



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 3834

Mr T M Langa (IFP) to ask the Minister of Trade, Industry and Competition:

- (1) What mechanisms are being considered or established to effectively leverage trade agreements such as the Southern African Development Community and the European Union (SADC-EU) Economic Partnership Agreement to enhance bilateral trade and investment between the Republic and Lesotho;
- (2) how does his department plan to support small and medium enterprises and emerging businesses from both countries to benefit from this cooperation and expanded market access, while also addressing challenges such as trade barriers, customs delays and infrastructure bottlenecks that currently hinder cross-border trade between the Republic and Lesotho? NW4382E

REPLY

- 1) SA does not trade with Lesotho under the terms of the SADC and EU trade agreements, but under the terms of the Southern African Customs Union (SACU) agreement. Being a customs union, this provides for full product coverage of duty-free treatment and reduced need for documentation to prove origin of goods trade.

In an indirect way, however, the SADC-EU Economic Partnership Agreement (SADC-EU EPA) does create opportunities for trade between South Africa and Lesotho. This is due to the cumulation provisions of the SADC-EU EPA that enable both countries to leverage that agreement even when goods are produced through cross-border value chains located in both countries.

On a bilateral level, South Africa and Lesotho signed a Memorandum of Understanding on Economic Cooperation on 23 April 2025. This is a mechanism to strengthen relations and promote exchange of experiences in a manner that enables mutually beneficial trade and investment. The areas of cooperation identified in the MoU, with a view to promote industrial cooperation, include: energy, environment, agriculture, transport, communications, tourism, manufacturing, pharmaceuticals, water, mining, and finance. The MoU provides for the two countries to establish a Joint Trade and Investment Committee (JTIC) as a platform to identify and engage on strategic areas of cooperation, resolve market access issues, and share the latest developments on trade and investment opportunities existing in the respective countries, including cross-border value chain projects in key areas of mutual interest.

- 2) The MoU also addressed supporting Small, Medium and Micro Enterprises (SMMEs). The two countries have agreed to pursue joint participation in trade and investment missions, and national pavilions with selected exporters. From the South African side, this is to be done by **the dtic** in collaboration with the Department of Small Business Development (DSBD) and Provincial Investment Promotion Agencies (PIPAs), through market access instruments such as the Export Marketing and Investment Assistance (EMIA) Programme of **the dtic**.

Regarding customs border post efficiency, SARS is currently undertaking a time release study with Lesotho at Maseru and Ficksburg bridges. This is to identify bottlenecks and possible ways of addressing them. The results of this study will form the basis of a work plan to unlock bottle necks.

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