agriculture

Department:
Agriculture
REPUBLIC OF SOUTH AFRICA

# *SACU AGREEMENT AND SADC TRADE PROTOCOL*

**Overview of negotiated agreements:** Trade within the South African Customs Union (SACU)[1] and the Southern African Development Community Free Trade Area (SADC FTA)[2] is directed by trade agreements concluded by the member states. Agreements by both groupings provide for preferential market access opportunities for their member states. These two trading arrangements provide for the following market access enablers in the Southern African region.

**Elimination of import tariffs:**

SACU member states trade duty-free and 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 on substantially all trade over a period of 12 years. Trade liberalisation also included the removal of non-tariff measures. About 13 (out of 16) SADC countries are implementing the agreement, except for Angola, Comoros, and the Democratic Republic of Congo. Angola and the DRC are still busy with their accession to the FTA (Trade Protocol). However, Zimbabwe, Malawi, and Tanzania have not finalised their tariff phase-down programme on a few products yet.

**Elimination of non-tariff barriers (NTBs):**

Both agreements make provisions 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 FTA, 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 and 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 the production environment rather than to serve as an obstacle/barrier to market access. The signatories have all agreed to use the applicable World Trade Organization (WTO) agreements in this regard (e.g., WTO SPS Agreement). Both SACU and SADC FTA 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.

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[1] SACU comprises of Botswana, Lesotho, Namibia, South Africa and Eswatini.

[2] SADC FTA countries comprise of Botswana, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Eswatini, Tanzania, Zambia, Seychelles, and Zimbabwe

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**Trade facilitative Rules of Origin (RoO):**

The SADC FTA 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 States (not Third Parties) enjoy tariff and other trade preferences. The SADC RoO have been reviewed to make them simpler and less trade restrictive. To date, substantial progress has been made to simplify these rules.

**Potential benefits and opportunities:**

The Southern African 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 a developmental level, insufficient to provide for the food security needs of the region. This necessitates imports to make up for the shortfall. South Africa has largely been able to take advantage of these opportunities through a diversified export basket. In SACU, there are generally no tariffs or quotas on goods traded within the customs union as the agreement treats the region as one market. Exceptions apply to the protection of these so-called infant industries in the economies of Botswana, Eswatini, Lesotho and Namibia (BeLN). Generally, after entering the customs area, 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/quota-free. This has resulted in a significant increase in South Africa's market share and export of value-added agricultural products in the region.**Less stringent food quality standards:**

In most cases, South Africa is able to meet the quality standards set and required by its regional trading partners.

**Useful contacts and information**

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| COMESA Homepage | www.comesa.int |
| EAC Homepage | www.eac.int |
| SADC Homepage | www.sadc.int |
| SACU Homepage | www.sacu.int |

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