

SADC PRIVATE SECTOR WORKSHOP  
ON REGIONAL INTEGRATION  
2-3 JULY 2008

OUTCOMES

The SADC private sector, represented by organisations from eleven of the fourteen Member States, met in Johannesburg on 2 and 3 July 2008. Private sector representatives discussed the implementation of the SADC Trade Protocol and the plans for further economic integration set out in the Regional Indicative Strategic Development Programme (RISDP). Participants strongly supported the promotion of intra-SADC trade and investment through deepening regional economic integration. The following is a summary of the key positions adopted by the private sector representatives:

SADC Agenda for Economic Integration

2 The SADC private sector reiterated the importance of developing a strong regional economy that provides an environment which is conducive for business. An integrated region provides greater opportunities for both trade and investment to be increased. It also has the potential to make a real contribution to achieving equitable prosperity in SADC.

3 The process of regional integration must be driven by economic, trade and investment realities. In this regard, the private sector has a key role to play.

4 The targets for economic integration set out in the RISDP are considered to be too ambitious by the SADC private sector, in particular the immediate deadline of 2010 for a SADC customs union. It is unrealistic to introduce a customs union until such time as a Free Trade Area has been fully and successfully implemented.

5 The SADC private sector calls for Member States to focus resources on deepening economic integration through the full implementation and the efficient functioning of the Free Trade Area (FTA) and the SADC Trade Protocol. In this process one could prioritise issues such as infrastructure; services; investment to build capacity to produce goods and address supply side constraints; energy; harmonisation of regulations and policies; non-tariff barriers and trade facilitation. These priorities are discussed in more detail below.

6 The establishment of a well-designed customs union in the region could undoubtedly have economic benefits for many SADC Member States. However the SADC private sector representatives believes that there are a number of important issues that must be discussed and agreed by both Governments and the private sector before negotiations of a common

external tariff (CET) can be undertaken. These include among others the overarching objectives of a customs union in relation to both trade and industrial policies; possible revenue sharing arrangements; and resolution of the question of overlapping membership of regional trade arrangements.

7 The private sector should be the driving force for economic integration in SADC and greater steps must be taken to involve them in the decision-making processes as well as during the implementation of regional initiatives. In this regard, the private sector calls upon SADC to implement the commitment in the RISDP for the development of a public-private dialogue policy for the region.

### SADC Free Trade Area

8 Effective implementation of the SADC FTA should be the current focus of economic integration efforts in the region.

9 The SADC private sector recognises the efforts undertaken to implement the SADC Trade Protocol but to date there have been limited benefits recorded by business in the region. The following issues related to the FTA should be addressed as priorities:

- Agreement needs to be reached on the SADC rules of origin as they are imperative for the smooth functioning of an FTA. Lessons could be drawn from the COMESA rules of origin. Consistent application is necessary in all Member States.
- Helpdesks should be established in Member States to provide basic information to traders on the FTA.
- The SADC Secretariat requires urgent capacity to monitor and support the implementation of the FTA and other programmes.
- As a matter of urgency, the websites of the SADC Secretariat and Member States should be updated and used as information portals for the private sector before the planned launch of the FTA in August 2008.
- Advance notification procedures should be established for changes to regional policies and procedures, in line with existing WTO disciplines.
- An effective monitoring and compliance mechanism needs to be urgently established.
- There should be implications for those Member States who do not fulfil their obligations under the SADC Trade Protocol.
- Angola and the DRC should be encouraged to become parties to the FTA as soon as possible.

10 Improved trade facilitation remains at the heart of an effective FTA. The SADC private sector acknowledges that the region has identified many of the necessary instruments and policies but there is a deficiency with regards to implementation.

11 The SADC Trade Protocol called for the immediate removal of non-tariff barriers (NTBs) among Member States. NTBs are among the biggest challenges faced by the private sector in the region and should be prioritised in future work on economic integration. The proliferation of NTBs risks nullifying any benefits resulting from the phasing out of tariffs and quotas.

12 Some of the key NTBs have been identified in comprehensive research and mentioned already and include customs issues, transit delays and costs, undue sanitary and phytosanitary (SPS) measures, poor infrastructure, import restrictions, surcharges on imports, VAT issues and delays in refund of duty drawbacks.

13 Plans under the FTA to enforce specific requirements for certificates of origin and the registration of producers will require extensive cooperation from the SADC private sector. This should be undertaken as early in the process of implementation as possible to ensure workable processes that do not hinder trade and that can support electronic customs clearance.

#### Before a Customs Union

14 As highlighted above, SADC members should also implement and consistently apply the principles of the FTA before a customs union is put in place.

15 In addition, the harmonisation of a range of policies is essential to build a sound platform for a customs union, including those related to trade, industrial, customs, agricultural and other sectoral related issues. This takes time and considerable political will. The SADC private sector does not believe that this process can be rushed.

16 Finalisation of the harmonisation process of technical regulations, standards, SPS and other constraining measure is essential for increasing intra-SADC trade and should be speeded up.

17 Accurate and current trade statistics are required. The SADC private sector urges Member States to improve and develop systems to ensure that the necessary information is available.

18 The issue of overlapping membership of regional bodies presents a challenge for economic integration in SADC and the private sector calls for greater clarity from Member States in this regard.

19 The SADC private sector calls for urgent liberalisation of the transport sectors in the region in order to reduce the costs of trade, especially for land-locked countries.

20 In order to achieve growth of trade and investment in the region, efforts need to be undertaken to facilitate the movement of business people in SADC through the removal of visa requirements.

### Role of the Private Sector

21 The SADC private sector calls upon Member States of the region to make greater efforts to involve their business communities in both the decision-making and implementation processes towards deeper economic integration. Governments and the private sector need to act together in partnership to achieve results.

22 Greater engagement with the private sector could involve building awareness about regional decisions and processes; the provision of relevant and user friendly information; support for exporters; capacity building for business organisations; and more open debates about key policy issues.

23 The SADC private sector undertakes to improve its ability to be a constructive partner for Member States and the SADC Secretariat in pursuit of economic integration. In this regard, the private sector calls upon Member States to recognise and engage private sector structures which operate at national and regional level.