



## *SACU AGREEMENT & SADC TRADE PROTOCOL*

**Overview of negotiated agreements:** Trade within the South African Customs Union (SACU)<sup>1</sup> and the Southern African Development Community (SADC)<sup>2</sup> is directed by trade agreements entered into by the Member States. Agreements by both groupings provide for preferential market access opportunities for its Members. These two trading arrangements provide for the following market access enablers in the region.

### **Elimination of import tariffs:**

SACU Member States trade duty-free, quota-free except for some trade restrictive measures that are provided for in the SACU Agreement.

In SADC, the Member States have entered into an FTA agreement to phase out all tariffs to zero over a period of 12 years. About 13 (out of 16) SADC countries are implementing the agreement, except for Angola, Comoros and the Democratic Republic of Congo. Angola & the DRC are still busy with their accession into the FTA. Zimbabwe, Malawi and Tanzania have not yet finalized their tariff phase-down programme on a few products.

### **Elimination of non-tariff 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 & phytosanitary standards (SPS) 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/ barrier to market access. Both SACU and SADC agreements provide for harmonisation of these customs legislation, procedures and regulations.

### **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 some 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 ensures that only goods originating from Member States enjoy tariff preferences arising from the FTA. Therefore, RoO are important to ensure that goods originating from Member countries (not Third Parties) enjoy tariff and other trade preferences. SADC RoO are currently being reviewed to make them simpler and less trade restrictive. To date substantial progress has been made to simplify these rules.

### **Benefits and opportunities:**

The region has a market of more than 230 million people. This presents an opportunity for SA farmers/exporters to access a larger preferential regional market. Production in the SADC countries is still at developmental level, insufficient to provide for the

<sup>1</sup> SACU comprise of Botswana, Lesotho, Namibia, South Africa and eSwatini

<sup>2</sup> SADC FTA countries comprise of Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, eSwatini, Tanzania, Zambia, Seychelles and Zimbabwe



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food security needs of the region. This necessitates imports to make up for the shortfall. In SACU, generally there are no tariffs or quotas on goods originating from within the customs union. Exceptions apply to the protection for the so-called infant industries. Generally, goods move freely from one country to another. 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 quality standards set and required by its regional trading partners.

### **Useful contacts and information**

COMESA Homepage	<a href="http://www.comesa.int">www.comesa.int</a>
EAC Homepage	<a href="http://www.eac.int">www.eac.int</a>
SADC Homepage	<a href="http://www.sadc.int">www.sadc.int</a>
SACU Homepage	<a href="http://www.sacu.int">www.sacu.int</a>

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