

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC) REVIEW OF RULES OF ORIGIN

SUBMISSION BY BUSINESS UNITY SOUTH AFRICA (BUSA)

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Background

BUSA is a confederation of business organisations including chambers of commerce and industry, professional associations, corporate associations and unisectoral organisations. It represents South African business on macro-economic and high-level issues that affect it at the national and international levels. BUSA's function is to ensure that business plays a constructive role in the country's economic growth, development and transformation and to create an environment in which businesses of all sizes and in all sectors can thrive, expand and be competitive.

As the principal representative of business in South Africa, BUSA represents the views of its members in a number of national structures and bodies, both statutory and non-statutory. BUSA also represents businesses' interests in the National Economic Development and Labour Council (NEDLAC).

Introduction

One of the SADC objectives stated in Article 5 of the SADC treaty of 1992 is "to promote self-sustaining development on the basis of collective self-reliance and the inter-dependence of Member States". The current SADC Rules of Origin (RoO) (Annex I to the SADC Protocol on Trade) to a larger extent, address this objective. The review of the RoO should stimulate industrial development and enhance the industrialisation objectives of the region. It should also be in alignment with other trade arrangements with the region to facilitate administration.



Whilst the aim of the SADC protocol review has not been made clear, BUSA welcomes the call from government to engage.

BUSA's Position and Motivation

1. The report of the SADC Expert Group on the Review of SADC Rules of Origin (RoO) held from 18 to 22 May 2017 in Gaborone, Botswana, states that:

"The meeting also noted that some of the rules being formulated under the Tripartite FTA were more trade restrictive than those already provided under the SADC Protocol on Trade".

BUSA is not in agreement with this statement. South Africa has made concessions in a number of tariff headings in the development of the rules that determine the country of origin for products traded under the Tripartite Free Trade Area (TFTA). The agreed rules in Annex 4 of the TFTA cannot be more trade restrictive in comparison to the existing SADC rules. In instances where this could be the case, it could have been driven by industrial development in the Region.

2. Business is opposed to the review process of SADC Rules of Origin for the following reasons:
 - a) The purpose of the review has not been made clear. More clarity is sought on the reasons behind the comprehensive review of the SADC RoO.
 - a) An additional negotiation process will require an allocation of additional resources by the region. The current TFTA and Continental Free Trade Area (CFTA) negotiations are already consuming a large portion of the already limited resources at our disposal. A review done at a later stage could yield better results.
 - b) An impact of the review on the negotiations that are currently on-going needs to be determined. Apart from the TFTA and CFTA, South Africa is engaged in the Southern African Customs Union (SACU) - European Free Trade Association (EFTA) review and SACU-India Preferential Trade Agreement negotiations.
3. Business would propose for the review to be deferred until the continental negotiations are concluded.



Conclusion

BUSA appreciates the opportunity provided by the DTI for business and Nedlac social partners to submit input towards a comprehensive review of the SADC Rules of Origin. Should the DTI have further questions in this regard, BUSA is available to engage further.