



## REGIONAL INTEGRATION AGENDA IN SADC

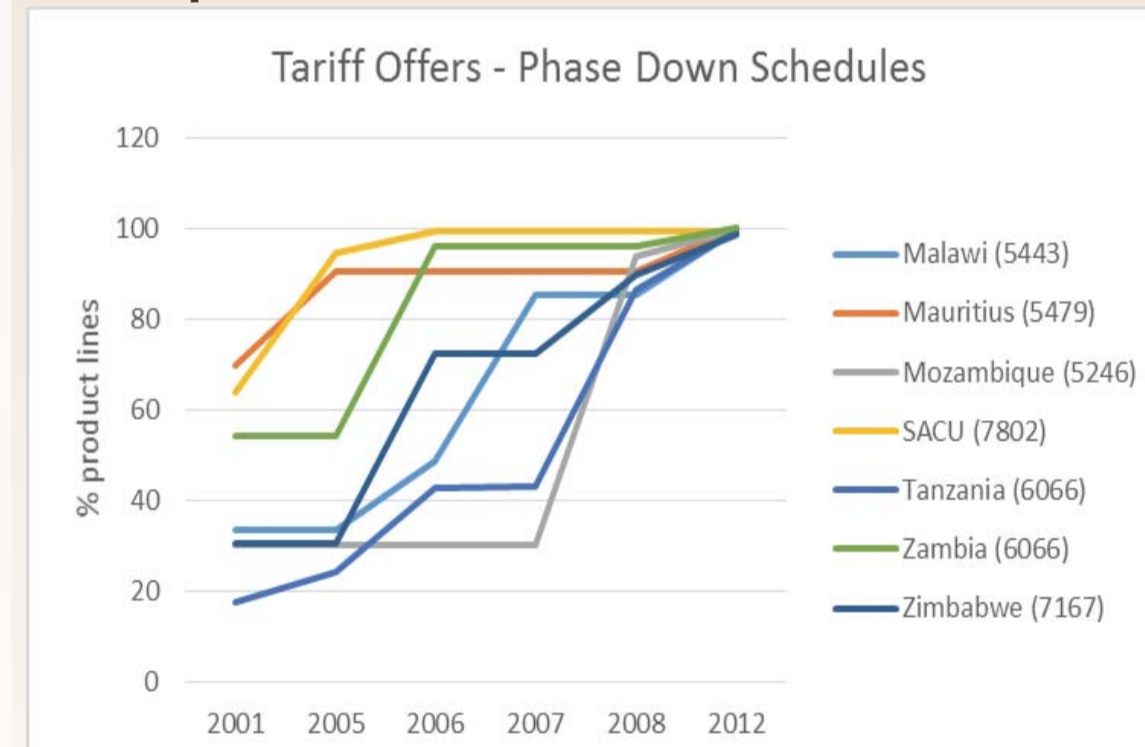
- Integration approach – progressive elimination of obstacles to the free movement of goods, services, capital, and labour, and of the people
- SADC Treaty (1992) – and associated Protocols are main drivers of integration;
- The protocols constitute SADC’s legal instruments and require ratification by two thirds majority;
- Regional Indicative Strategic Development Plan (RISDP), articulates the roadmap as the blueprint for integration; calling for deeper integration (FTA; CU; CM; MU) by 2018 (not met);
- Other instruments include memoranda of understanding (MoUs); declarations and policy frameworks, whose implementation is on a best-endeavour basis;

### REVIEW OF THE RISDP –

- RISDP not adequately mainstreamed in national development policy and regulatory frameworks;
- New discourse on ‘development integration’ with emphasis on infrastructure and industrial development;
- Best-endeavour approach to implementation of Protocols – less commitment to implement

### The SADC trade policy framework

- **SADC and most-favoured nation tariff profiles – divergent levels of most-favoured nation protection remain**



- Tariff liberalization under the SADC Protocol on Trade – considerable progress has been made
- Offers to South Africa were separate, with; SACU made a single offer
- Derogations granted to Malawi & Zimbabwe – longer phasedown periods for sensitive products
- Exclusion Lists – SACU (31); Malawi (19); Mozambique (19); Tanzania (43) Zimbabwe (\*\*); ALL SADC (Weapons & Ammunition)
- Angola, DRC, Seychelles yet to accede although Seychelles made offers and completion with a year

- **Rules of origin remain unfinished business - an effective non-tariff barrier to trade in the region**

- The change of tariff heading was replaced by multiple transformation rules and/or detailed descriptions of required production processes
- Value added requirements were raised and permissible levels of import content were decreased
- Contentious products, include Textiles & Clothing; Wheat Flour; some processed products e.g. (blended teas; coffees; spices – issue regarding local content requirements)

- **Slow progress in implementing Annexes to the Trade Protocol**

- These Annexes provide for harmonization of policies and regulations, especially as they relate to customs and trade facilitation, sanitary and phytosanitary (SPS), and technical barriers to trade (TBT) measures
- Challenges around implementation, due to lack of technical capacity, resource constraints; decentralised approach; overlapping membership (COMESA-EAC-SADC)

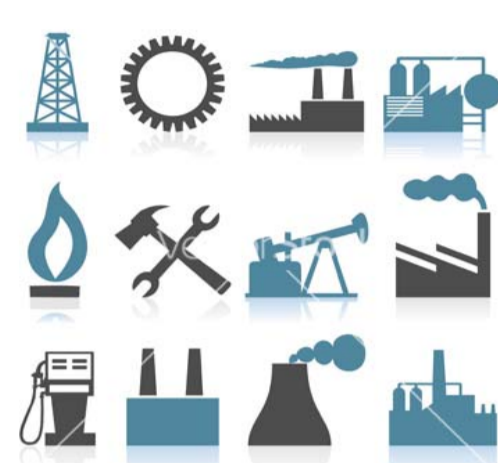
- **Non-tariff barriers have replaced tariffs**

- Specific disciplines on non-tariff barriers, export duties, and quantitative restrictions – eliminate existing; refrain from new NTBs; not apply export duties; no quantitative import and export restrictions

- **Trade in services – affected by a myriad of policy and regulatory barriers**

- Six sectors of immediate interest in SADC have been prioritized. These are communication, construction, energy-related services, financial, tourism, and transport services
- Importance cannot be overemphasized – Services account for 50% of regional GDP and the bulk of employment;

## Other Important Policy Frameworks

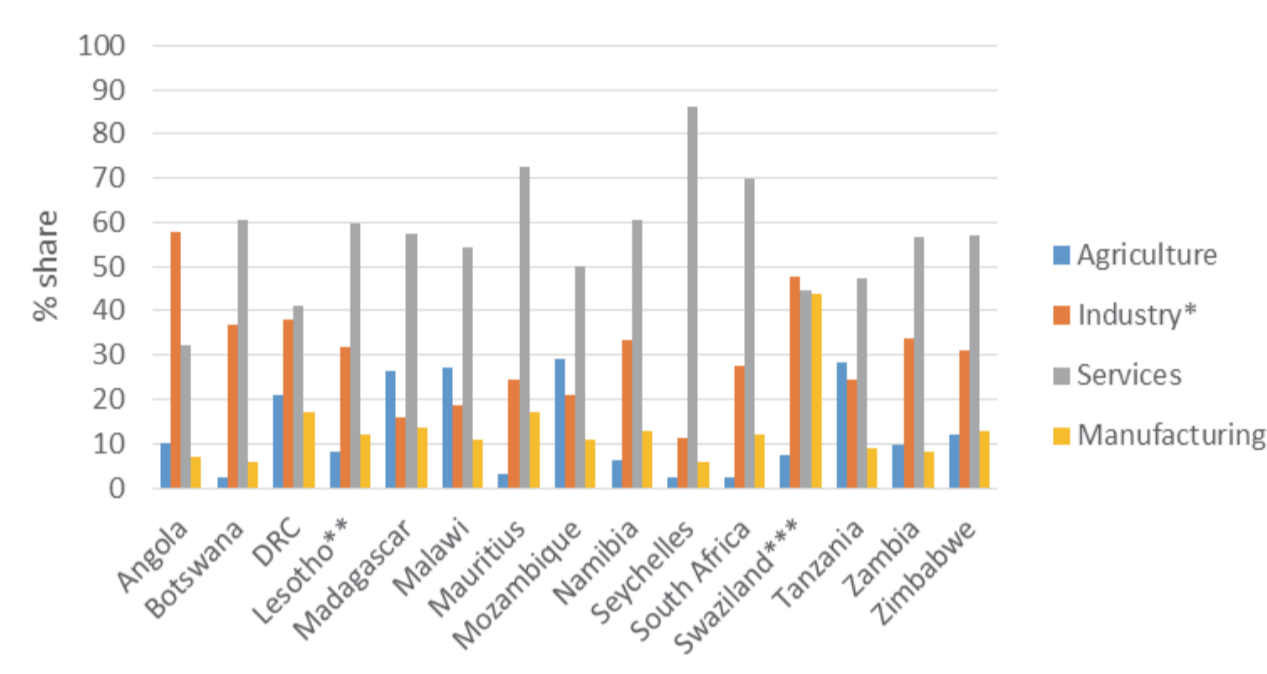


### Industrial Policy framework

- Article 4(2) of the Trade Protocol provides that the process of elimination of intra-SADC import duties should be accompanied by an industrialization strategy to improve the competitiveness of the region
- Diverse levels of economic development - wide variation in economic activity and incomes within and between countries in the region (RSA – 63% of SADC GDP)

- Large share of SADC GDP: primary production sectors, (agriculture and mining); low value addition
- Manufacturing intensity low (low-technology products, e.g. food, beverages, textiles, clothing, and footwear)
- On average, industrial sector relatively undiversified (excl. RSA and Mauritius)

Sectoral Composition of GDP (2013)



### Agriculture



- Agriculture is a sensitive sector in SADC
- At MFN, rates attract high tariffs with average of 24.4% in Zimbabwe and the lowest average of 1.0 in Mauritius
- Other with high tariffs - Zambia, Tanzania, and Malawi main culprits in terms of the incidence of reported NTBs, mostly affecting trade in agriculture
- In the context of the SADC FTA -imply tariffs replaced with NTBs

- Sustainable food security is a top priority and features prominently as one of the intervention areas in the RISDP.
- A SADC Declaration on Agriculture and Food Security adopted in 2004 recognizes that national agricultural and food policies as well as inadequate access by farmers to key agricultural inputs and markets were among the major underlying reasons for the presence of hunger in the region.
- SADC adopted in 2013, the regional agricultural policy framework, aimed at promoting and addressing challenges related to production and trade in agriculture.

## The SADC labour policy framework

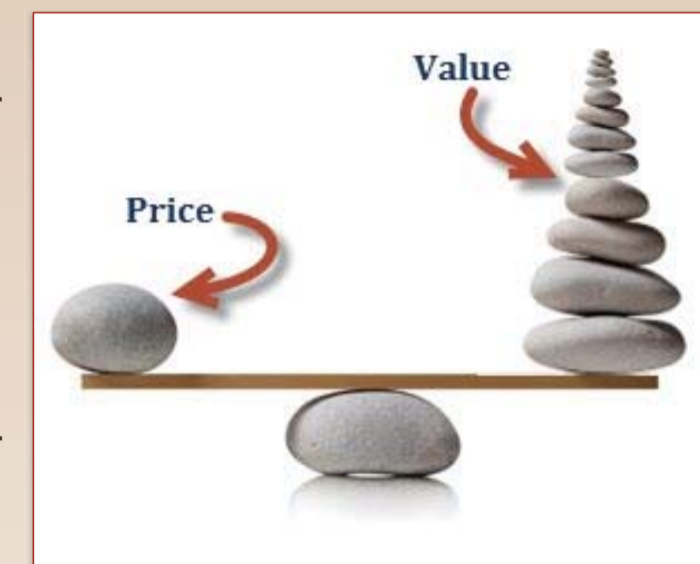


- Importance of free flow of labour and people across SADC recognised as a critical element for a successful regional integration process and forms part of the key objectives of the SADC Treaty
- To date, efforts to bring into effect a protocol on this aspect has not been successful
- Free movement of labour in SADC remains very sensitive and controversial.

## Other Important Policy Frameworks

### The SADC competition policy framework

- Article 25 of the SADC Trade Protocol (1996) - member states to implement measures that foster competition and prohibit unfair business practices
- No specific modalities or requirement that there should be a regional policy, law, or competition authority
- Declaration on Regional Cooperation in Competition and Consumer Policies (2009) -provides a framework for establishment of an effective system of co-operation in the application of member states respective competition and consumer protection laws



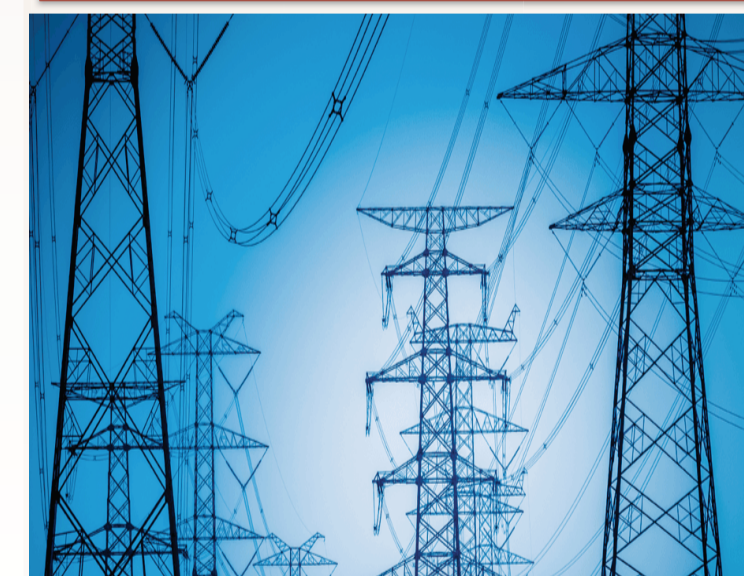
### Challenges:

- 2012 audit on the implementation of the Trade Protocol - policy context and background to the development of national competition policies and laws in SADC countries differ significantly
- National competition laws differ in terms of both structure and substantive provisions. (e.g. public interest matters such as the promotion of employment, economic empowerment, and poverty reduction have been included in the competition laws in some SADC countries)

### Implications:

- Differing national competition policies and laws are likely to hinder SADC progress on trade and market integration
- No legally binding regional framework for co-operation; best endeavour provisions may well imply addressing cross-border competition issues remain limited, and more substantively that dealing with cross-border effects of anti-competitive behaviour, using national competition law, remains inadequate

## The SADC Energy Policy Framework



### Two key instruments

- Protocol on Energy
  - Energy Cooperating Policy and Strategy Activity Plan
- Emphasis on:
- Harmonisation of national and regional policies and regulatory frameworks
  - Cooperation in energy development and trading through development of the necessary infrastructure

**Important to emphasise that while the Protocol on Energy and the Regional Indicative Strategic Development Plan address SADC’s broad energy objectives, they make little mention of renewable energy aside from hydropower and there is no region-wide regulatory framework that specifically addresses renewable energy**

## CONCLUSION

- Despite the adoption of a number of regional policy and regulatory frameworks, these have not led to greater policy convergence necessary to advance regional integration in SADC.
- National policies and regulations in SADC member states remain divergent and somewhat obstructive to greater regional integration.
- Progress made on eliminating tariffs, - meaningful market integration in the region is more than simply eliminating intra-regional tariffs. In SADC, tariffs have been replaced by rising non-tariff barriers.
- The services markets in SADC remain fragmented by regulatory barriers. Work on policies to eliminate obstacles to the movement of services has to date progressed very slowly.
- The absence of a rules-based governance regime (compliance and effective implementation) remains a critical issue in the SADC regional integration process.