



Regional integration to enhance intra-Africa trade & investment



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Outline

- **South African Customs Union case study**
- **East African Community case study**



South African Customs Union case study



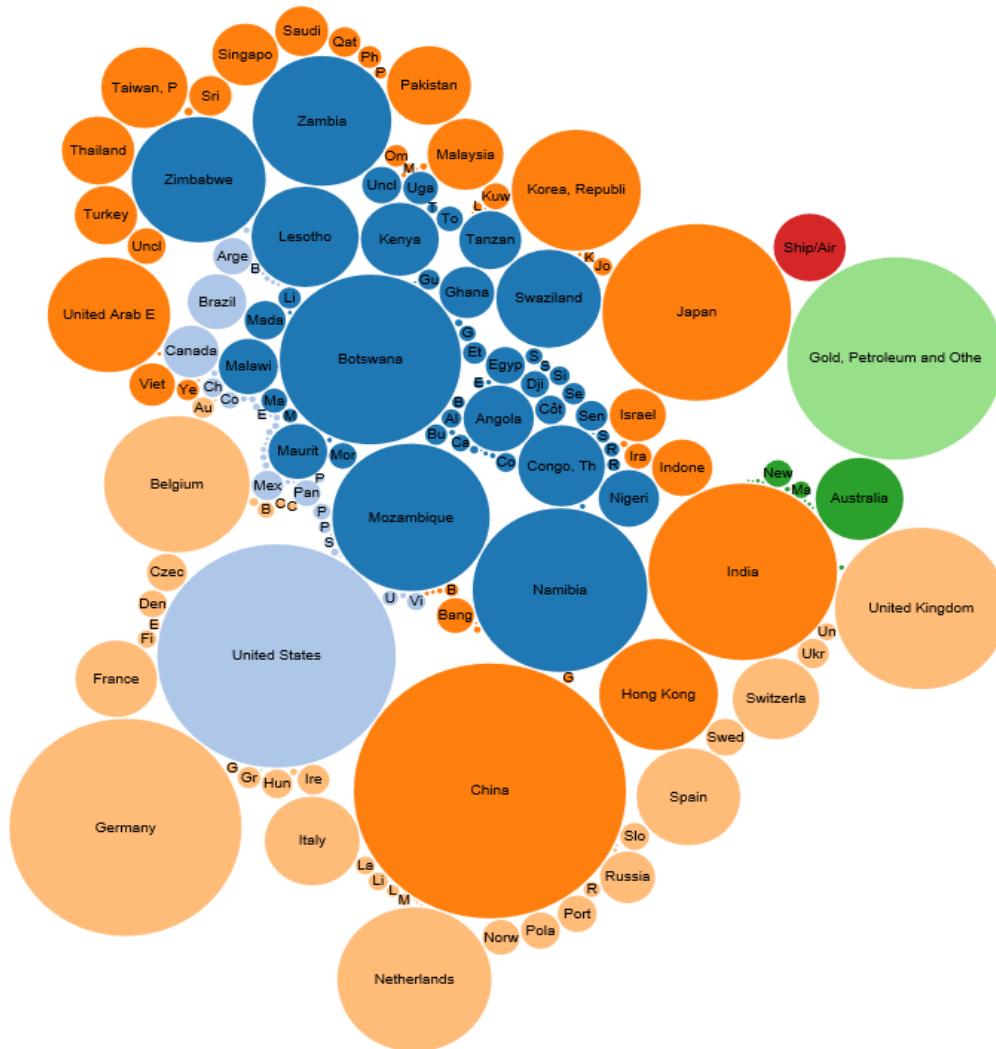
- The Southern African Customs Union (SACU) consists of Botswana, Lesotho, Namibia, South Africa, and Swaziland.
- The SACU was established in 1910, making it the world's oldest Customs Union.
- The customs union collects duties on local production and customs duties on members' imports from outside SACU
- The economic structure of the union links the member states by a single tariff and no customs duties between them
- A common external tariff applies to non-members of SACU

South African Customs Union case study



- **Currently, the trade and industry aspects of the SACU Agreement signed in 2002 is under review**
- Aim to transform SACU into a “development integration arrangement” and to promote the sustainability of the SACU economies.
- Six point plan includes:
 - Industrialisation
 - Trade facilitation
 - A unified approach to trade negotiations with third parties
 - Establishment of institutions
 - Trade in services
 - Review of the revenue sharing arrangement

South African export destinations

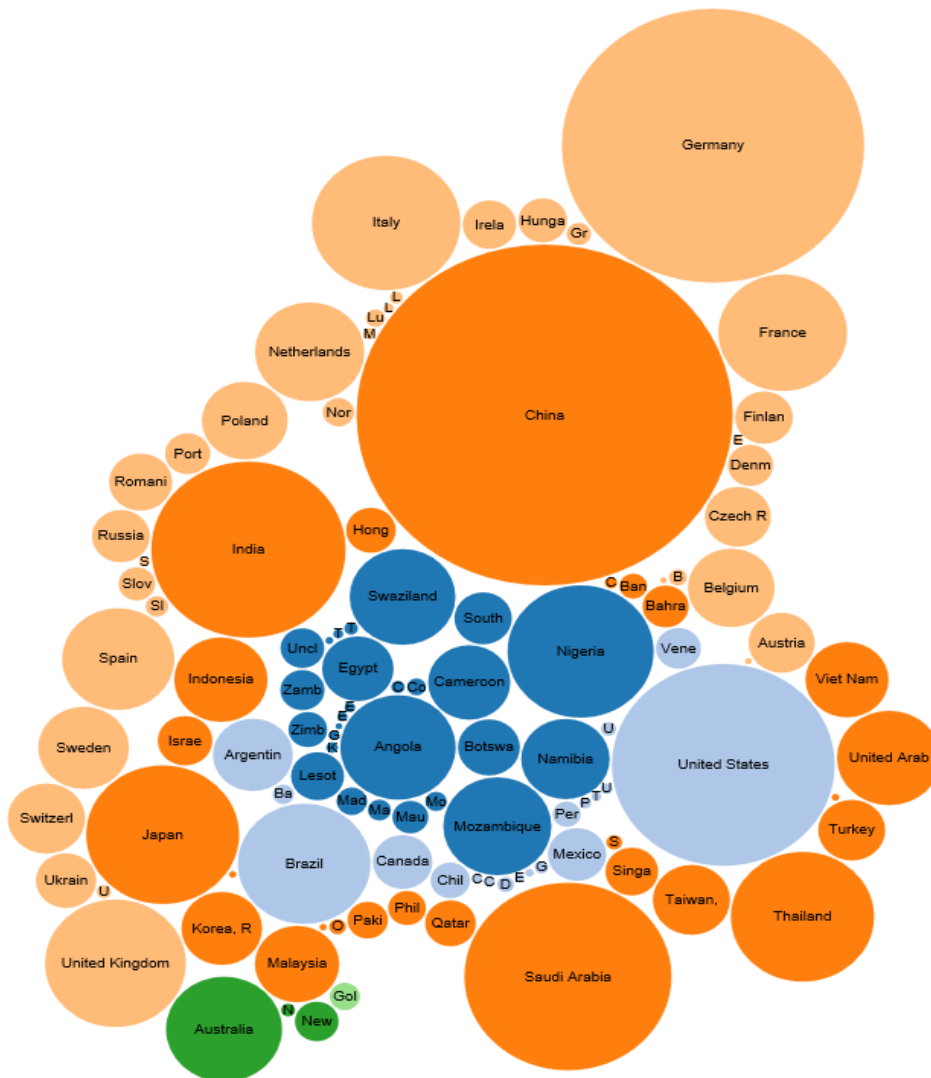


South Africa's top export destinations in 2017

SACU	R133.8bn
China	R115.5bn
USA	R88.9bn
Germany	R83.9bn
Japan	R55.5bn
India	R55.4bn
UK	R46.4bn

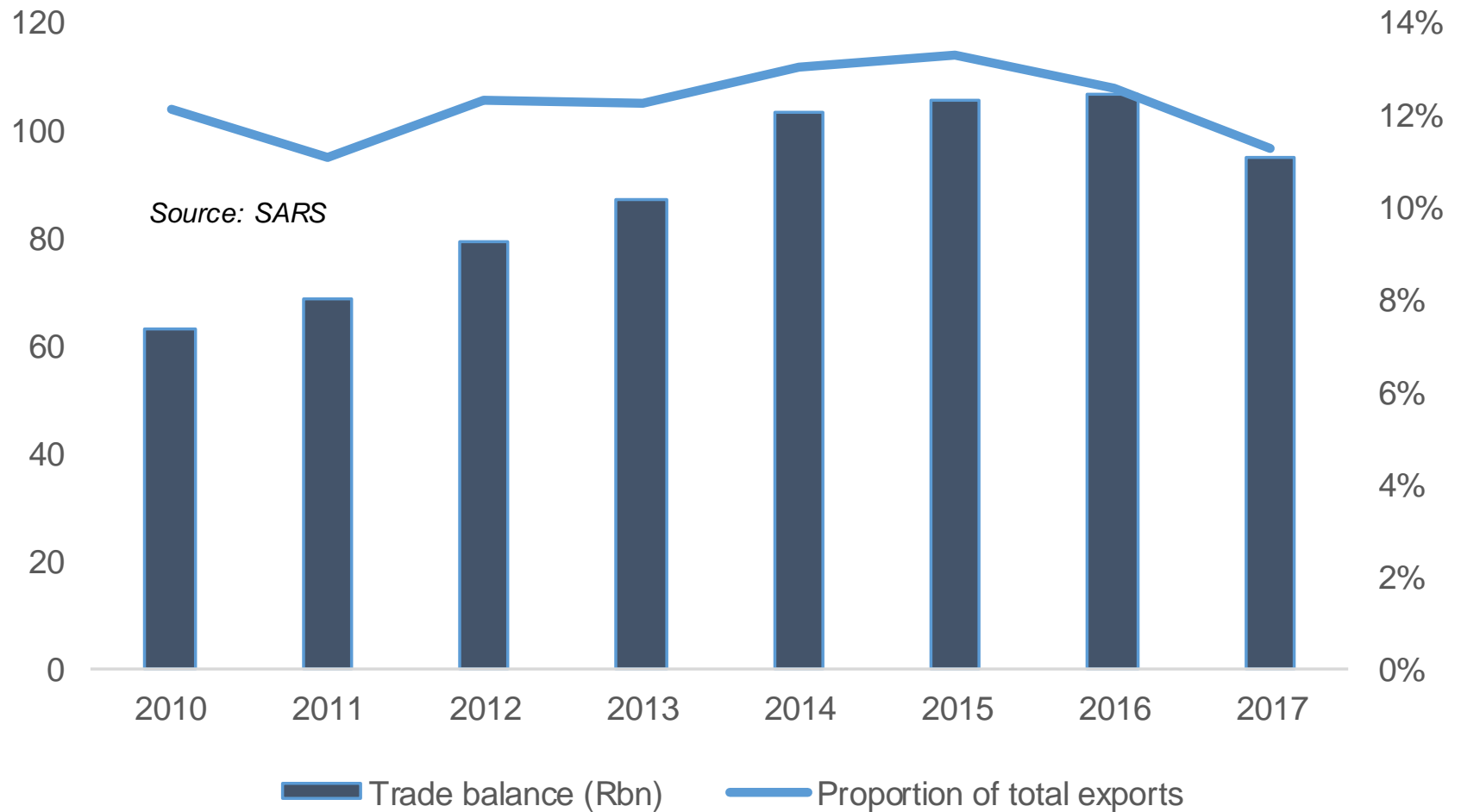
Source: SARS

South African import sources



South Africa's top import sources in 2017	
China	R202.9bn
Germany	R127.4bn
USA	R72.8bn
India	R52.2bn
Saudi-Arabia	R51.2bn
Japan	R37.7bn
SACU	R37.3bn

SA-SACU trade balance



Africa has vast opportunity...



- Geographically, SACU covers only 9% of Africa and represents about 13% of Africa's GDP
- In 2017 43% of SA's exports to Africa were destined to the other SACU countries
- Thus the rest of Africa, covering 91% geographically and contributing 87% to Africa's GDP only attracts 57% of SA's African exports in 2017

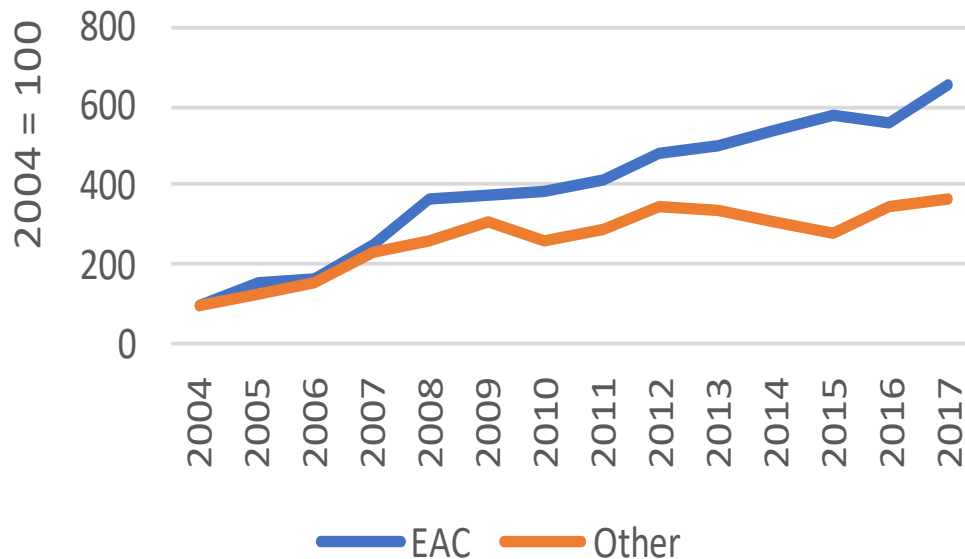
Eastern Africa Community (EAC) case study



- Intergovernmental organization composed of six countries in the African Great Lakes region: **Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda.**
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- EAC was founded in 1967, collapsed in 1977, and was revived on 7 July 2000.
- Non-tariff barriers have been reduced successfully:
 - Traders clear products once, at point of entry
 - Few roadblocks and weighbridges across the bloc
- Significant reduction in cost of transporting containers from Mombasa to Kigali; from \$6,500 in 2011 to about \$4,800 currently; saving the country \$7m and boosting trade within the region (*source: New Times Rwanda*)

Eastern Africa Community (EAC) case study

Ugandan exports to EAC countries
(excluding coffee)



- The EAC agreed to a Customs Union in 2005 and a common market in 2010.
- Bilateral trade between EAC member countries was a notable **213%** higher in 2011 than it would otherwise have been* (based on data pre-full implementation of the common market).

* 'Regional Trade Agreements and the pacification of Eastern Africa', Thierry Mayer and Mathias Thoenig, International Growth Centre Working Paper, April 2016

SADC-EAC-COMESA tripartite case study



- In 2008, after negotiations with the Southern Africa Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA), the EAC agreed to an expanded free trade area including the member states of all three organizations.
- 26 countries with a combined GDP of \$860bn and a combined population of 590m
- According to a study done by the International Growth Centre*, trade gains from other regional blocs in the continent were smaller than EAC: around 110% in the SADC and 80% in COMESA (*source: 'Regional Trade Agreements and the pacification of Eastern Africa', Thierry Mayer and Mathias Thoenig, International Growth Centre Working Paper, April 2016*)

Other intra-African Trade Agreements



- **South African Development Community Free Trade Agreement** – 12 member countries; duty-free trade in most products
- **African Continental Free Trade Agreement (AfCFTA)**
Signed by 44 African countries so far (excluding South Africa & Nigeria)
Aims to boost trade by removing trade barriers such as import quotas & tariffs
Aims to address non-tariff barriers such as long delays at border crossings
Africa's combined GDP comprises \$2.6trn and population of 1.2bn
If implemented by all countries, the United Nations Economic Commission for Africa (Uneca) estimates that the AfCFTA could boost intra-Africa trade by 52% by 2022 if compared to 2010 trade levels.

Trade in Africa is complex in nature

- **Logistics & lack of infrastructure**
- **Long delays at border posts**
- **Elements of corruption**
- **Security issues**
- **Language intricacies**
- **Policy uncertainties & lack of standard procedures across border posts**

Thank you

Contact details

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