

# Quarterly



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## World Economic Forum on Africa 2008 “Capitalize on opportunity”

The world Economic Forum on Africa was held from the 04 – 06 June in Capetown South Africa with the theme ‘Capitalize on opportunity’. The Executive Secretary of SACU Ms Tswelopele Moremi attended the Forum.

When more than 800 business, government and civil society leaders from 50 countries met in Cape Town for the 18th World Economic Forum on Africa, the optimism generated by yet another year of strong economic growth in the continent was evident.

The sense of achievement, however, was tempered by the shared appreciation that the going will only get tougher, given the slowdown in the global economy and rising energy and food prices. Nonetheless participants chose to remain resolute and to look forward for ways in which Africa can bridge the gap between the challenges and opportunities and capitalize on the drivers of growth. Africans, said Bingu Wa Mutharika, President of Malawi, “need to change mindset from ‘afro-pessimism’ to ‘afro optimism.’” Africa, he added, “is probably the richest continent in the world but the people are the poorest. Let us recognize that we have all the wealth to enable us to transform our continent and people from poverty to prosperity.”

The meeting began with an interactive brainstorming session during which participants identified the major drivers of change that Africa needs to be most prepared for in the next 12 months. A similar survey had previously been conducted among the general public. The participants’ overwhelming choice: education and skills development. “There is a gap between the skills of those in school and the jobs they would aspire to fill.”

By identifying education and skills development as the key priority, participants highlighted the need for Africa to develop new leaders ready for a more competitive and closely interconnected world where collaboration, innovation and entrepreneurship are the necessary tools of success. “Business needs to join with government and civil society to improve skills,” advised E. Neville Isdell, Chairman and Chief Executive Officer of The Coca-Cola Company. Public-private partnerships are essential to addressing the skills deficit in Africa, Ogata said.

In stressing the need for strong leadership, participants acknowledged that for too long much of Africa’s ability to prosper was impeded by poor governance. But rather than blame colonial rule for their ills, new African leaders are taking responsibility for their actions and opening up their governance practice to scrutiny and open criticism. “Unless we get leaders that see beyond the divides that the [colonial] system left us, very likely we will move one step forward and two steps backwards,” said President Kufuor.

The continent must find its role in the global village, said President Mutharika of Malawi. “This is a question that we have glossed over but yet is so fundamental. We have a role to play in the global arena.” That role is for Africans alone to shape, he concluded. “Nobody will develop Africa for us.”

The 2008 meeting was organized under five sub-themes: “Re-engineering Growth”, “Unfinished Business”, “Innovate or Perish”, “Partnerships without Borders”, and “License to Lead”. Within these sub-themes, the agenda examined Africa’s challenges and opportunities, and the capacity for leadership to bridge the gap between them.

### Quotes from the World Economic Forum on Africa 2008

“How does Africa convert the food crises into an opportunity? currently yields in Africa are the lowest in the world. We need a long term approach” - **Obiageli Katryn Ezekwesili, Vice President, Africa Region, World Bank, Washington DC.**

“We all believe agriculture is the battle field for economic growth in Africa”  
**Monty Jones – Executive Director, Forum for Agricultural Research in Africa, Ghana.**

“Unless we get leaders that see beyond the divides that the [colonial] system left us, very likely we will move one step forward and two steps backwards.” - **John Agyekum Kufuor President of Ghana**

“In the globalized era of the 21st Century, government alone cannot do everything and how to bring other partners into the process of responsible decision making is a very big challenge, one which the World Economic Forum is helping to lead.”  
- **Sadako Ogata, President, Japan International Cooperation Agency; Co-Chair, World Economic Forum on Africa**

“This is the first Forum that is looking at how we can understand the role, relevance and quality of leadership in Africa and use it as a bridge to capitalize on the opportunities the continent offers.” - **Wendy Luhabe, Chairperson, Industrial Development Corporation, South Africa; Co-Chair, World Economic Forum on Africa**



# Task Team meeting on Regional Intergration

A meeting of the SACU Task Team on regional integration was held from 2 to 3 June 2008 in Johannesburg, South Africa. The purpose of the meeting was to discuss the draft studies on regional integration as well as to consider a background paper on the implications of the EPA negotiations on SACU.

## **Impact Assessment Study on SACU Member States due to SADC FTA and CU**

The Task Team considered a report of the Impact Assessment Study on SACU Member States due to SADC Free Trade Area (FTA) and Customs Union (CU). The Report employed a Computable General Equilibrium (CGE) model in order to assess the impact of the SADC FTA and CU on SACU Member States. On the basis of the model output, the report concluded that most of the benefits of integration for SACU Member States will be achieved through the FTA and that a CU would only marginally benefit SACU Member States.

The report noted that the degree of structural adjustments that SADC Member States would undergo under a CU were more severe than in an FTA and would further be exacerbated by the SADC EPA outcome. The report highlighted that due to the dependence of SADC Member States on aid and trade from the EU, the EPA negotiations may take precedence over the SADC CU.

The Task Team welcomed the Report and noted that the key conclusions of the study resonate with their view that the benefits of a SADC CU will not be significantly greater than those accruing under the FTA. The meeting concluded that the focus should be on the consolidation of the FTA by addressing the structural

challenges and supply-side constraints facing SACU in moving towards deeper integration. The meeting further agreed that the EPA negotiations would be critical to any efforts to deepen integration in the region as this would have implications for the continued existence of SACU.

The Task Team concluded that the study serves as a useful basis to identify key policy issues to be taken to Council for consideration.

## **Study on the Consolidation of SACU**

The Task Team considered the Report on the Consolidation of SACU. The Report outlined an audit of the provisions of the SACU Agreement in terms of scope and coverage as well as the level of implementation. The Report also compared the SACU Agreement with best practice in the EU, CARICOM, MERCOSUR and Gulf Cooperation Council and further identified some ambiguity, inconsistencies and differing degrees of harmonization requirements among the provisions of the Agreement.

In terms of best practice, the report states that theoretical and working definitions of SACU are compatible with the provisions of the WTO. The report recommended the need to focus on a limited SACU agenda that initially focuses on managing implementation; institutional best practice; aligning and strengthening rules; and empowering institutions. The Report proposed an action plan comprising four overarching goals: effectiveness of SACU policy making; transparency and accountability; strengthening the establishment and operationalisation of SACU institutions; and addressing key outstanding policy questions. The Task

Team agreed with the general thrust of the recommendations but cautioned that any steps toward consolidation of SACU would only be successful if SACU agrees on a common vision. The Task Team concluded that the common vision needs to provide direction with respect to the sequencing and prioritization of SACU activities. In this respect, the report observed the non compliance, and in some instances partial compliance, with respect to some provisions of the 2002 Agreement.

## **Impact of the EPA negotiations**

The Task Team considered a background paper prepared by the Secretariat on the impact of the EPA negotiations on SACU. The paper highlighted that the Interim EPA undermines the objective of the SACU Agreement as a tool for promoting regional integration in SACU. It has implications on the maintenance of the integrity of the CET and severely limits SACU's trade policy space through the MFN provision. The Interim EPA has implications on the free movement of goods in that there may be a need to introduce internal customs controls procedures which may affect the free flow of goods amongst SACU Member States.

The Report indicated that the role of the SADC-EC EPA Joint Council and its decision making competences may have a direct and substantial impact on the mandate of the SACU Council of Ministers to make decisions on issues covered by the 2002 SACU Agreement.

The meeting agreed that the SADC-EC Interim EPA does undermine the objectives of the 2002 SACU Agreement as set out in Article 2 thereof.



# 14th SACU Council of Ministers Meeting

The 14th SACU Council of Ministers' Meeting was convened on 04 April 2008, under the Chairmanship of Hon. Baledzi Gaolathe, Minister of Finance and Development Planning for Botswana. The meeting was held in Gaborone Botswana.

The Agenda considered by the Council was aimed primarily at ensuring the effective and efficient implementation of the 2002 SACU Agreement which came into force in July 2004. The Council of Ministers received a report from the Executive Secretary which outlined progress made and challenges faced by SACU in implementing the 2002 Agreement. The Report highlighted some strategic issues concerning the ongoing debate on regional integration, consolidation of SACU, the challenges of establishing SACU institutions, development of common policies and capacity building.

In brief, the Council considered the following 5 main issues on the Agenda:

## **Implementation of the 2002 SACU agreement**

The Council of Ministers noted that though the 2002 SACU Agreement is a modern Agreement with a strong commitment to develop common

policies and common institutions in support of deepening regional and Global integration. The Council also noted that the implementation of the 2002 SACU Agreement is moving at a slow pace and this could have implications for the full achievement of the objectives of 2002 Agreement. Hence the Council agreed to a refocused and dedicated approach in the implementation of the Agreement if SACU has to function as an effective Organization and meet external challenges.

## **Regional integration**

The Council noted that there are immediate challenges at a regional and global level which has implications for SACU for its role in supporting regional integration. The challenges mainly revolve around the timetable for the SADC integration agenda and recent challenges in the Economic Partnership Agreement (EPA) negotiations. Council noted that, whilst SACU has been in existence over a long time, SACU has new challenges in dealing with regional integration and as such SACU has to change the way it has operated in the past to be able to deal with the current challenges. Council further called for a clear strategy and sustained commitment and common vision towards an enabling environment for deeper Regional Integration.

## **Consolidation of SACU**

Council took note that in order to ensure forward movement on regional integration, there is a need to consolidate SACU so that it can play a viable role in achieving the objectives of the SACU Agreement, which centre around centres around facilitating trade in goods, the development of common policies, creation of effective and efficient institutions and promoting the integration of Member States into the global economy through trade negotiations.

## **Trade relations with third parties**

Council noted that the absence of common policies, a provision catered for under Chapter 8 of the Agreement, compounds the challenges SACU faces during negotiations with third parties. A case in point being the SADC – EC EPA Negotiations. Council further noted the progress made in the Trade Negotiations with third parties, namely the SACU – India Preferential Trade Agreement (PTA) Negotiations, the SACU-USA TIDCA Negotiations and the finalization of the SACU – MERCOSUR Preferential Trade Agreement. Council also noted that all SACU Member States have now ratified the SACU EFTA Free Trade Agreement, and as a result the Agreement will now enter into force on 1 May 2008.

# 7th AGOA Forum, Washinton DC, USA.

The seventh AGOA Forum was held in Washington, DC, July 14-16, 2008. The theme of the Forum was 'Mobilizing Private Investment for Trade and Growth.'

The SACU Executive Secretary Ms Tswelopele Moremi and the Deputy Director for Trade Negotiations Mr. Rolf Otto attended the Forum. The Forum focused on creating a business climate

that will encourage private investment and help mobilize capital to finance investment. The Ministerial discussions were held on July 15 at the State Department. The private sector and civil society groups held related events on July 14 and July 16.

AGOA is a U.S. trade and investment policy toward the African continent aimed at reducing

barriers to trade, increasing diversified exports, creating jobs and expanding opportunities for Africans to build better lives. Specifically, AGOA provides trade preferences to designated countries that are making progress in economic, legal and human rights reforms.

Under AGOA, eligible countries can export almost any product to the United States

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duty-free. Right now, that's nearly 6,500 products from apparel to automobiles and footwear to fruit. AGOA also provides a framework for technical assistance to help countries take greater advantage of trade preferences.

Last year, in 2007, over 98 percent of U.S. imports from AGOA-eligible countries entered this country duty-free. Total trade between the United States and Sub-Saharan Africa has grown to more than \$81 billion last year and we've seen non-oil AGOA imports into the U.S. nearly triple since 2001.

Currently 41 Sub-Saharan African countries meet AGOA's eligibility criteria that can take advantage of the trade benefits offered under the act.

The AGOA Forum is an annual dialogue between the United States and Africa. The 7th AGOA Forum, under the theme "Mobilizing Private Investment for Trade and Growth." set the stage for active discussions focusing on the linkages between private investment and economic growth, and provide opportunities for African countries to take advantage of trade opportunities in AGOA

and elsewhere around the globe. This event brought together senior U.S. administration officials, African Government ministers, as well as U.S. and African business and civil society stakeholders to accelerate the exchange of ideas and information critical to AGOA's continued success and, indeed, to Africa's continued economic success.

## SACU – USA TIDCA Signing Ceremony

On 16 April 2008, the Southern African Customs Union (SACU) composed of Botswana, Lesotho, Namibia, Swaziland and South Africa, met with the United States Trade Representative in Washington, D.C. to sign a Trade, Investment and Development Cooperation Agreement (TIDCA). Ambassador Susan Schwab, United States Trade Representative, signed on behalf of the Government of the United States of America, while the five SACU Ministers responsible for Trade – Honourable DN Moroka, Minister of Trade and Industry of Botswana, Honourable P Lebesa, Minister of Trade and Industry of Lesotho, Honourable H Geingob, Minister of Trade and Industry of Namibia, Honourable M Mpahlwa, Minister of Trade and Industry of South Africa and Honourable MM Dlamini, Minister of Foreign Affairs and Trade of Swaziland – signed on the behalf of SACU Member States.

The agreement is a cooperation agreement

aimed at promoting investment and expanding and diversifying trade between SACU and the USA. It establishes a Consultative Group on Trade and Investment. The Group aims to meet not less than once a year and, inter alia, shall look at the possibility of concluding trade and investment enhancing agreements between the two sides; monitor trade and investment relations between the two sides; identify and remove barriers to trade and investment between the two sides; and deal with trade capacity building assistance and/or cooperation; and promote increased contact between the private sectors of both sides. It provides for a consultative process aimed at dealing with any matter relating to trade and investment cooperation, the possibility of concluding further agreements in the areas of sanitary and phytosanitary matters (SPS), technical barriers to trade (TBT), customs cooperation and trade facilitation.

## Calendar of Events for the Next Quarter

July - September 2008.

9 - 10 July  
Joint Border and One Stop Border Initiative Workshop

31 August - 01 September  
SACU Council of Ministers retreat

23 - 25 September  
16th SACU Commission Meeting

26 September  
16th SACU Council of Ministers Meeting

For a complete listing of upcoming events, refer to the events calendar:

<http://www.sacu.int/eventscalendar>

## Mailing List

The SACU Quarterly is a SACU Secretariat newsletter that is produced every three months and is circulated free of charge. If you wish to be on the mailing list, write to SACU Quarterly, Private Bag 13285, Windhoek, Namibia, or email: [sacuquarterly@sacu.int](mailto:sacuquarterly@sacu.int).

## Comments and Feedback:

For comments and feedback, email: [feedback@sacu.int](mailto:feedback@sacu.int) or write to SACU Quarterly, Private Bag 13285, Windhoek, Namibia.