SACU Agreement and SADC Protocol on Trade

Background

Trade within the South African Customs Union (SACU), comprising Botswana, Lesotho, Namibia, South Africa and Swaziland and also the Southern African Development Community (SADC), comprising Angola, Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe is directed by trade agreements entered into by the member states. Agreements by both groupings provide for market access opportunities for its members.

These two trade arrangements provide for the following market access enablers in the region.

Elimination of import tariffs

SACU countries do not charge import tariffs among themselves, because they are in a customs union. In SADC, the member states have entered into an agreement to phase out all tariffs to zero by 2012. All SADC countries are implementing the agreement, except for Angola, Seychelles and the Democratic Republic of Congo.

Elimination of nontariff barriers (NTBs)

Both agreements make provision for NTBs such as import/export bans, cumbersome customs procedures/regulations, as well as road user charges to be identified and eliminated. Within the SADC, an institutional mechanism that makes traders an integral part, has been established where NTBs are identified by traders and reported to governments for phasing out.

Harmonisation of product standards and technical regulations

Access to markets in both the SACU and SADC requires compliance with the sanitary standards that are designed to promote fair trade and to protect human, animal or plant life or health. The main purpose of these regulations is to protect the consumers and production environment rather than to serve as an obstacle to market access. Both SACU and SADC agreements provide for harmonisation of these regulations.

Harmonisation of customs legislation and procedures

The process of harmonisation of customs procedures is high on the agenda in both the SADC and SACU. In the SADC the technical working group on policy harmonisation was established to facilitate this process. The study on policy harmonisation is already commissioned by the SADC secretariat.

Freedom of transit

Both the SACU and SADC agreements call for non-discriminatory treatment of vehicles in transit and of goods transported by them. In many cases, traders are forced to comply with different local transit laws or regulations, e.g. different transit fees and charges, different vehicle standards and regulations and different requirements for drivers and crews.

Trade facilitative rules of origin (RoO)

This arrangement requires that only goods originating from member states enjoy tariff preferences. Therefore, RoO are important to ensure that goods originating from member countries enjoy tariff and other trade preferences. SADC RoO are currently been reviewed to make them basic and less trade restrictive. To date substantial progress has been made to simplify these. There are, however, some outstanding rules still to be agreed upon for agriculture such as coffee, tea, cloves, sunflower and soya-bean oils.

Benefits and opportunities

Large market

The region has a market population of more than 230 million citizens. This presents an opportunity for SA farmers to enter the market. Production in the SADC countries is still at subsistence level, insufficient to provide for the food security needs of the region. This necessitates imports to make up for the shortfall.

Reduced tariff protection

In SACU there are no tariffs or quotas on goods originating from within the customs union. Goods move freely from one country to another. Tariffs are relatively low within the SADC market. The applied border tariffs for agricultural products average between 15 and 20 %. Following the launch of the SADC FTA in August 2008, almost 90% of total trade in the region is duty free.

Less stringent food quality standards: In most cases SA is able to meet the standards set and required by its regional trading partners.

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