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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## **THE NATIONAL COUNCIL OF PROVINCES**

### **QUESTION FOR WRITTEN REPLY**

#### ***Alignment of Trade Policies***

#### **QUESTION NO. 468**

**Ms H S Boshoff (Mpumalanga: DA) to ask the Minister of Trade, Industry and Competition:**

- (1) Whether, with reference to the Special Economic Zone Argo-processing value chain, there are any alignments of trade policies with our neighbouring countries to ensure the free flow of produce; if not, why not; if so, what are the relevant details;
- (2) Whether the Business Strategy has been approved; if not, why not; if so, (a) how much funding will be released in this regard and (b) what are the further relevant details? CW625E

#### **REPLY:**

- (1) The Special Economic Zone (SEZ) Act, 2014 (Act No. 16 of 2014), allows for the establishment of a Sector Development Zone that can focus on the development of a specific sector or industry through the facilitation of various government instruments.

Instruments such as the Agro-processing and Agriculture Master Plans, developed by the Department of Agriculture; augmented by sub-sector Master Plans like – Sugar; Poultry; Furniture, etc., can support the Zone's development. Furthermore, based on their potential to increase intra-Africa trade, production and inclusivity; the implementation of the four (4) key value chains, was identified under the African Continental Free Trade Area (AfCFTA), and the Private Sector Strategy. These are:

Agriculture and Agro-processing; Automotive; Pharmaceuticals; and Transport and logistics. The AfCFTA will be a catalyst to facilitate the beneficiation and processing of raw produce; and support value-added manufacturing and the building of cross-border value chains in Africa.

South Africa is a member of the Southern African Customs Union (SACU), together with Botswana, Eswatini, Lesotho and Namibia. Being a customs union, there is alignment of trade policy to the extent that all members apply a common tariff to non-customs union members and have no import taxes among themselves. among the members of the Customs Union. Products produced in South Africa's Special Economic Zones can be exported duty free to other members of the Customs Union. The same products can also be traded preferentially under the SADC trade protocol provided they meet the SADC rules of origin.

Amongst the objectives of the 2002 SACU agreement include enhancement of economic development, diversification, industrialisation and competitiveness of the Member States. SACU is currently implementing the 2022 – 2027 SACU Strategic Plan and the associated Refocused Work Programme. The work programme includes industrialisation, export and investment work streams to develop regional industrialisation and associated cross-border value chains. In this regard, three sectors have been prioritised, namely: (i) Agro-processing (leather and leather products, meat and meat products and fruit and vegetables), (ii) Textile and Clothing, and (iii) Pharmaceutical, Cosmetics and Essential Oils.

There are some widely publicised restrictions against selected South African agricultural products implemented by Botswana and Namibia. South Africa, however, does not apply similar restrictions against those countries and would, therefore, be able to source products from there to use in its own agro-processing and value chains.

Under the SADC free trade agreement, South Africa also trades duty-free in almost all products with SADC countries beyond SACU. Those would include Zambia, Zimbabwe, Mozambique, Malawi, Tanzania, Mauritius and the Seychelles. This, therefore, provides a number of potential value chain partners. The SADC

Industrialisation Strategy and Roadmap identifies agro-processing as one of the priority sectors for the development of regional value chains. Some initiatives supporting agro-processing include the SADC Regional Agricultural Policy and Support to Industrialisation and Productive Sectors (SIPS) Programme.

Under the African Continental Free Trade Agreement (AfCFTA), a Ministerial Regulation on Special Economic Zones was adopted. The regulation allows for products that are produced in SEZs and that meet AfCFTA Rules of Origin to benefit from AfCFTA tariff preferences.

- (2) The Provincial SEZ Board develops and implements the Strategic Plan of the Zone. Therefore, the question needs to be directed to the Province to answer.

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