



The Executive Secretary, Ms Tswelopele C. Moremi, Talking Points on the panel discussion entitled “Market Access: Strengthening Regional Engagement”

5th CII India Africa Conclave, New Delhi, India, 22 - 24 March 2009

Esteemed Chairperson of Conclave Mr. Syamal Gupta

- Honourable Ministers
- Your Excellencies, Ambassadors and High Commissioners
- Distinguished Ladies and Gentlemen,

Opening Remarks:

It is a great honour to be present at the 5th CII Exim Bank Conclave and to participate in your deliberations. I want to congratulate the Organizers for this initiative, the focus of the meeting and the efforts to forge special relationships with countries in Africa.

- This invitation does allow me an opportunity to contribute to the ongoing debate about trade liberalization, globalization and regional integration. It also allow me to inform you on the latest developments, concerning the Southern African Customs Union (SACU), since its renewal through the 2002 SACU Agreement and in particular, our vision, which ties in neatly with the overall theme of the Conclave and specifically the theme of our proceedings here today **Market Access: Strengthening Regional Engagement**
- Before I do that however, I would like to observe that there are few more impressive examples of how a developing country has succeeded in integrating its economy into the global economy than that of India. It is general knowledge that this great country, which has traditionally impressed many in the world with its democratic credentials, is now also a major economic power. It is a leader in many areas of economic endeavour. In this regard we are all aware of your successes in areas such as IT, pharmaceuticals, industrial production, and automobiles and in services. India is indeed an example for many of us in the developing world and Africa in particular.

About SACU

- You may be aware that the Southern African Customs Union is the oldest Customs Union in the world; having been founded in 1910. More recently, in 2002, the SACU Member States adopted a new and modern Agreement. It provides for a rules-based dispensation, common policies and common institutions. The latter include a Tariff Board to manage the Common External Tariff as well as a Tribunal with jurisdiction over disputes regarding the application and interpretation of the Agreement and its Annexes. And an independent Secretariat established in Windhoek, Namibia.
- The Agreement and these institutions must promote the interests of the five Member States in their own region and with regard to the integration of their economies into the global economy; and vis-à-vis third parties.
- SACU is in the process of consolidating itself through the establishment of the remaining institutions Tariff Board and Tribunal as provided for under the 2002 Agreement and positioning itself as a vehicle for deeper regional integration under the new Agreement.
- Finally one of the key objectives of SACU is integration into the global economy through negotiating trade Agreements with third parties. We believe that this will create market access promote investments and technology transfer to our region.

Challenges / Infrastructure

- We in Southern Africa face our own problems and our challenges, but there are also many opportunities. Many of the challenges in Southern Africa are about infrastructural needs. This pertains to the fact that SACU Member States are landlocked. They face problems with transport, energy and often also scarce water. Therefore development and growth in Africa require increased investment in infrastructure. There have been some innovative developments with regard to investment in infrastructure linked to e.g. mining. It is an area worth exploring.

Challenges/Market access

- Another challenge involves the international conditions and rules covering trade in agricultural products. Africa is a major producer of many agricultural exports and we are quite competitive. Unfortunately, protectionist agricultural policies in many developed economies and elsewhere make it difficult to reap the benefits of our competitive

advantages. That is why the signs that the Doha Development Round might have failed, were such a disappointment's to so many of us in Africa and the developing world including India. However, investment in agricultural projects still holds many promises. We have untapped potential and in areas such as the sustainable production of environment friendly products. Food security needs in the world have resulted in some innovative investment deals to produce for export.

Regional Integration

- Regional integration is a prominent item on the African agenda. The Abuja treaty, adopted under the auspices of the African Union, underpins the strategy. Several initiatives have been developed to promote regional integration through specific regional economic communities (RECs) and to use them as the eventual basis for a continent wide integration process. Deeper integration within SACU therefore has to be done within the framework of the broader SADC and AU initiatives, including the objectives in the Abuja Treaty.
- Regional integration brings both opportunities and challenges. As Southern Africa pursues greater integration within the context of a very dynamic World Economy, SACU aims to play a catalytic role in ensuring that its Member States improve their trade competitiveness and enhance economic development at a regional level.
- This also implies that domestic policies will have to be re-aligned and new ones will have to be developed to allow these regional structures to be trade promoting. Needless to say when we embark on this process we will need considerable technical assistance and that is one of the reasons why it makes good sense to attend a meeting like this.

South-South Co-operation

- SACU Member States are also committed to South-South co-operation. As a result SACU has taken a policy decision to enter into formal trade relation with other developing countries including MERCOSUR group of countries, India as well as actively participating in an effort towards deeper integration on the African Continent both at the SADC level and in the discussion on the creation of the free trade area for Eastern and Southern Africa.
- It is hoped that this process will lead to the creation of strong regional economic communities that will promote trade amongst participating countries, thereby contributing on the continent through economic growth and development.

SACU Trade Relation with Third Parties

- Let me share some thoughts with you about the other trade negotiations that SACU has been involved in and which might be of interest to this audience.
- As already mentioned, SACU has entered into negotiations with India that should result in the creation of a Preferential Trade Area Between the two. We believe that in order for the envisaged PTA to contribute meaningfully for our mutual benefit, the negotiations for Preferential Trade Agreement (PTA) have to take into account the principle of reciprocity and the special considerations of LDCs and the small and Vulnerable Economies.
- We will have to make sure that this agreement will indeed be to the benefit of us all. It should cement our relationship with arrangements on deeper cooperation and should allow us to act jointly where necessary. In areas such as trade in services we still have to develop our own policies and structures for regulating these sectors effectively. We can benefit to very substantial degree from the experiences that you have made in this country.
- However, while Government's determine the legal frameworks to facilitate the movement of goods and service across borders, it is for the private sector, through their governments, to ensure that these agreements, such as the one that we want to conclude with India, will be directly linked to the needs of the private sector. This Agreement must provide for realistic and effective frameworks to serve the purpose of closer cooperation and the improvement of trade relationships.
- It is very important that business chambers inform themselves about these negotiations and make the necessary inputs. They will also secure ties with their counterparts in the nations with which they want to do business.

SACU and WTO

- Meeting the World Trade Organisation (WTO) requirements for regional trade arrangements brings new challenges, as are the capacity challenges to bring our domestic regimes in line with our international trade obligations. In this regard we look at the Indian experience with admiration and note how India succeeded to become a very active participant in the WTO and in its dispute settlement system. This is at the same time an area of potential cooperation between us. Technical assistance in trade matters is something what we should investigate and pursue further.

Capacity Building

- We are aware of the fact that we will have to focus on our own capacity building programmes and local challenges. International organizations and donors have to structure their assistance jointly with the recipients in order to make sure that it will serve the purpose for which it is intended. We carry a major part of the responsibility to make these programs suitable for local needs. A particular need is the development of expertise in trade regulation, and the implementation of agreements. The obligations flowing from international trade agreements require domestic reforms and institution building. This is another area where we can explore opportunities for cooperation. India has made major advances in developing technical expertise regarding the many disciplines of the WTO which may be relevant for the countries in Southern Africa. There are certain factors in our favour, such as a shared legal tradition (the common law) and the English language.
- I would also like to say something about the Doha Round and the prominent role India has played in those negotiations. We are saddened by the fact that in July 2008 these discussions were suspended. That unfortunate result was not only the consequence of the fact that some developing countries have demanded safeguard measures for agriculture. It is also a consequence of major changes in the international economy. The new power relationships have to be reflected in the architecture of international organizations such as the WTO. In the same vein SACU Member States are concerned about the emerging protectionist tendencies in the developed world as a result of current Global Economic meltdown. India is for many of us in Africa a champion of the cause of development and international solidarity and we hope to continue to work with your great country to address these challenges.
- Our intention is to promote south: south trade in a more effective manner and to provide certainty and predictability for investors and traders within these expanded markets. In this regard we are again aware of the advantages that active cooperating with businesses in India can bring. Your famous Tata Company is active and prominent in many countries in Africa and in many sectors. It is well known that this is an economic giant with interests and investments in many areas. We are aware of the bigger debate about the potential tension between the multilateral trade order and the increase in Regional Trade Agreements (RTAs). However, these new regional arrangements appear to be realities and we will find ways to deal with them.

- Indian investors and business people can benefit from the opportunities in Southern Africa. South Africa is a member of SACU and the biggest economy on the Continent. The fact that there are already RTAs such as SACU and the Southern African Development Community (SADC) in existence means that access into bigger regional markets is a given.

Conclusion

- In conclusion I would like to once more reiterate SACU's desire to improve trade relation with India. SACU also remains committed to the notion of deeper economic integration amongst African countries, specifically within Southern Africa. We feel that all these initiatives will contribute significantly to economic development and poverty alleviation in our respective regions.

It is in this spirit that I thank you once again for this invitation and I look forward to the follow up action that we can expect; including the benefits to flow from this meeting.

We remain ready to provide further information about the operations of this well established Customs Union.

I thank you.

Tswelopele C. Moremi
SACU Executive Secretary.