



REPORT OF THE SADC PARLIAMENTARY FORUM STANDING COMMITTEE ON TRADE, INDUSTRY, FINANCE AND INVESTMENT (TIFI) FOR THE 55TH PLENARY ASSEMBLY HOSTED BY THE PARLIAMENT OF THE REPUBLIC OF ANGOLA FROM 1ST TO 7TH JULY 2024

THEME: “COLLABORATIVE ENGAGEMENT ON ENHANCING ECONOMIC COOPERATION THROUGH OPENING UP OF SERVICES, REDUCTION OF TARIFFS AND BOLSTERING THE TRANSPORT SECTOR”

Mr President, I beg to move that this Plenary Assembly do adopt the Report of the SADC Parliamentary Forum Standing Committee on Trade, Industry, Finance and Investment laid on the table on 3rd July 2024.

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1.0 COMPOSITION OF THE COMMITTEE

1.	Hon. Dr. Pinkie Manamolela, Chairperson	Lesotho
2.	Hon. Dithapelo Keorapetse, Vice Chairperson	Botswana
3.	Hon. Ruth Mendes	Angola
4.	Hon. Michael Masilela	Eswatini
5.	Hon. RAMAROSOA Emiline RAKOTOBÉ	Madagascar
6.	Hon. Francis Lucky Phisso	Malawi
7.	Hon. Marie Joanne Sabrina Tour	Mauritius
8.	Hon. Carlos Moreira Vasco	Mozambique
9.	Hon. Egbert Aglae	Seychelles
10.	Hon. Dr. Alfred James Kimea	Tanzania
11.	Hon. Kalalwe Mukosa	Zambia
12.	Hon. Mercy Mugomo,	Zimbabwe

At the time of the meeting, DRC had not yet designated Members to SADC PF following the general election.

Namibia and South Africa extended apologies, respectively.

2.0 TERMS OF REFERENCE

The mandate of the Standing Committee on Trade, Industry, Finance and Investment is stipulated in Rule 42(b) of the SADC PF Rules of Procedure. Broadly, the Committee deals with all matters related to economic cooperation, industry and trade, mining, finance and investment and regional integration, among others.

3.0 NUMBER OF MEETINGS HELD AND MEETING DATES

The Standing Committee on TIFI conducted a virtual meeting on Monday, 13 May 2024 under the theme: *“Collaborative Engagement on Enhancing Economic Cooperation Through Opening up of Services, Reduction of Tariffs and Bolstering the Transport Sector.”*

4.0 BACKGROUND

The SADC Parliamentary Forum Standing Committee on Trade, Industry, Finance and Investment conducted its virtual meeting on 13th May 2024, under the theme: ***“Collaborative Engagement on Enhancing Economic Cooperation Through Opening up of Services, Reduction of Tariffs and Bolstering the Transport Sector.”*** In line with the theme, the Committee sought the expertise of Ms. Trudi Hartzenburg, the Executive Director of Trade Law Centre (TRALAC) based in South Africa to present a paper focussing on the topic ***“An Overview of Regional Trade and Economic Integration: Progress, Opportunities and Challenges for SADC Member States under the African Continental Free Trade Agreement (AfCFTA), Agenda 2063 and Programme for Infrastructural Development for Africa (PIDA): Re-emphasizing the Role of Members of Parliament in Regional Trade and Economic Integration”***.

The presentation resonated well with the Standing Committee's mandate, on identifying opportunities and strengthening linkages on regional economic cooperation and elimination of barriers to trade.

5.0 SUMMARY OF KEY ISSUES RAISED IN THE PRESENTATION

From the presentation by Ms. Trudi Hartzenburg, the Executive Director of Trade Law Centre (TRALAC), from a summary of the issues raised is as below:

5.1 The African Continental Free Trade Area (AfCFTA)

- i The AfCFTA, entered into force on the 30th of May 2019, after rapid negotiations that commenced in 2015, however it still requires settlement of key aspects before full implementation.
- ii It functions as a free trade area, with preferential rules of origin, allowing individual Members' flexibility to conclude agreements with third parties, unlike customs unions that adopt a common external tariff.
- iii The Agreement underscores the importance of Africa's integration into global value chains and support cross-border value chains through tariff liberalization, elimination of non-tariff barriers and enhanced inter-agency cooperation.
- iv The AfCFTA is recognized as a framework for Africa's industrialization, closely linked with SADC's Industrialization Agenda and the Regional Industrial Strategy adopted in 2014.
- v The Agreement is meticulously crafted, setting out the legal framework aimed at fostering trade integration and sustainable development. It acknowledges Africa's integration into the global economy. It emphasizes the importance of addressing outstanding issues in negotiations, focusing on implementation and the oversight role of regional Parliamentary Forums such as the SADC Parliamentary Forum.
- vi The AfCFTA, as a flagship initiative under the African Union's Agenda 2063, aims to boost intra-African trade and necessitates collaboration between regional economic communities and National Governments to realize its benefits, including addressing sensitive issues like cross-border movement of persons.

5.2 The Importance of Regional Economic Communities and Industrialization

- i The trade facilitation agenda of both SADC and the AfCFTA is crucial for industrialization and developing cross-border value chains. The focus on critical minerals, such as lithium, cobalt and copper, which are essential in technological and renewable

energy developments are game changing in the trade and investment matrix.

- ii These resources, predominantly found in Southern Africa, are vital for producing technological equipment and renewable energy technologies, reinforcing the need for robust trade facilitation and industrial strategies within the AfCFTA framework.

5.3 The Importance of Value Addition in Free Trade Areas

- i Value addition in the SADC region is crucial for maximizing the benefits of the AfCFTA, as it fosters economic growth, industrialization and competitive trade. Member States, for example Zimbabwe and Namibia were singled out as implementing policies to limit the export of raw minerals and promoting domestic value addition.
- ii Highlighting the region's potential in the green transition and industrialization, strategic approaches were encouraged to leverage on technological advancements developed by global partners for local industrial development. For instance, foreign investments are being directed towards utilizing lithium deposits in the Democratic Republic of Congo for battery production.
- iii Additionally, the services sector, encompassing transport, communication, financial and professional services, is integral to industrial development and structural transformation. These sectors interconnect, contributing to a diversified and robust productive capacity, enhancing intra-African trade competitiveness and redefining trade relationships with global partners. The AfCFTA provides a framework to support these initiatives, driving comprehensive economic transformation across the Continent.

5.4 The Interconnectedness of AfCFTA with continental initiative

5.4.1 AGENDA 2063

The AfCFTA aligns with the African Union's Agenda 2063, which is a strategic framework for the socio-economic transformation of the Continent over 50 years. Agenda 2063 aims to achieve a prosperous Africa based on inclusive growth and sustainable development. The AfCFTA contributes to this vision by fostering economic integration, boosting intra-African trade and the promotion of industrialization across the Continent.

5.4.2 Programme for Infrastructure Development in Africa (PIDA)

PIDA is integral to the AfCFTA's success, as infrastructure development is crucial for facilitating trade and services. The SADC Master Plan for Infrastructure Development complements PIDA by focusing on building roads, railways and digital infrastructure. These projects are essential for

improving connectivity, reducing trade costs and enhancing access to economic opportunities, particularly in rural and remote areas.

5.4.3 Digital Infrastructure

Digital infrastructure, including satellite technology and broadband access, is increasingly important for ease of access to information. It supports the AfCFTA by enabling better connectivity and access to economic and social services. This infrastructure is vital for integrating rural communities into the broader economy, improving access to healthcare, education and communication services, thereby promoting inclusive development.

5.4.4 Accelerated Industrial Development for Africa (AIDA)

AIDA, Africa's blueprint for industrial development, accelerates the Continent's industrialization efforts. The AfCFTA builds on AIDA's initiatives by creating a larger market for industrial goods and facilitating the development of cross-border value chains. This interconnectedness enhances Africa's productive capacity and competitiveness in global markets.

5.4.5 Pharmaceutical Production

The production of pharmaceuticals is a key sector under both AIDA and the AfCFTA. The AfCFTA supports the development of a robust pharmaceutical industry by enabling economies of scale and fostering regional cooperation. This initiative has particularly emphasized in the wake of the COVID-19 pandemic, highlighting the need for self-sufficiency in producing vaccines, medical equipment, and other essential healthcare products.

5.6 Protocol for Free Movement of People and Other Related Instruments

The Protocol on Free Movement of People in eliminating barriers to cross-border movement is crucial for the trade integration agenda. She highlighted that the movement of goods necessitates truck drivers and freight forwarders, while services like healthcare, architecture and legal services require professionals to cross borders. In the education and tourism sectors, the cross-border movement of students and tourists must be conducted safely, securely, and legitimately.

5.6.1 Air Transport Services

Discussions have shifted to the critical area of air transport, including the Yamoussoukro Decision, signed in January 2018, which aims to improve air travel across the Continent. However, high airfares, especially from Central, West and North Africa to, for example Lusaka, Zambia were identified as significant barriers to integration. Increasing competition among smaller regional airlines was proposed as a solution to reduce prices, synergizing with the AfCFTA competition protocol to lower costs and improve connectivity.

6.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

In view of the foregoing deliberations, the Standing Committee on Trade, Industry, Finance and Investment:

- i. **Acknowledging** the United Nations Conference on Trade and Development (UNCTA) Model Law on Competition as progressive and responsive to global challenges particularly on regional economic integration
- ii. **Further acknowledging** that few SADC Member States have developed similar laws on competition, however the SADC region should enact a standard legal framework on competition borrowing from the UNCTA Model Law on Competition.
- iii. **Noting** the need to regulate and value-add the production of critical minerals such as lithium and chrome before export, by creating appropriate laws and regulations. Focus on industrializing key sectors, including agriculture, to ensure food security and economic growth in the region.
- iv. **Recognizing** the important role being played by trade in services especially the transport sector in facilitating regional economic integration within the SADC region.
- v. **Emphasizing on** the necessity of harmonizing rules and regulations to facilitate structural changes in the service sector.
- vi. **Noting** the importance of integrating AfCFTA with other treaties and protocols such as PIDA and AIDA, to enhance regional cooperation.
- vii. **Stressing** the critical role of this protocol in promoting regional and continental trade.
- viii. **Recognizing** the importance of RECs like SADC as building blocks of AfCFTA and the need to harmonize trading arrangements within this framework.
- ix. **Calling** for an investigation into unresolved issues such as tariffs and rules of origin and explore opportunities for industrial development, infrastructure and trade facilitation.
- x. **Underlining** the importance of discussions on the regulatory framework and treatment of SEZ products within AfCFTA, highlighting their potential to drive economic growth and investment.
- xi. **Underscoring** the importance of meeting participation requirements for Guided Trade Initiative (GTI), focusing on technical verification of tariff concessions and establishing coordination mechanisms.

- xii. **Encouraging** regional cooperation, effective negotiation and policy implementation to maximize the benefits of intra-African trade and integration within the SADC region.

GIVEN THE FOREGOING, the Committee resolved to recommend that the 55th Plenary Assembly should:

- i. **Urge** SADC PF to assess the UNCTA Model Law on Competition's relevance to the region challenges and consider developing a similar law, tailored to suit the SADC context. Laws on competition are critical in ensure standardization of quality, encourage enterprise efficiency and reduction in prices.
- ii. **Call** for the establishment of a Technical Working Group in collaboration with TRALAC to analyze the UNCTAD Model Law and provide recommendations to the TIFI Committee for the establishment of a legal framework within the SADC context.
- iii. **Further call**, for the establishment of Memorandum of Understanding (MOU) between SADC PF and TRALAC to facilitate the work of the Standing Committee on TIFI. TRALAC has been instrumental in providing capacity enhancement for Members of the Standing Committee o TIFI and such a relationship spanning across many years of cooperation, deserve to be cemented through a MOU.
- iv. **Appeal** to SADC Member States to institute value addition laws and policies on the production of critical minerals such as lithium and chrome before export policies to ensure that locals benefit wholly through employment creation, contribution to revenue collection and industrialization.
- v. **Urge** Member States to stay informed and actively participate in ongoing trade negotiations, addressing issues like tariffs, rules of origin, investment and digital trade.
- vi. **Urge** Member States of SADC to enact appropriate policies and legislation that facilitate industrialization and modernization of critical sectors such as agriculture to ensure food security. Most SADC Members States rely on primary production and has comparative advantage in the agriculture sector, as such the area should be industrialized.
- vii. **Encourage** the harmonization of rules and regulations regarding the transport sector, to ensure that trade in services is efficient and respond to the challenges bedeviling the SADC region. In addition, to guarantee that regional trade and economic integration is facilitated smoothly.

- viii. **Urge** SADC Member States to institute policies aimed at rehabilitating and upgrading various infrastructure including the rail and air transport system, in accordance with various AU and SADC legal framework such as PIDA and AIDA.
- ix. **Encourage** Member States to submit reports on debt sustainability and management to the Standing Committee on TIFI to facilitate knowledge and experience sharing.
- x. **Urge** SADC Member States to evaluate the AfCFTA within a global context, emphasizing its potential for industrialization, tariff liberalization and cross-border trade facilitation.

7.0 CONCLUSION

The SADC Parliamentary Forum (SADC PF) remains deeply grateful for the unwavering support rendered by development consultants such as Ms. Trudi Hartzenburg, who has generously contributed her valuable time to the success of our SADC Region through unpacking critical issues and providing expert guidance. Additionally, we wish to express our gratitude to the Secretary General and the supporting staff for their dedication to the work of the Standing Committee on Trade, Industry, Finance, and Investment (TIFI).

Hon. Dithapelo KEORAPETSE
VICE CHAIRPERSON

Dr. Cleophas GWAKWARA
COMMITTEE SECRETARY

8.0 APPENDICES

LIST OF OFFICIALS

1. Ms Boemo Sekgoma – Secretary General
2. Mr. Joseph Manzi – Director of Parliamentary Business & Programmes
3. Dr. C. Gwakwara – Committee Secretary
4. Mr. T. Chiremba – Committee Secretary
5. Ms. Paulina Kanguatjivi – Assistant Procedural Officer and Coordinator
6. Mr Ronald Windwaai – ICT Officer
7. Ms Agnes Lilungwe – Executive Assistant to the Secretary General