this review Russia has submitted a number of questions regarding certain SPS measures drawing the special attention of SACU countries to the improvement and development of agricultural production, taking into account the important role of the sector in achieving food security and rural development. We will consider the answers thoroughly.

4.88. In conclusion, we would like to thank the delegation of SACU, the Secretariat and of course, our esteemed discussant, for their hard work done so far. We wish Botswana, the Kingdom of Lesotho, Namibia, South Africa, and the Kingdom of Swaziland a successful trade policy review.

MEXICO

4.89. SACU is the oldest existing customs union in the world. We would like to reiterate the concerns raised by Singapore, Colombia and other Members regarding the complexity and disparity of its tariff structure. The simple average applied Most Favoured Nation (MFN) tariff rate is in fact 8.3% *ad valorem*, as 0% duty is applied to around 57.5% of all tariff lines. There are, however, still a number of lines in which the applied tariff is more than 90%, and one in particular in which it is 624%.

4.90. The Secretariat report notes that both Lesotho and Swaziland obtain over half of their government income from the taxes and duties of this customs union, while Namibia obtains 33% and Botswana 30%. It also notes that the services sector accounts for approximately 60% of the consolidated GDP of the various economies. It is, however, noticeable that despite such long-standing economic integration in the monetary ambit and the area of trade in goods, no provisions have yet been introduced with a view to integration in respect of trade in services, nor is there sufficient harmonization of non-tariff measures with respect to goods.

4.91. In any case, we agree that opening up trade in services may help to diversify these economies and make them less dependent on the income obtained through trade in goods.

Botswana

4.92. We congratulate Botswana on being the first of these countries to have notified Category A measures and to have ratified the Trade Facilitation Agreement. We encourage the others to follow suit.

4.93. From 2008 to 2014, Botswana's GDP grew at an average annual rate of 4.5%, with growth peaking at an enviable high of 5.8% in 2008. Although Botswana already has an economic competition law and authority, its economy remains highly dependent on the mining sector, which accounts for almost one fifth of its GDP and 63% of exports. In this respect, we note that it might be wise to diversify economic activities even further. In our delegation's view, this could be done by attracting more foreign direct investment, above all in services, through harmonization of the legal framework in this area.

Lesotho

4.94. Lesotho has the most vulnerable economy in the region. This is due to a number of factors, including its least developed country status and its landlocked nature. Despite showing a trade deficit in goods and services, it has made progress in terms of diversification, which we applaud. This progress is still, however, very minor, and our delegation therefore encourages Lesotho to continue strengthening its institutions, in particular the Department of Standards and Quality Assurance, and to move forward in harmonizing standards and conformity assessment procedures under the Standardization, Quality Accreditation and Metrology programme of the Southern African Development Community (SADC).

Namibia

4.95. We would like to take this opportunity to congratulate Namibia on having improved its legal framework in the area of information and communication technology, which is a notable achievement. We encourage the country to continue its efforts until it achieves its objective of universal telecommunications coverage, particularly with regard to the Internet.

4.96. Namibia also stands out for having one of the most developed financial systems in Africa - one in which the saving public has a high level of confidence. In spite of such enviable achievements, Namibia is not resting on its laurels, and has continued with its policy to strengthen the financial system, most notably by migrating to Basel II as a regulatory standard for capital adequacy in 2010 and by completing the Namclear Automated Clearing House Project in 2013.

South Africa

4.97. We note that South Africa ranks 43rd in the World Bank's Doing Business 2015 index and that it stands out in a number of areas, particularly that of construction permits.

Swaziland

4.98. Our delegation congratulates Swaziland on approving its new telecommunications legislation and establishing an independent regulatory body in this area.

4.99. We thank Botswana, Lesotho, Namibia, South Africa and Swaziland for their replies to the questions posed by our delegation, and wish them every success in this review.

CHINA

4.100. Although the overall economic growth of SACU countries fluctuated due to the global economic crisis since last review, we are pleased to see that the growth rates of Botswana and Namibia rebounded sharply after weak performance in 2009 and have remained high since then. SACU countries boast rich natural resources and economic potentialities, and China encourages them to bring their potentialities to full play by further by further economic reform and liberalization.

4.101. In this regard, we appreciate the efforts of SACU countries to facilitate trade and investment by harmonizing the applied MFN customs tariff, excise duties, duty and tax concessions, customs valuation, rules of origin and contingency trade remedies, and further streamlining customs procedures and documentation within SACU. We believe that the common and harmonized economic and trade policies will contribute to their integration into the global trading system. China also welcomes the introduction of national competition regimes in Botswana, Namibia and Swaziland, as well as the measures taken by Lesotho to modernize its institutional framework and allow foreigners to hold a land title subject to certain conditions.

4.102. Since the last review, economic cooperation between the SACU and China has maintained a strong momentum in general. China is the largest and fastest-growing export destination of SACU, with our import from SACU reaching US\$48.9 billion in 2013. The demand from China is playing an ever greater role in boosting the export of SACU countries, contributing to improving livelihood and reducing poverty. Though our bilateral trade experienced a moderate decline of about 7% in 2014, China believes that the foundation for our economic cooperation remains sound.

4.103. In December this year, the Forum on China-Africa Cooperation (FOCAC) Summit will be held in South Africa and we wish it will inject new energy to our cooperation with Africa, including with SACU countries. China is willing to take this opportunity and make joint efforts with our African friends to expand our ties in trade, investment and industrial capacity cooperation.

4.104. While our economic cooperation with SACU is enjoying generally sound development, it is true that there are some concerns from our business communities, such as the complex common external tariff (CET), the highest *ad valorem* rate (624%) applied to imported worn clothing and worn textile articles, the country-specific agricultural and industrial policies within SACU, and an increase of import tariff rates for certain steel products by South Africa recently. These concerns are included in our written questions, and China is looking forward to receiving answers from SACU.

4.105. Both China and SACU countries have long been strong supporters of the multilateral trading system and active participants in the Doha Development Agenda negotiations. As a developing member, China highly commends SACU countries for their support to the DDA, and is looking forward to joining hands with SACU countries and other WTO members to contribute to a credible and meaningful outcome of the MC10, and achieve a development-oriented and balanced successful conclusion of the DDA in the future.

ARGENTINA

4.106. We are pleased to note that during most of the period under review (2009-2015), SACU's economy experienced annual GDP growth of around 3%, except in 2009, when GDP contracted by 1.7%. After 2009, the growth rate picked up again, exceeding 3.4% in the following years and reaching 3.7% in 2011.

4.107. We are also pleased to learn that per capita GDP grew significantly during the review period, reaching US\$5,830 in 2013.

4.108. These positive figures in terms of economic growth can be explained by the importance of the mining and manufacturing sectors in the member countries of the Customs Union.

4.109. We note that the services sector continues to be the largest sector in the economies of SACU member countries, accounting for around 60% of GDP during the period under review.

4.110. Furthermore, we note the programmes being implemented in the region to overcome the trade deficit that has affected all the countries except for Botswana. This political will will almost certainly be reflected in SACU's aggregate figures in its next trade policy review. South Africa plays a significant role in the region, not only because of the volume of exports that it receives from its neighbours, but because some of its regulations serve as a model for other countries in the Customs Union, in the area of customs valuation policy, for instance. Argentina welcomes the efforts made to update this legislation and to ensure a unified policy in this respect between SACU members.

4.111. In multilateral negotiations in various forums, including the G-20, South Africa and Argentina have, for many years, worked together and held common positions in favour of development. At the WTO, this close cooperation has been especially evident in the last 15 years of negotiations under the Doha Round, where joint proposals have been submitted with other Members on issues such as market access for industrial and agricultural products, and efforts have been made to ensure equal conditions in the general negotiation process.

4.112. South Africa, as the coordinator of NAMA-11, and Argentina hold similar positions in the Doha Round negotiations. Both countries consider policies aimed at diversifying and stepping up industrial production to be of vital importance, as they do the role that integration agreements between the Southern Common Market (MERCOSUR) and the Southern African Customs Union (SACU) can play in achieving this.

4.113. We invite SACU to join us in moving the Doha negotiations forward with a view to achieving a balanced outcome across the different areas under negotiation. As developing countries, we are responsible for ensuring that the Doha Round is indeed a development round and that it respects the established mandate without harming trade.

4.114. Lastly, while reiterating our appreciation of this renewed opportunity to exchange information and ideas concerning SACU's trade policy, we would like to stress the importance of this exercise in transparency from every point of view and to wish the authorities of the SACU countries every success in their trade policy review.

JAPAN

4.115. Though we are located far apart from each other, for some years now Japan has been developing close cooperative relationships with the member countries of the SACU. The SACU is attracting world's attention by its huge economic potential as a base for the development of Sub-Saharan Africa. Thus, there is an enthusiasm in Japan in further-developing our relationships with Africa, especially with SACU region.

4.116. Japan has been promoting the cooperation with Africa through the TICAD process (Tokyo International Conference on African Development). Next year, we will have the TICAD VI meeting for the first time in Africa. We hope that TICAD VI will contribute to further strengthening our tie, and to the development of the Continent.

Macroeconomy

4.117. The Secretariat's report mentioned that the SACU economy has shown signs of slowing down. While the economy had gradually recovered since 2010, it slowed down again in 2012. The main reason for the slowdown has been attributed to weak household consumption in South Africa resulting from anxiety of investors and the highly volatile nature of the Rand.

4.118. South Africa has several structural economic problems including huge economic gaps among its residents, frequent strikes, unstable electricity supply and so forth. These problems are likely to cause anxiety of investors regarding the country's prospects. While Japan recognizes and positively evaluates the efforts that South Africa has been making to overcome such problems, we encourage South Africa to continue implementing appropriate policies, which we hope will lead to a more attractive business environment in South Africa.

WTO/EPAs/Regional integration

4.119. The SACU member countries are original members of the WTO, with which we have the pleasure of cooperating in maintaining and strengthening the multilateral trading system over many years. We would like to expect the contribution from the SACU member countries to finish the relevant internal procedures in a timely manner for an early entry into force of TF Agreement.

4.120. We commend the SACU for the continuous efforts it has made for the regional integration, increasing cooperation within the SACU and harmonizing various policies, especially those related to customs issues.

4.121. It is also noteworthy that the Southern African Development Community has concluded EPAs with the EU and Mercosur and the "Trade, Investment, and Development Cooperation Agreement (TIDCA)," with the United States.

4.122. Japan commends the SACU's efforts for the regional integration and further trade liberalization, but at the same time we should stress the importance of making these initiatives fully consistent with the WTO Agreement so that they complement and contribute to the multilateral trading system.

Concerns

4.123. Now I would like to make some comments on some specific issues on which we have concerns.

4.124. Firstly, we are concerned about a problem with the mandatory "Letter of Authorization" (so-called LoA) for electrical appliances. We recognize that the South African regulator requires industries to obtain a "Letter of Authorization" before import or sale of electrical appliances. Our concern is about the duration of the respective administrative periods to obtain the LoA. It is reported that the difference between the lengths of the respective administrative periods for imported electrical appliances and locally produced electrical appliances is not insignificant. Taking this opportunity, Japan requests South Africa to provide a concrete explanation concerning this matter.

4.125. We believe that fair and efficient management of the LoA system will lead to a more stable and attractive business environment, which will result in robust and sustainable economic growth.

4.126. Secondly, we have a concern about the Mineral and Petroleum Resources Development Act, especially in regard to the articles on "beneficiation." We recognize that the South African government is proposing an amendment to the MIPRA Act to parliament. The bill may grant the Minister for Mineral Resources the authority to designate certain minerals and make them liable for export restrictions. We request that the South African government share its views in regard to the conformity of the MIPRA amendment bill with the GATT Article 11.

4.127. In conclusion, I would like to express our strong wish to continue cooperation between the SACU member countries and Japan.

ECUADOR

4.128. It is very interesting for Ecuador to participate in this trade policy review, as the documents provided not only examine the problems experienced by SACU member countries, but also acknowledge their trade policy developments.

4.129. In this respect, we note the Secretariat's information on how economic performance has fluctuated in the five countries since 2009, with a downward trend in total GDP growth rates. This situation has largely resulted from the global economic crisis and its impact on the mining and manufacturing sectors.

4.130. We note the Secretariat's information on how 2009 was considered a negative year for SACU member countries, due to them recording their lowest economic growth, e.g. -7.8% in Botswana and -1.5% in South Africa.

4.131. Relatively high inflation during the review period, due to currency depreciation, as well as high food and fuel prices, are problems that have not helped to improve the general situation in the five countries.

4.132. The Secretariat report notes that the customs tariff remains complex due to the various types of duty involved, which include ad valorem, specific and mixed tariffs, and a combination thereof.

4.133. Although the 2002 SACU Agreement calls for the harmonization of agricultural and industrial policies, this has not yet materialized, which means that sectoral policies remain country-specific.

4.134. In spite of the problems described, my delegation wishes to acknowledge the progress that SACU has made in the area of harmonization; indeed, the applied MFN customs tariff, excise duties, duty and tax concessions, customs valuation and rules of origin are now harmonized. This demonstrates the efforts made by the Union's five member countries to facilitate trade and streamline customs procedures and documentation.

4.135. Ecuador also recognizes the efforts made during the review period by Botswana, Namibia and Swaziland to implement their own competition regime, thereby joining South Africa in having a national competition policy. We urge Lesotho to continue its efforts to join the other countries in this respect.

4.136. My country also notes that South Africa has the most technologically advanced and diversified economy in Africa, with a large services sector open to foreign investment. We also recognise that South Africa is the main investor in the other SACU countries and that it dominates regional trade, with over 95% of commercial flows within the Customs Union involving it as a destination or source. Regarding Botswana and Namibia, we would like to encourage their diversification efforts, as these countries depend, to a large extent, on the mining sector and, in particular, diamond exports.

4.137. In conclusion, we thank the SACU delegations for their replies to our questions on certain aspects of their trade policy. These replies will provide significant input for strengthening bilateral foreign trade relations.

REPUBLIC OF KOREA

Korea-SACU bilateral relations

4.138. I am pleased to note that Korea and SACU countries have established and maintained close economic ties as the bilateral trade volume reached US\$3.3 billion in 2014. Korea indeed hopes that its economic partnership with the SACU will continue to grow and develop in the future.

General assessment of SACU's achievements since 2009

4.139. Turning to economic trends within SACU, I wish to note that the economies of SACU countries are showing signs of collective recovery after the growth rate declined to -1.7% in 2009. Based on this economic upturn, since 2012, SACU's annual GDP growth rate has stood at around 2.5%. Specifically, we see that the recovery has resulted mainly from a sharp pickup in the mining and manufacturing sectors. Given the global economic difficulties, these achievements are impressive.

Points for further consideration

4.140. While reviewing the progress achieved by SACU during the review period, my delegation noted some areas in which considerations for further improvement might be necessary. I would like to take this opportunity to point out two items for consideration by my SACU colleagues.

4.141. First, it would be recommendable for SACU to expedite its technical evaluation process for imported products, in particular, in relation to electro-technical products. For companies in this field, the timing of introducing their new products into the market is very critical. In this regard,

we appreciate that the National Regulator for Compulsory Specifications (NRCS) of South Africa has recently introduced a fast-track review in order to speed up said process. We hope that this new system will operate in an efficient and business-friendly manner and will be a good model for other SACU countries.

4.142. Second, we would like to emphasize the importance of foreign investment for the development of the SACU region. SACU has a great deal of potential for development in the areas of infrastructure, information, communication and technology (ICT). Many foreign investors have shown interest in SACU and have contributed to its economic and social development. We believe that foreign investment will also play a crucial role in overcoming major challenges facing SACU including poverty, unemployment and inequality. In this vein, we hope that the protection of foreign investment will be enhanced in this region in a way that is consistent with international rules.

Concluding remarks

4.143. It is our hope that SACU will continue to actively participate in strengthening the WTO multilateral trading system. We also hope that the SACU countries will submit their Category A commitments of the Trade Facilitation Agreement (TFA) and acceptance of the instrument preferably by the MC-10.

4.144. With this, we would like to conclude by expressing our sincere appreciation to each delegation representing the SACU countries for the hard work and wish SACU every success in its TPR.

HONG KONG, CHINA

General

4.145. Hong Kong, China enjoys cordial trade relations with SACU members. Our total merchandise trade amounted to US\$2.4 billion in 2014. The average annual growth rate in bilateral trade between Hong Kong and SACU was 13% from 2010 to 2014. The bilateral trade increased by 36% in 2014. We look forward to further growth in our bilateral trade with all SACU members in future.

Tariff

4.146. Regarding trade in goods, we note that the overall tariff structure remains rather complex with the existence of *ad valorem* duties as well as non-*ad valorem* duties that have come in different forms. As pointed out in the Secretariat report, the imposition of non-*ad valorem* rates on some tariff lines also creates a risk of non-compliance by SACU members with their individual tariff bindings. We therefore encourage SACU to further simplify its tariff structure and follow the bounding commitments so as to provide greater certainty to traders.

Trade facilitation

4.147. We note that during the review period, SACU members have taken a number of steps to facilitate trade. For example, South Africa has embarked on a wide range of trade facilitation reforms including legislative changes and modernisation of customs procedures. Swaziland has modernised its customs procedures and gradually implemented an electronic data interchange system for customs at border posts. It has also established a National Working Group on Trade Facilitation to coordinate work relating to trade facilitation in the WTO. We welcome these trade facilitating initiatives and encourage SACU members to continue their efforts in this regard.

4.148. We appreciate Botswana's commitment to the timely implementation of the Trade Facilitation Agreement (TFA) by filing its Category A notification and being one of the first Members to ratify the Agreement. We hope very soon other SACU members can also join our efforts to bring the TFA into force by MC10. We are pleased to note that South Africa is currently in the process of ratifying the TFA and we look forward to its acceptance of the Agreement in the near future.

State-owned enterprises and privatization

4.149. We note that state-owned enterprises continue to play a significant role in SACU economies. We are pleased to note that SACU members have been making efforts to rationalize the participation of the Government in their economies. We encourage them to make further efforts to pursue their policies of privatisation, which will provide an environment conducive to private sector participation, reduce restrictions on foreign ownership, enhance competition and realise economic diversification.

Services

4.150. Turning to services, we note that trade in services continues to be an important contributor to the economy of SACU. As a services-oriented economy, Hong Kong, China, firmly believes that services liberalisation would induce economic growth of SACU members.

4.151. We are glad to see that SACU members have reviewed their legislations and introduced a number of regulatory and institutional changes to services sectors such as the financial services, telecommunication services and tourism for the sake of better governance.

4.152. We certainly recognize the challenges involved as well as the adjustments required, but the benefits from such reforms will pay off in the long run. In this regard, we would also encourage SACU members to pursue similar regulatory reform in the transport and logistics sector, as this sector has proven to provide essential infrastructural support for trade.

Concluding remarks

4.153. Finally, I look forward to receiving responses from SACU to our written questions. I wish SACU a very successful and fruitful trade policy review.

THAILAND

4.154. In 2014, the trade value between Thailand and the Southern African Customs Union is approximately US\$3.5 billion. There is a great potential for the expansion of trade in goods, services and investment between Thailand and the Southern African Customs Union. We hope that our trade relationship will continue to grow more substantially in the future.

4.155. In the past few years, we noted that the economic performance has fluctuated in the five countries of the Southern African Customs Union. In this respect, we believe that Thailand's Duty Free Quota Free (DFQF) scheme for LDCs coming into effect on 9 April 2015 which provides preferential market access to all the LDCs under the list of the United Nations will help increasing trade value between Thailand and the LDC countries in the Southern African Customs Union and, to the certain extent, alleviating the economic fluctuation.

4.156. With regard to the multilateral trading system, Thailand highly appreciates the Southern African Customs Union's coordination with this organization. During the recent TRIPS Council, we noted that the delegation of Lesotho on behalf of the African Group co-sponsored the submission circulated in document IP/C/W/607 regarding non-violation and situation complaints. We look forward to cooperating with all Members including the Southern African Customs Union on this issue as well as other issues in order to achieve an acceptable and meaningful outcome for the MC10 in this December.

4.157. In this review, Thailand has submitted several questions to the Southern African Customs Union, covering the trade policies and strategies, the Green box support, the Ecotourism Certification System, the major infrastructure projects, the automotive industry, the investment in the service sector, the textile and garment sector and the diamonds sector. We look forward to receiving the Southern African Customs Union's response in due course.

4.158. In conclusion, Thailand would like to express our appreciation to the Southern African Customs Union delegations for the today presentation. We wish the Southern African Customs Union every success in the fourth trade policy review.

CHILE

4.159. Chile maintains diplomatic relations with the five countries of the Southern African Customs Union and can affirm that we are like-minded countries as regards multilateral issues, the promotion of democracy, the respect of human rights and trade liberalization. Like Chile, these five SACU countries face challenges such as economic diversification and the incorporation of value added in industry.

4.160. An example of the good political relationship we have with these countries is our history with South Africa. In the 1990s, the arrival of democracy in our countries meant that we both went through the process of becoming reintegrated in the international system and together we embraced principles such as multilateralism and human rights. The process of transition and reconciliation served as a model for others and, since then, Chile and South Africa have been considered "like-minded" countries in the multilateral sphere.

4.161. I should emphasize that in recent years, Chile has tried to move its foreign policy closer to the African continent by taking the following steps: (a) obtaining accreditation before the African Union (2007); (b) participating in the South America-Africa Summit (ASA) since 2007; (c) opening an embassy in Ghana (2013) and, shortly, in Ethiopia; (d) organizing a visit by President Michelle Bachelet to South Africa, Mozambique and Angola in August 2014; (e) opening trade offices in Morocco and South Africa; (f) applying for observer country status in the Economic Community of West African States (ECOWAS) in March 2015; and (g) undertaking public-private trade missions to various African countries in June 2015.

4.162. Chile's cooperation is South-South and triangular, and preferably involves technical assistance and human capital training. As announced by President Bachelet during her State visit to South Africa, 30 Master's degree scholarships have for the first time been made available for African professionals wishing to specialize at Chilean universities. This scholarship programme, known as the "Republic of Chile - Nelson Mandela Scholarship Programme", has been in effect since 2015. Three of its current students are South African.

4.163. In addition, Chile's strong desire to make a contribution to the objectives of the multilateral trading system and improve its trading links with the African countries most in need are also in evidence in the Chilean Law of 28 September 2013 eliminating tariffs for the 48 least developed countries. This unilateral, non-reciprocal tariff preference regime for LDCs provides for a zero rate on imports of goods originating in and coming from this group of countries. The regime is fully operational and in force; it may be interesting for Lesotho to export to Chile under this law and we encourage it to avail itself of this tariff preference.

4.164. Trade between Chile and the five SACU countries amounted to US\$303 million in 2014, the highest level reached in the last five years.

4.165. In relation to the present report, we are following with interest the efforts made by these five economies to achieve sustainable economic growth through the diversification of production. We recognise South Africa's good economic base, but encourage Botswana and Namibia to open up to new production structures in addition to diamonds and other minerals. Lesotho and Swaziland should do the same, so as not to depend so much on the textile and sugar industries, respectively.

4.166. The report notes that intra-country inequalities within SACU are among the highest in the world, which we find to be a matter of some concern. We hope that the level of State intervention in the economy is not as high.

4.167. We therefore feel that Botswana, through its Privatization Master Plan II, the main objectives of which are to identify services and public enterprises that are suitable for privatization during the period 2014-2019 and to enhance the rationalization of parastatal enterprises, is heading in the right direction.

4.168. We would also like SACU members to reduce the tariff protection rate for agriculture and to refrain from increasing tariff protection for non-agricultural products.

4.169. The report notes that at the end of 2014, South Africa (on behalf of SACU) maintained definitive anti-dumping measures on imports from 13 WTO Members. We hope that these measures will be reduced.

4.170. The modernizing reforms introduced by some of these countries, e.g. those of Lesotho in areas such as telecommunications, electricity and financial services, are positive. Furthermore, we hope that the reforms introduced by Namibia to improve the competitiveness of agricultural industries and to promote the addition of value to products will help to improve the quality of life of its population. We encourage Namibia to maintain the high standard of its financial system.

4.171. The public-private sector relationship fostered by some of these countries is positive. One example in this respect is Swaziland, which, through its Public-Private Partnership (PPP) Policy launched by the Government in 2013, helps to increase private investment participation in the economy. The aim of the PPP Policy is to accelerate the provision of physical infrastructure by using private sector resources and, by the same token, providing investment opportunities for the private sector.

INDIA

4.172. Since its last review in 2009, SACU has achieved a major milestone with the completion of 100 years of world's oldest customs union in 2010. We congratulate SACU member States for this remarkable feat, which is a testimony of achieving growth, prosperity and development through regional integration and a collaborative process among developing countries. Notwithstanding different economic circumstances of its member States, SACU's ability to forge partnerships to overcome their development challenges is commendable.

4.173. India's relations with individual member States of the SACU have been close and cordial, rooted in our historical linkages. Today, our partnership with the African region is wide ranging encompassing almost all aspects of economic cooperation. India's total trade (over US\$12 billion last year) with the SACU member States has been on an upward trajectory in the last five years. Apart from expanding trade, India's partnership with SACU member States is animated by mutual investments and a range of development and capacity building projects. Indian companies have invested in the SACU region in diverse areas such as Information Technology, pharmaceuticals and automobiles. Similarly, a number of companies, especially from South Africa, have invested in the Indian market in different sectors. India is negotiating a Preferential Trade Agreement with SACU to further deepen trade linkages.

4.174. Besides trade and investment ties, India is proud of its development partnership with the SACU region. India hosted the Third India-Africa Forum Summit in New Delhi last week with the participation of 54 African Union member States, and it was our privilege to welcome leaders from Botswana, the Kingdom of Lesotho, Namibia, South Africa and the Kingdom of Swaziland at the Summit. At the Summit, the Government has announced several initiatives to scale up our multi-faceted partnership with Africa. India remains committed to enhancing its economic and development partnership with partner countries in Africa to foster cooperation in wide ranging areas such as infrastructure development, trade, agriculture, clean energy, irrigation, enhancing manufacturing capacities together with building human capital through capacity building programs.

4.175. As noted in the Secretariat report, the economic performance of SACU member States has been uneven during the period under review. The economies in the SACU region have not been insulated from the global economic crisis and its impact particularly on the mining and manufacturing sectors. Economic base of the SACU region has not changed significantly during the period under review, and as a result, the region's socio-economic features have not changed much since 2009. The SACU economies remain dominated by their relatively large services sector. Diversification of economic base, job creation, and addressing income inequality thus remain a major challenge. While we note that the SACU Agreement stipulates harmonization of agricultural and industrial policies, this has not yet materialized. Except for custom related issues, sectoral policies remain country specific. Despite these challenges, SACU continues to take steps for greater policy coordination, strengthen its common institutions and enhancing transparency and predictability of its trading regime. We take note that SACU member States are committed to implementing the SACU's seven-point work programme focusing on issues such as regional industrialization, infrastructure development, advancing trade facilitation initiatives, developing

common SACU institutions and strengthening unified engagement in trade negotiations with third parties.

4.176. At the member States' level, the National Development Plan and 'Vision 2016' document of Botswana lay out particular focus on employment creation and eradication of poverty. Lesotho, in its "2020 Document", identifies seven pillars of development, and through national strategic development plan and policy frameworks, it is making efforts to sustain positive trajectory in its growth and making agriculture, manufacturing, mining and tourism as growth engines of its economy. Namibia has registered an average growth rate of 5.2% in the last five years and, under its "Vision 2030" policy document, it has an aspiration to become an industrialized country by 2030. Similarly, Swaziland has laid out a roadmap under its "Vision 2020" document for economic reforms and development. Lastly, South Africa, which is the largest and most diversified economy within the Customs Union, has been paying particular focus on growing manufacturing sector and to place its economy on a new path of sustainable development. South Africa has launched a "New Growth Path" in 2010 focusing on job creation with particular focus on agriculture, mining, manufacturing and tourism sectors. We welcome these national initiatives by SACU member States to accelerate inclusive and sustainable economic growth.

4.177. My delegation commends the commitment of SACU member States to the multilateral trading system. SACU members have been in the forefront in articulating the centrality of development dimension and the needs and interests of developing countries in the ongoing work in the WTO as part of the Doha Development Agenda. We look forward to working with the SACU member States and other members in the run up to the Nairobi Ministerial. Finally, we would, in particular, like to acknowledge the active role being played by Ambassador Xavier Karim of South Africa and Ambassador Monyane of Lesotho, as coordinator of the Africa Group, in the ongoing work in the WTO.

THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU

4.178. From the SACU and the Secretariat reports we can clearly see the attempts made at boosting economic activities in the southern African region, though the economic performance has fluctuated in the five countries with a generally downward trend of the total GDP growth since last view in 2009, mainly due to external factors such as global financial crisis and its impacts on the mining and manufacturing sectors. The socio-economic features of the SACU countries, in consequence, have not changed significantly.

4.179. However, it is evident that substantial efforts and reforms have been made in the SACU countries and it is trade that remains crucial to their economic development. For example, the government of Botswana has been actively attempting to diversify their economic basis, though the country continues to rely heavily on the mining sector, in particular on diamond exports. Despite of the global economic crisis, the economic growth rate of Botswana averages 3.5% between 2008 to 2014 mainly due to the contribution of continued growth and development in the non-mining sectors.

4.180. In Lesotho, we commend the attempts that the Government makes efforts to boost economic growth by developing mining, electricity and tourism sectors, though due to limited infrastructure, the country still faces significant challenges. We encourage the government of Lesotho continues to modernize its institutional and legal framework to enhance better business and investment environment for foreign investors.

4.181. The economic performance of Namibia under review has been reflected positive in various forecasts. The government of Namibia has undertaken several significant steps to boost economy and enhance investment. We commend Namibia, in particular, its trade reform "Vision 2030," which highlights the importance of a change in production and export structure, and emphasize the contribution of small and medium size enterprises. Namibia is also among the world's growing tourist destinations, which makes a great contribution to its GDP and employment.

4.182. South Africa has the most advanced technology and diversified economy in Africa, which accounts for 91% of the SACU region's GDP. As the largest economy, South Africa is also the main investor and dominates trade in the other SACU countries. Its service sector is generally open to foreign investment. Automobile and textile sectors are the main manufacturing industries and

absorb most of government incentives. On the bilateral front, South Africa is a very important trading partner for us. The two-way trade between South Africa and my Government is growing steadily. According to our customs statistics, bilateral trade last year (2014) amounted to almost US\$20 billion.

4.183. South Africa is also the second largest trading partner of my Government in Africa. For us, it is definitely one of the key overseas markets that we shall be focusing on from now onwards. As to other bilateral cooperation, through the Taiwan ICDF, the International Cooperation and Development Fund, we have provided humanitarian assistance on the project of strengthening the management of HIV/AIDS in South Africa and Malawi since 2014, which is still under implementation. We also look forward to working with other SACU members in this area in the future.

4.184. As to Kingdom of Swaziland, sugar and sugar-based products make up almost 50% of merchandise exports. Agriculture provides the livelihood for 80% of the population. As the country relies highly on importing food, fuels and services, the government seeks to ensure food security, increase productivity and diversify commercial agricultural products. We commend the efforts of the trade reforms such as the "Investor Road Map" and the "National Development Strategy." We also encourage the government would continue the implementation to induce economic diversification and growth.

4.185. My Government attaches great importance to the bilateral relationship with Kingdom of Swaziland. To enhance and deepen our cooperation, high level official of both Governments regularly visited each other annually. H.E. Ingwenyama Mswati III just visited Taiwan to promote trade and investment in May this year and received a warm welcome by our people. And through Taiwan ICDF, our Government also has had a long and successfully history of providing technical assistance in the Kingdom of Swaziland, such as MSMEs Re-lending Project, King's Farm cow raising project and Seed Potato production Project. We look forward to strengthening the above mentioned cooperation in the future. All in all, we hope that SACU can be further integrated in the future and continue to make efforts to promote regional productive capacity and common wealth.

ANGOLA

4.186. Since SACU's last review in 2009, the macroeconomic situation in the customs zone has not changed very much, despite the world crisis and its impact on the mining and manufacturing sectors.

4.187. Our delegation encourages SACU in its efforts to continue streamlining customs procedures and documentation in view of the trade flow between its members in the framework of the Agreement on Trade Facilitation.

4.188. SACU has signed trade agreements with a number of countries and regional organizations, most notably with SADC, EFTA and the MERCOSUR States; it has concluded the TIDCA with the United States and EPAs with the European Union. We welcome these agreements and believe that they can be beneficial to SACU, enabling it to integrate harmoniously into the world economy as part of a balanced multilateral trading system.

4.189. We support legislation that encourages investment with a view to diversifying the economy of SACU countries so as to promote exports and respond to social concerns at the customs area level. The private sector must therefore be supported so that it can make a significant contribution to the promotion of sustainable growth.

4.190. Lastly, our delegation urges the SACU countries to find the ways and means to implement the 2002 Agreement, which provides for the harmonization of agricultural and industrial policies between the countries of the Customs Union.

BENIN

4.191. The delegation of Benin commends the countries of the Union on their endeavours and achievements, and on the major economic, trade and social reforms implemented as a result.

4.192. Important achievements have been made both at community level and by each of the Union's member countries, with a view to promoting economic growth, competitiveness, income and job creation, and sustainable development.

4.193. Each of the countries recorded substantial GDP growth in the review period, e.g. between 3.5% in 2008 and 5.8% in 2013 for Botswana; 6% in 2012 and 5.6% in 2013 for Lesotho; and 5.2% between 2010 and 2014 for Namibia.

4.194. The economic, trade, budgetary and financial instruments used are both relevant and sustainable.

4.195. The policies and strategies devised and implemented are showing encouraging results in agriculture, services (tourism, transport, banking, insurance, construction) and mining.

4.196. Regional integration is also progressing well.

4.197. The delegation of Benin applauds these achievements and the significant contribution made by SACU countries to the work conducted as part of the Doha Round multilateral trade negotiations. We encourage them to continue along this path.

4.198. The delegation of Benin would like to take this opportunity to urge the technical and financial partners to continue providing assistance to SACU member countries so that they can complete their multisectoral reforms and promote sustainable economic, trade and social development.

DEMOCRATIC REPUBLIC OF THE CONGO

4.199. My country, the Democratic Republic of the Congo, is a member of the Southern African Development Community, the SADC. We are therefore enthusiastic about participating in this fourth trade policy review of the Southern African Customs Union, the SACU.

4.200. The Democratic Republic of the Congo would like to welcome, in French alphabetical order, the delegations of the SACU member countries: South Africa, Botswana, Lesotho, Namibia and Swaziland.

4.201. We thank SACU and the WTO Secretariat for their comprehensive reports, which have provided us with an overview of the situation under review.

4.202. SACU, like other integration communities and countries around the world, has not escaped the world economic and financial crisis, which has had a negative impact on all economies, severely reducing growth in the region. It is, however, encouraging to note that despite this general slump, two members, Botswana and Namibia, have been especially resilient, with rates that have remained high, while South Africa, with an already diversified economy, has maintained a steady course.

4.203. In relation to the comments made by Madame Krugger, spokesperson for SACU, we encourage the four members whose economies are commodity-dependent to diversify their export bases. For its part, the WTO Secretariat has, in its report, mentioned the lack of macroeconomic policy harmonization, since this is not something provided for in the SACU agreement. It would certainly be beneficial to resolve this issue by commissioning an appropriate feasibility study. Structural reforms are therefore very much needed, as Ms Krugger also stressed in her presentation. This would help to reduce the macroeconomic inequalities that persist between the members; such inequalities are also social in terms of household income.

4.204. We congratulate South Africa on its investments in the region, which can help to create jobs and reduce unemployment. We welcome SACU's efforts to facilitate trade between members by streamlining customs procedures and documentation. We are happy to note that in their legislation to encourage investment, members are attentive to the social concerns of their Customs Union partners.

4.205. Lastly, we commend initiatives such as the advancing of development integration within SACU. SACU's report indicates that this approach will make it possible to combine market integration, cross-border infrastructure development through among others, the Spatial Development Initiatives, and policy coordination to advance regional industrial value-chains. The report also notes that this agenda has been pursued with a good degree of success in SACU and SADC. It underpins the approach that has been agreed in the SADC-EAC-COMESA tripartite initiative signed in July 2015.

4.206. As we learnt during the presentation, SACU was founded in 1910. At over 100 years old, it is the oldest existing customs union. The Democratic Republic of the Congo congratulates it on its longevity and wishes each of its members equally long-lasting prosperity. We also wish all the delegations present a successful trade policy review.

NIGERIA

4.207. As indicated by the Secretariat report, inequalities between and within levels of economic development continue to exist among the SACU countries. While Namibia has joined Botswana and South Africa as upper middle-income countries, Swaziland is considered as lower middle income country and Lesotho an LDC. During the period under review, the GDP growth in SACU economies fluctuated. However, SACU economies collectively grew by 3.4% in 2010 and 3.7% in 2011, as a result of strong GDP growth rates of over 3% in Botswana, Namibia, and Lesotho and 3% by South Africa and Swaziland. The recovery is mainly from a sharp pickup in mining activities throughout the region; the manufacturing sector in Botswana, Namibia, and Lesotho also played its part. As noted in the Secretariat report, regional economic integration has long been recognized as critical in promoting Africa's growth and development, particularly in promoting economies of scale, enabling competitiveness, promoting diversification and addressing supply side constraints, through market integration, infrastructure development, and industrial development. In this context, it would be interesting to hear how South Africa intends to discharge its responsibility in promoting growth and development, considering its leadership position in SACU.

4.208. Nigeria welcomes the initiative by SACU member States on the work to develop regional industrial development policy as well as Competition Policy and Unfair Trade Practices. Areas so far harmonized under the SACU Agreement are in general customs related, in particular, the tariff and trade remedies. The 2002 SACU Agreement, while recognizing the need for the Customs Union to be aligned with developments in international trade, is limited to the liberalization of trade in goods. The Agreement does not establish provisions for trade in services. However, in 2012, SACU member States decided to make trade in services a priority area in the Union's work programme. Work in this area is still at infancy stage. It would be interesting, if SACU States would tell us when they intend conclude the trade in services work programme.

4.209. The 2002 SACU Agreement provides for the establishment of certain designated institutions essential for the implementation of the Customs Union: the Council of Ministers; the Customs Union Commission; the Secretariat; the Tariff Board; the Technical Liaison Committees; and the ad hoc Tribunal. The SACU Agreement was amended during the review period to institutionalize the SACU Summit, through a decision of the Council of Ministers. The amendments were signed by the Heads of State and Government of SACU on 12 April 2013, in Gaborone, Botswana.

4.210. As the oldest existing customs union in the world that functions mainly on the basis of the 2002 SACU Agreement. The union involve members at different levels of development including LDC, poses many unique challenges in development of harmonized policies, physical infrastructure as well as relationship with other trading partners that balances the interests and capacities of SACU members. The complexity of the challenges cannot be over-estimated. Nigeria, therefore, acknowledges the efforts by SACU States to provide a new benchmark for regional integration among developing countries with a view to facing the challenges of globalisation together.

4.211. It is important to note that a major complexity that could manifest in the Doha Work Programme is in the NAMA negotiations. The inequalities between and within levels of economic development among the SACU countries has many features, including the higher commitments taken by South Africa in the Uruguay Round and the fact that one of its members is LDC. These features make the case for flexibilities for SACU members in the outcome of NAMA negotiations.

4.212. At the bilateral level, Nigeria enjoys excellent trade and economic relations with SACU states. The bilateral relations between Nigeria and South Africa are strategically important to both countries. The value of bilateral trade between Nigeria and South Africa in particular, has continued with the sharp upward curve that we witnessed over recent years. Since the establishment of the Nigeria-South Africa Chamber of Commerce in 2009, we have also witnessed increased interaction between our respective business communities. South African companies have been successful in several sectors in Nigeria, including the hospitality, financial services, communications and energy sectors.

4.213. As Members of the WTO, SACU States has continued to play a leading role in the African Group and the ACP Group. In addition, the delegation has also participated actively in the DDA negotiations.

ZIMBABWE

4.214. Since the last review in 2009, the economies of the five SACU countries have negatively been impacted by the global economic crisis resulting in a downward trend in their consolidated GDP growth rates. Economic growth has, however, been non-uniform across SACU countries and inequalities within and between countries still exists.

4.215. South Africa remains the most technologically advanced and highly diversified economy within the SACU Region and Southern Africa. The SACU countries are, however, pursuing policies to address regional inequalities through such initiatives like the development integration strategy which is meant to address supply side constraints within the region.

4.216. It is interesting to note that some of the SACU member States have embarked on programmes to diversify their economies and reduce overdependence on exports of primary commodities.

4.217. At multilateral level, members of SACU have shown commitment to the success of the Multilateral Trading System and conclusion of the DDA and are amongst active delegations in the WTO. We particularly appreciate the able leadership of the Lesotho delegation which has coordinated the Africa group for the past two years.

4.218. All SACU members and Zimbabwe are members of SADC and signatories to the SADC Trade Protocol. Trade between Zimbabwe and SACU members is governed by the SADC Trade Protocol and some bilateral Trade Agreements.

4.219. Zimbabwe enjoys good bilateral economic cooperation with SACU members and South Africa remains the country's largest trading partner accounting for 60% of our imports and 40% of exports, resulting in a trade deficit in favour of South Africa.

4.220. Zimbabwe's exports of pharmaceuticals to South Africa continue to be costly and non-competitive due to the country's regulations that restrict entry of these exports only through sea and air ports. This has become a major trade barrier to Zimbabwe's pharmaceutical exports. We hope that South Africa will eliminate this and other non-tariff barriers.

4.221. Furthermore, we hope that South Africa will reverse its plans to introduce prohibitions and trade restrictions on some imports from Zimbabwe.

4.222. We also look forward to progress regarding establishment of a one stop border post at the border between Zimbabwe and South Africa, the busiest border post in Southern Africa, in order to facilitate trade.

4.223. Lastly, I would like to call upon donor Members and development partners to avail more funding to members of SACU to enable them address supply-side constraints and promote regional and development integration.

MOZAMBIQUE

4.224. We congratulate all the members of SACU Organization for the progress made in reforming their trade policy regimes as well as within the common processes, recognizing the differences in terms of economic, social situation, and geographic location as some Members are land-locked countries.

4.225. The annual growth rate averages showed variations amongst the member countries during some sequential years, as well as the evolution of the individual Gross Domestic Product (GDP) resulting in fluctuations due to global economic trends. Even though, encouraging recoveries were observed somehow.

4.226. Notwithstanding these facts, we could see in all strong engagement and Government commitments based on the undertaken development and economic policies, and other relevant reforms.

4.227. From all of them, we especially refer to developments you have done aiming at structural transformations, job creation, improvement of enabling environments for investment attraction, strengthening of small and medium enterprises, and by so saying, all those which are driven to the poverty reduction and to the achievement of development in each of the SACU member countries.

4.228. All the initiatives undertaken by all members of SACU in the implementation of commitments under their Organization as well as under the Southern Africa Development Community (SADC) and the Continental initiatives as a whole are well commended.

4.229. On the bilateral side of view, Mozambique enjoys good relationships with SACU member countries.

4.230. We are all members of the SADC, within which various actions have progressively been undertaken aiming to facilitate and improve business environment, trade and other matters, assuming that, there is room for improvement. Some common actions aiming at trade facilitation have been being promoted even through the so called "one stop border posts" expected to contribute to reduce costs related to trade across borders as well as to other administrative procedures.

4.231. It is our hope that SACU will continuously achieve its long term objectives for development, based on the common Vision and Strategies on trade, and on the assumption that trade can lead to growth and development, which will also contribute to the attainment of the post 2015 Strategic Development Goals.

4.232. We recognize that challenges are enormous. Being so, we urge WTO and the WTO Members in condition to do so, to provide to these countries' technical and other variety of assistance, in different areas, in view to more progress and development. We thus include the provision of preferential treatment or arrangements.

4.233. Finally, we positively appreciate SACU's commitment and efforts as well as its members protagonist actions in view of the economic development through trade, and we very much encourage all the member countries to continue improving their actions which at the end, will be of benefit for the economic growth not only for the SACU, intra SADC, but for the Continent as a whole, and for the multilateral trading system in general.

5 REPLIES BY THE SPOKESPERSON OF THE SOUTHERN AFRICAN CUSTOMS UNION AND ADDITIONAL COMMENTS

5.1. Let me start by expressing our gratitude and appreciation to you Chairperson, as well as the discussant and all Members for the interest shown in SACU member States' Trade Policy Review during the last couple of weeks. The large number of questions received and the comments and interventions from the Members during the first session on Wednesday demonstrates the importance that we attach to the multilateral trading system and more specifically the invaluable role of the Trade Policy Review Mechanism of the WTO.

5.2. Allow me at the outset to express our regret for the delay in the submission of the written responses to the questions raised by the Members. I am sure that you would appreciate that it takes a bit more time for coordination at a national and regional level if a review includes five countries instead of one.

5.3. Over the last couple of days, SACU member States have worked tirelessly in an attempt to prepare responses to all the questions and comments received from Members. We have submitted written responses on most of the questions raised. We are ready to provide our input into the final session today and to address some of the pertinent issues raised. The successful conclusion of events here today once again represents a major milestone for us.

5.4. I am pleased to deliver our responses to the comments and questions raised during this review covering a broad spectrum of trade, policy and institutional matters. In this respect, we wish to thank Members for their insights, encouragement and advice. We will consider these as we go forward.

5.5. The Chairperson, discussant and Members highlighted the impact of the global financial crisis and the impact it has had on us, individually and collectively, as is evidenced by the lower GDP growth rates as reflected in our reports. Although SACU economies have shown some signs of resilience, the recent slump in commodity prices and lower demand has again brought SACU, which comprises of member States with different levels of economic development, back to growth rates of below 3%. It is therefore evident that the SACU region is still overly dependent on export of commodities and raw materials, which amplifies further the need for SACU to implement measures to diversify our production and export base and add value to our raw materials.

5.6. The SACU Heads of State and Government have developed a Priority Work Programme whose overarching objective is regional industrialisation. The development of common and harmonised policies in the areas of industrial development, agriculture and competition policy, remain important objectives for us.

5.7. SACU has also restructured and simplified its tariff structure. We believe our tariff structure is straightforward, transparent and our tariffs contain no hidden components. It is published and available to anyone and updated regularly. The non-*ad valorem* duties now comprises less than 3% of the total SACU tariffs, mainly in the agricultural sector. The remaining non-*ad valorem* tariffs should be seen in the context of existing global distortions caused by the prevailing high levels of trade distorting support measures.

5.8. The issue of Institutional Development in SACU was also raised. It was observed that since the last review, progress has been limited in establishing the remaining institutions that are identified in the 2002 SACU Agreement. We acknowledge this shortcoming but wish to reiterate that we have introduced interim arrangements that fulfil the functions of these institutions while efforts are ongoing to fast-track the work towards the establishment of the remaining outstanding institutions.

5.9. In this regard, I am pleased to note that countries are at advanced stages of establishing their National Bodies as highlighted in the written response. In accordance with the 2002 SACU Agreement, the Council of Ministers, the Commission, Technical Liaison Committees and the Secretariat have been fully operationalized. In addition, provision has also been made in our structures for SACU Heads of State and Government to provide overall political and strategic direction to the Customs Union through the establishment of a SACU Summit.

5.10. I wish to acknowledge the observations about the growing importance of the services sector in SACU and SACU member States. We need to harness the developmental and other opportunities that are available in this sector and the role it can play in alleviating poverty, creating employment and improving social and economic welfare. Your observations resonate with the decision by the SACU Heads of State and Government to prioritize Trade in Services. We now need to define the scope of our common agenda on trade in services. Meanwhile, our members States are engaged individually in the services Negotiations that are taking place at the SADC, Tripartite and Continental levels, while some member States are also engaged in the services negotiations with the European Union under the umbrella of the Economic Partnership Agreement negotiations.

5.11. We noted that SACU member States have dropped their ranking on the "Ease of doing Business", but it should also be noted that the sample size was increased during the period under review. However, as some of the Members noted in their statements, SACU member States have also improved performances in some of the key indicators, and we are implementing specific measures to improve our performance as individual members and as a collective. We do recognize in SACU the important role that trade facilitation plays and its contribution to improving the ease of doing business.

5.12. SACU has therefore embarked on a process of harmonization of customs procedures, the improvement of customs cooperation, simplification of documents and electronic data interchange initiatives, to further facilitate trade. Thus far, progress recorded include introduction of the Single Administrative Declaration (SAD) form that is now used as a common customs declaration in SACU.

5.13. With the advent of modernization of customs systems, processes and procedures, an electronic version is implemented respectively at the national level as part of automation of customs operation processes. Similarly, work is underway to harmonize procedures for import and export data exchange with the objective of strengthening cooperation and improving electronic exchange of data between the member States.

5.14. SACU member States are currently involved in a number of trade agreements and negotiations with third parties. SACU aims to have trade agreements with third parties that strengthen and deepen integration within the Customs Union and assist its member States to integrate into the global economy through enhanced trade and investment. SACU welcomes the developments relating to the ratification by Brazil, of the SACU MERCOSUR Preferential Trade Agreement, the conclusion of the EPA negotiations with the European Union as well as the extension of AGOA by the United States of America.

5.15. It is also opportune for us therefore to re-emphasize our commitment to the ongoing Doha Development Round negotiations and our wish for a successful conclusion of the negotiations.

5.16. We firmly believe that the conclusion of the round should substantially improve market access conditions for all developing countries. It is our wish that the outcomes of the Doha negotiations will strengthen and support our efforts to further integrate our economies into the global trading system and thereby help us to achieve sustained economic growth and development.

5.17. We are looking forward to a successful Ministerial Council Conference in December 2015, which for the first time, will be held on African soil and in Kenya specifically.

5.18. Allow me at this juncture to invite SACU member States to respond to questions raised by Members that are specific to individual SACU countries.

BOTSWANA

5.19. As we are taking the floor for the first time we wish to thank you, Chairperson, for the manner in which you have directed this process. We would also like to thank the discussant, H.E. Ambassador of Argentina, and all Members of the WTO for the interest shown in the Trade Policy Review of the SACU member States.

5.20. Going into the substantive issues, Botswana would like to share light on some points related to our country. In particular, we would like to address some of the concerns and issues raised by Members on various structure and policy reforms. This is to address concerns associated with economic diversification, improvement of the business and investment environment, as well as boosting trade and economic activity.

5.21. We acknowledge the challenge we are facing as a country to diversify our economy. In this regard, we have come up with measures such as the Economic Diversification Drive which is a medium- to long-term strategy aimed at using Government's purchasing power to encourage both local production and consumption of goods and services as well as developing a global competitive private sector.

5.22. In recent years, our Doing Business rankings have declined. However, we are pleased that in the 2016 Doing Business Report we have moved up two places. We believe that this is the result of our efforts on implementing the doing business reforms roadmap and action plan, to its aim at addressing both administrative and regulatory bottlenecks. The roadmap also addresses institutional and structural reforms. In addition, we are working on an investment facilitation law to address some inherent fragmentation in our investment related legislation.

5.23. Botswana has also instituted policies and programmes in planning creation, poverty eradication and income inequality. This includes industrial development policy, economic diversification strategy, entrepreneurship policy and citizen economic empowerment policy.

5.24. Let me indicate that written submission of all the issues raised by Members will be availed as part of SACU submission as our spokesperson said. Thank you.

LESOTHO

5.25. Lesotho would like to thank the various Members for the specific questions directed to us. We endeavoured to respond to all questions in detail. However, if clarity is needed or more detail required we will be more than happy to provide for this within the specified time-period.

5.26. As the only LDC in SACU, Lesotho relies heavily on the SACU remittances to draft the development agenda. As a result, the downturn in the world economy had a negative impact on Lesotho even though it registered a quality growth trade. However, the Lesotho Government is committed to create a favourable environment for trade as a mean to reduce poverty and unemployment.

5.27. Since our last Trade Policy Review, there had been notable improvements in Lesotho's business environment, some of which were mentioned in our country report such as improving financial services, tourism and the business in general.

5.28. Lesotho was able to increase its exports to South Africa and the region. This is a policy that the Government will pursue as a way to diversify the market for its products. Through aid for trade, especially the EIF project, Lesotho is addressing supply-side issues.

5.29. Lesotho is also in a process of improving its transparency obligations by improving our notification requirements.

5.30. To conclude my remarks, Lesotho places support for the DDA Agenda and expresses its desire for a successful conclusion of the Nairobi Ministerial. For a country like Lesotho, it is only through a multilateral trading system that social and economic transformation can occur. With those few words I thank you.

NAMIBIA

5.31. In addition to the presentation by our SACU Chair by way of a closing statement that has just been delivered, Namibia would like to share more light in view of some of the observations that were made by the Members with regard to Namibia.

5.32. There are some questions, particularly those related to fisheries that have not yet been responded to. We would like to reassure you and give Members comfort that these will be responded to in the coming days.

5.33. Many of the statements highlighted the high levels of inequalities in SACU as one of the highest in the world. Namibia is indeed a country where this phenomenon is a reality because of historical reasons. It should, however, be pointed out that Namibia's developing plans have underscored the objective to eradicate poverty and inequality, generate employment and develop the economy.

5.34. All our policies and interventions are aimed at addressing in one way or the other this national objectives. The decline of ease of doing business since the last review has been underscored and is indeed a concern for the Namibian Government. This is an issue that has being addressed by a number of legislations that are currently under review to reform the business environment and climate.

5.35. Concerning trade facilitation, Namibia attaches great importance to the implementation of the Trade Facilitation Agreement and we are taking initiatives to notify Category A Commitments and ratify the TFA in the near future.

5.36. As the distinguished delegate of Australia has stated in the first session of our review, the growth is based on structural economic reforms that begin at home. We are happy to share that Namibia is well on this path.

5.37. We have achieved milestones in addressing our industrialization challenges by implementing the roadmap of the industrialization strategy framed by its nationals as the growth upon strategy. Namibia's industrialization policy has strategic areas of focus, namely supporting value addition, industrial upgrading and diversification for sustained growth, secured market access at home and abroad and improving the investment climate and conditions.

5.38. At the outset, we note the conversion of views with most of the comments and observations made that reflect the initiatives that Namibia is taking to improve the well-being of our citizens, as well as the general trade environment.

5.39. Lastly, we wish to thank the Chairperson, the discussant and the Members for the insightful engagement during this review. Thank you.

SOUTH AFRICA

5.40. South Africa has received a number of specific questions and we attempted to provide written answers to all of them. Additional written answers will be provided to all the outstanding questions within the time-frame.

5.41. We would like to use this opportunity to address some of the issues raised. I want to bring to the attention of this meeting that South Africa continues to grapple with high levels of unemployment, income inequality and widespread poverty. The recent economic growth driven largely by credit fuel consumption and commodity exports has not being sustainable or inclusive.

5.42. While South Africa has made some progress in reducing poverty, poverty remains progressive. Millions of people remain unemployed and unemployment increased to 25.5% in the set quota of DCA and many weaken households live close to or under the poverty level. Measures are required to address our most present needs, particularly high levels of unemployment especially among the youth.

5.43. The South African Government has adopted an economic development strategy that aims to accelerate growth and generate sustainable decent jobs in order to reduce poverty and inequalities that characterize our economy and society. South Africa's broad development strategy is set up in a comprehensive national development plan and youth growth plan which sets growth and employment targets for the country. We build on infrastructure such as on roads and rail to reduce the cost of doing business. A central complement of our strategy is the industrial policy action plan

which seeks to promote structural transformation which has the highest employment and growth multipliers. Seen from this perspective, trade policy must support industrial development.

5.44. When it comes to trade facilitation agreement, South Africa acknowledges the important role that trade facilitation could play in promoting regional integration and the integration of the country in the rest of the continent into global value chains.

5.45. African countries, including South Africa, have made efforts in favour of trade facilitation across our various regional integration programmes boosting intra-Africa trade on achieving efficiency in customs and boarder procedures. The Trade Facilitation Agreement could boost intra-Africa trade provided that it is implemented in a manner that it supports regional integration in Africa and that adequate financial and technical support is provided. It is therefore important that resources are made available especially to African countries to facilitate its implementation so as to avoid countries taking legal obligation that would be challenging to fulfil. The Trade Facilitation Agreement requires ratification by the South African Parliament and this process is being undertaken. The full implementation of all aspects of the Bali package, including the Trade Facilitation Agreement, is critical in delivering on the Doha Development Agenda which is important in assuring that the multilateral trading system serves the interest of all the Members.

5.46. In the climate of investment, a number of questions were asked in relation to South Africa's approach to foreign direct investment and the promotion and protection investment bill. I would like to give you some statistics. The investment climate in South Africa has been raised as a cause for concern by a number of Members. It should be noted that the World Bank's report Doing Business 2014 ranked South Africa as the 43rd easiest country to do business out of 189 countries. To start doing business, South Africa only requires 19 days and five procedures and there is no minimum capital requirement. In addition, South Africa ranks among the most open jurisdiction for FDI as measured by the OECD's Restrictiveness Index, and ranks 10th out of 144 countries in the strength of investment protection according to the Global Competitiveness Report for 2014 and 2015. Investment prospects 2014-2016 indicated that investors are optimistic about the global outlook despite of the global economic downturn. The concerns raised about the investment climate are therefore not peculiar to South Africa.

5.47. The investment policy-making landscape is changing globally. Many developing and developed countries are either undertaken reviews or have reviewed their investment framework so as to provide an environment that facilitates investment or are ensuring that Governments are able to regulate the public interest. South Africa is part of this international discourse. Our approach follows a three-year review which shows that there is no direct correlation between the existence of a bilateral investment treaty and a country with the ability to attract investment. South Africa provides strong protection to investors in terms of the framework provided by the South African Constitution and other relevant legislation.

5.48. Foreign investors are treated in the same way as domestic investors based on the legal principle of non-discrimination, national treatment and equality before the law. Furthermore, they have equal rights and obligations under a range of flows that affect investment, namely the Companies act, the Competition Act, and the laws related to Intellectual Property Rights Protection. All investors have access to administrative justice and remedies as stated in the Constitution and as in the Promotion of Administrative Justice Act of 2000.

5.49. It is also important to recall that, as a Member of the WTO, South Africa implements all relevant disciplines and rules that provide multilateral guarantees to foreign investors by complementing the protection that investors are entitled to under this Constitution and the law of general application. South Africa recognizes that foreign direct investment can support economic growth and development. The promotion and protection investment bill ensures that South Africa will remain an open environment for foreign direct investment and will continue to provide effective production for investors.

5.50. South African ranks among the most open jurisdiction for FDI as indicated earlier. The promotion and protection investment bill aims to modernize South Africa's policy approach to foreign investment in view of both national and global development. It seeks to achieve a balance between the rights and obligations of all investors in South Africa to provide adequate and equal protection to foreign and domestic investors and to promote investment.

5.51. Insofar as the Doha Development Agreement is concerned, South Africa remains committed to the multilateral negotiations under the Doha Development Round on the basis of an outcome that supports industrial, services and agricultural development and employment in our region. Thank you.

SWAZILAND

5.52. My delegation would like to thank the Members for the interest shown and for the questions posed to my delegation. We have made every effort to answer them.

5.53. We are facing many economic challenges with the loss of important preferential tax concessions. We have and continue to take steps politically and strategically to address the challenges that have contributed in large part to this inflection. We thank Members again for their insightful inputs and we are encouraged by the support SACU as a whole has received over the review. We pledge to continue to play a positive and constructive role in this Organization for the betterment of all our people, especially the marginalized and the indigenes. All efforts have been employed in Mbabane to deliberate and push to the ratification of the TFA as well as the TRIPS Amendment in time for the Nairobi meeting. In so doing, we will reinforce our commitment despite huge capacity challenges to the favour of this Organization. Thank you.

MS. NIKI KRUGER, SPOKESPERSON

5.54. We have addressed a substantial number of questions and comments raised by Members and have endeavoured to answer all the written questions in writing. Additional questions that were raised during the week will be answered within the stipulated timeframe allowed. As I indicated in my opening statement on Wednesday, we were under the impression that the WTO Secretariat will be providing us with an official translation for the questions that we received in Spanish. We have been informed that this service is not provided anymore. We will be translating the questions in the coming weeks and will provide written responses to these questions within the timeframe.

5.55. On behalf of my colleagues from the SACU member States, I would like to offer appreciation to the distinguished Chairperson of the Trade Policy Review Body, who has ably steered this review to conclusion. Furthermore, our sincere thanks to our distinguished discussant for his contribution and to the WTO Members for their interest shown.

5.56. We also thank the WTO Secretariat for undertaking its detailed analysis and for compiling a comprehensive report on SACU. Chairperson, we wish to express our appreciation for the expression of support and encouragement received from the WTO Members.

DISCUSSANT

5.57. First, I would like to thank Ms. Niki Kruger, Head of delegation and Spokesperson for the SACU countries, for the comprehensive statement delivered last Wednesday about SACU countries and their joint efforts to thrive both on their economies and socially.

5.58. I would also like to thank Members for their active engagement in SACU's fourth Trade Policy review, over these days. Their interest in and commitment to trade with SACU countries were reflected not only by the significant number of statements made during the opening session, but also by their written questions to SACU.

5.59. I would like to highlight that many Members welcomed the fact that, despite the economic and financial challenges over the period under review, the SACU countries remained resilient and were able to aggregately maintain positive GDP growth rates, except in 2009. Members nonetheless encouraged SACU to make efforts to further diversify their economies with the view to increasing their exports and being less vulnerable to external shocks, including future fluctuations of the global financial situation.

5.60. Members also noted SACU's efforts to improve its business climate and enhance its competitiveness, and encouraged SACU countries to continue advancing on the same path.

5.61. Even though concerns regarding the structure of the common external tariff were expressed by Members, SACU's efforts to simplify and unify customs procedures were welcomed. A number of Members looked forward to the category A notifications of the Trade Facilitation Agreement (TFA) by the SACU countries (except Botswana), and they encouraged those SACU members that had not ratified this agreement to do so. On this line, some Members saw the ratification of the TFA as an opportunity for the SACU countries to further harmonize the region's customs procedures and documentation requirements. Also, we witnessed how Members encouraged SACU to harmonize the competition policies of its members since this is a key mechanism for the smooth functioning of a customs union and should help SACU to fully implement its 2002 Agreement.

5.62. With pleasure I heard during these meetings a strong recognition of the positive role that SACU plays in the WTO and for the multilateral trading system. Members nonetheless noted that there is room for improvement, including increasing the intra-SACU trade flows. I can only wish that this becomes a reality soon enough and that its positive effects are reflected on the well-being of the majority of SACU's population.

5.63. Finally, I would like to congratulate again the delegations of Botswana, Lesotho, Namibia, South Africa and Swaziland, and also the Secretariat, for all the great work that was done for this thought-provoking TPR of SACU.

MADAGASCAR

5.64. I am pleased to note that despite a difficult economic climate, SACU member countries have continued to initiate reforms with a view to harmonizing macroeconomic policies and sectoral approaches and, above all, improving their performance in the business environment. The consolidated GDP growth rate of the member countries has stood at an average of 2.5% since 2012.

5.65. My delegation is delighted to see the good performance of the Customs Union as a whole, with South Africa leading the way in terms of intra-regional investment and trade.

5.66. In a world in which value chains are constantly evolving, particularly as a result of "mega agreements", the member countries should find ways and means to diversify their markets and above all their supplier countries. The question of efficiency in terms of carbon footprints or food miles together with regional integration choices that go beyond the Customs Union, mean that it is time for these countries with varying performance levels to diversify their supplier bases and explore options in the many neighbouring SADC member countries.

5.67. We welcome the signing of the tripartite free trade agreement between SADC, COMESA and the EAC, which establishes a tripartite free trade area that will help streamline the economic integration process in the southern and eastern regions of Africa.

5.68. As one of SACU's neighbouring countries, Madagascar is reassured to see all these sustainable trade promotion measures being initiated at the customs union level.

5.69. As a SADC member country, this review has helped us to appreciate the central role that trade plays in each of the member countries' economies and collectively at the customs union level. The efforts described in the reports have led to considerable progress in combatting the illegal trafficking of banned species, in promoting local production and consequently employment generation, and in fostering competition, investment and the protection of intellectual property rights. Each country has shown its determination to implement an effective sectoral policy, and the importance of services in these economies gives rise to a certain amount of hope for the future of agriculture, mining, energy and industry, given the role of services in the sustainable development of these various sectors.

5.70. South Africa is one of Madagascar's main trading partners and is the leading investor outside the mining sector.

5.71. Madagascar will continue to strengthen its ties with SACU countries and, in view of all these measures, is seriously considering the country's further integration into regional value chains.

5.72. Lastly, I would like to commend the transparency shown in this review. The information provided has been both detailed and varied.

PAKISTAN

5.73. At the outset, our sincere apologies for having missed the first day of the TPR. We also apologize for not having submitted written questions before.

5.74. We acknowledge what has been stated in the Secretariat and countries reports. We went into each and every detail and we were encouraged to see exactly how and what steps have been taken by the Union in order to integrate to the global value chains.

5.75. Taking this opportunity, we recognize the historical ties that Pakistan enjoys with South Africa amongst others and the boom of exchange we have had in the last three years with a positive trade balance. However, we wish to raise a concern at this stage because of the recent investigation undertaken by ITAC on the imposition of provisional antidumping duty and cement from Pakistan and we are fully confident that whatever steps are taken, they will be transparent and in line with the WTO commitments.

5.76. We reiterate our thanks, Madam Kruger, for your closing remarks and the bunch of questions that were posed, you very formally responded with positive remarks and I am sure that the questions that we will be sending in writing to you will also invite your kind attention.

5.77. Having said that, we reiterate again our apologies for the late joining of this TPR which we found interesting after hearing the views of the discussant and yourself. I congratulate you for a successful TPR and do look forward to having opportunities to meeting again.

UNITED STATES

5.78. I wanted to take this opportunity on behalf of my delegation to thank the SACU delegations for all of their hard work in ensuring that we had a very detailed report and a comprehensive review of the trade policy regime for this important regional group. We know how much work goes into a joint review and I just wanted to commend the SACU delegations because I know how many late hours they spent to put all this together. We also appreciate the contributions of the discussant in guiding us forward.

5.79. Let me begin by commending Dr Kruger for her detailed presentation and her responsiveness to the issues that were raised by Members. We sincerely appreciated the updates on your regional and global integration efforts and we do look forward to further examination and exploration of those innovative moves that you have made through this RTA transparency mechanism in this House. Regional integration is an incredibly important topic that we have been looking at here, and the region, in particular, is something instructive for all of us.

5.80. We also appreciated the focus that you added to your presentation on improving the business and investment climate and this was echoed by a number of individual delegation's presentations. We found that to be very encouraging and useful.

5.81. Our thanks also go out to all the delegations which provided update on the Trade Facilitation Agreement and the process towards that. It gets nicely with the doing business and the business climate improvement efforts that you have been making. Obviously, we were incredibly supportive to that and would look forward to any other opportunities that might be available for us to further advance that.

5.82. Results and efforts to movement towards ratification of the TRIPS is something that we also support and we acknowledge the responses that were made to that reflect.

5.83. We thank the South African delegation for the detailed report on its investment policy. That is something we have asked for and we appreciate the detailed responses that we have received.

5.84. We have provided written questions in advance and thank you for your acknowledgement. Some of those due remain outstanding but responses will be provided at a larger stage so we just

want to reiterate our interest in seeing those. We also provided a few follow-up questions this morning. Thanks again for all your efforts to put all of this together.

5.85. In conclusion, thanks again to Dr Kruger and to the entire team and congratulations on a successful TPR.

CANADA

5.86. I would like to just join previous speakers in thanking the parties for their engagement as well to you, Mr Chairperson, and the discussant, the Secretariat and others for facilitating this formal exchange and congratulate the parties on a successful TPR.

5.87. Canada has also submitted questions and we have received prompt responses in writing and I would like to extend our appreciation for those responses. We just have one quick follow-up question for South Africa requiring further information about the process and timeline we might expect to see regarding notifications of its Category A for the TFA. We received a response which is quite helpful and we learned South Africa's process for the TFA. We were just wondering if South Africa might be able to provide any sort of indicative date of when it might notify its Category A commitments and an estimated timeline will be appreciated from our perspective.

MS. NIKI KRUGER, SPOKESPERSON

5.88. We have noted the additional questions and we will respond to those in writing.

6 CONCLUDING REMARKS BY THE CHAIRPERSON

6.1. This fourth joint Trade Policy Review of the Southern African Customs Union (SACU) countries has allowed us to better understand their trade and related policies and practices in their socio-economic context. We are grateful for the active participation of the delegations headed respectively by Ms. Ontlametse B. Ward of Botswana, Deputy Permanent Secretary; Mrs. Mapulumo Mosisili, Principal Secretary, Kingdom of Lesotho; Mr. Gabriel P. Sinimbo, Permanent Secretary, Namibia; Ms. Niki Kruger, Chief Director of Trade Negotiations, South Africa; Mr Jinho L. Nkhambule, Principal Secretary, Kingdom of Swaziland; and the rest of the delegations from Botswana, the Kingdom of Lesotho, Namibia, South Africa, and the Kingdom of Swaziland. Let me also extend my gratitude to H.E. Mr. Mothusi Bruce Rabasha Palai, Ambassador of Botswana; H.E. Mr. Nkopane Raseeng Monyane, Ambassador of Lesotho; H.E. Mrs. Sabine Böhlke-Möller, Ambassador of Namibia; and H.E. Mr. Xavier Karim, Ambassador of South Africa; and colleagues from the Missions at Geneva.

6.2. On behalf of all delegations, I would also like to thank the discussant, H.E. Mr. Alberto Pedro D'Alotto, Ambassador and Permanent Representative of Argentina to the WTO, and Members of the TPRB for contributing to our fruitful exchange of views, as well as the SACU Secretariat for its assistance to its Members during this Review process.

6.3. The five countries, i.e. Botswana, Lesotho, Namibia, South Africa, and Swaziland, were praised for their commitment to the multilateral trading system, and their active participation in the WTO. Botswana was particularly applauded by Members for having ratified the Amendment of the TRIPS Agreement on Public Health, as well as the Trade Facilitation Agreement (TFA), and for its timely notification of its category A commitments to the WTO. Members encouraged Lesotho, Namibia, South Africa, and Swaziland to follow suit.

6.4. Members took note of SACU states' regional trade agreements (RTAs), especially in the framework of SADC and the EPA with the EU, and some Members enquired about their actual implementation, as well as their concrete benefits for the SACU economies. The five countries were also encouraged to ensure that their RTAs are consistent with WTO provisions, and to comply with their notification obligations, particularly in the areas of SPS, TBT, and import licensing for the benefit of transparency and predictability.

6.5. Members noted that SACU's common trade regime has remained broadly unchanged since 2009; and that the areas so far harmonized are in general customs related, including tariffs, other border taxes, and trade remedies. They then invited SACU States to elaborate on current regional initiatives in the non-harmonized areas, and sought further information about the full implementation of the 2002 SACU Agreement and about the operationalization of all SACU institutions.

6.6. Some Members raised concerns regarding the declining Government revenue in some SACU countries, particularly those for which the Common Revenue Pool is very important. They requested further clarifications on SACU's plan to review its revenue sharing mechanism with the view to adjusting for important variations and volatility in the shares accruing to each State.

6.7. Noting that the SACU Common External Tariff (CET) is composed of *ad valorem* and non-*ad valorem* rates, while SACU States have individually bound their tariffs at *ad valorem* rates only, Members enquired about their plans to ensure full compliance with their WTO commitments. Concerns were also expressed about the complexity of the SACU CET with high rates on selected products and about administration by South Africa of tariff quotas on a list of agricultural products. Some Members also raised questions on the relatively large number of anti-dumping measures taken by SACU during the review period.

6.8. A number of Members questioned the consistency of some import requirements imposed by South Africa on animal products with the WTO SPS Agreement. South Africa was also encouraged to expedite its technical evaluation process on imported electro-technical products, with the view of limiting administrative delays.

6.9. The recent global economic crisis has negatively affected the economic performance of SACU countries in various degrees. Apart from South Africa, which has a large industrial base and

serves as trade hub in the region, the SACU economies are narrow-based and highly vulnerable to external shocks. In this regard, Members encouraged them to further improve their business environment, by addressing issues such as unreliable energy supply in South Africa and Lesotho. Such reforms are expected to create an environment conducive to increased investments in sectors other than mining and to economic diversification. SACU States are also urged to address the high level of inequalities within and between their economies.

6.10. Members encouraged SACU States to sustainably exploit their large mineral resource endowment, and sought clarification about the mining policies implemented by each of the countries, in particular the administration of mining permits, assessment of their environmental dimensions, and about foreign participation.

6.11. Members appreciated the responses provided by the SACU States to most questions submitted during this meeting, and look forward to replies to outstanding questions within one month.

6.12. In conclusion, this Review has contributed to deepening our understanding of the regional, as well as national elements of the trade regimes of Botswana, Lesotho, Namibia, South Africa, and Swaziland. The substantial number of advance written questions and of interventions indicates the importance Members attach to SACU states' trade policies and practices. Members urged the five countries to pursue their trade liberalization reforms, to improve the implementation of their multilateral commitments on goods and services and their business environment with a view to enhancing transparency and predictability, and attracting investment. I invite all Members to support SACU States in their efforts to reform their trade regime and to address their supply-side constraints.
