

South Africa's Ratification of the African Continental Free Trade Area (AfCFTA) Protocol on Digital Trade and South Africa's Ratification of the SADC Protocol on Industry

**Portfolio Committee on Trade,
Industry and Competition
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Background

- During the 38th Ordinary Session of the AU Executive Council held in Addis Ababa in February 2025 the eight Annexes to the Protocol on Digital Trade were adopted. The Protocol with the Annexes establish a comprehensive legal framework to support harmonised digital trade across Africa.
- The 37th AU Assembly in February 2024 adopted the Protocol on Digital Trade with a provision for ratification and entry into force requiring 22 ratifications before entry into force for those countries that have ratified.
- The Annexes cover issues such as digital identities, cross-border digital payments and data transfer; cybersecurity, emerging technologies, and financial technology, all aimed at enabling secure, interoperable, and inclusive transactions.
- The Protocol reflects a commitment by African Nations to empower businesses, particularly MSMEs, Women, and Youth in the digital economy.



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Objectives of the Protocol

Broad objectives:

- **Promote Intra-Africa Trade**, through digital means to facilitate cross-border digital transactions to unlock intra-African trade potential and reduce reliance on traditional trade routes and also promote regulatory harmonisation.
- **Ensure trust and security in digital trade**, by protecting digital rights and consumer interests.
- **Boost Economic Integration and Competitiveness**: to strengthen the roles of digital trade in advancing the African Union's Agenda 2063 by building a single African digital market.
- **Empower MSMEs, Women and Youth**, to bridge the digital divide and promote inclusive economic participation by enabling access to digital tools and platforms for vulnerable groups.
- **Strengthen Africa's Position in the Global Digital Economy**, by modernising trade systems and aligning with international digital trade practices thereby promoting Africa as a competitive global player.
- **Support the development of Digital Infrastructure and innovation** and integrate emerging technologies.

Scope of the Protocol

The provisions cover:

- market access and treatment of digital products (e.g. duties);
- facilitating digital trade (e.g. electronic trust and authentication, digital identities, digital payments, digital infrastructure);
- data governance (e.g. cross-border data transfers, data protection, location of servers, data innovation);
- business and consumer trust (cybersecurity, consumer protection);
- digital trade inclusion (digital inclusion, micro, small and medium enterprises, digital skills);
- emerging technologies and innovation;
- institutional arrangements, transparency and technical assistance

Strategic importance of this Agreement for South Africa

- International Finance Corporation and Google estimate that Africa's digital economy could reach USD 180 billion by 2025 (5.2% of Africa's GDP) and USD 712 billion/ 8.5% of GDP by 2050.
- Aims to unlock intra-African digital trade by African-owned firms, African digital platforms, and African content.
- Builds a secure, predictable, and interoperable digital trade environment that supports growth and positions Africa as a competitive player in global digital economy.
- Aims to ensure the use of the AfCFTA Agreement as a jobs-driven strategy, and an inclusive digital economy.
- Whole of government approach required to explore and enhance the implementation of national policies on digital trade such as the National Digital Strategy.

Benefits of this Agreement for South Africa

The benefits of this Protocol for South Africa include:

- Enhanced Intra-African Digital Trade and Market Positioning
- Reduced Regulatory Barriers and Harmonisation of digital trade on the continent
- Boost to SMEs Competitiveness and Digital Inclusion
- Infrastructure and Regulatory Capacity Development
- Fostering Digital Industrialisation and Innovation
- Support for SMEs, Youth and Women Owned Businesses



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Key Stakeholder Engagements and Consultations

Broad consultations were undertaken during the negotiation of the Protocol and annexes and the following Government departments and agencies formed part of the national consultations and negotiations of this Protocol:

- Department of Trade, Industry and Competition (**the dtic**)
- Department of Communications and Digital Technologies (DCDT)
- Department of International Relations and Cooperation (DIRCO)
- National Treasury (NT)
- Department of Small Business Development (DSBD), and the Small Enterprise Development Agency (SEDA)
- Department of State Security (SSA)
- Department of Home Affairs (DHA)
- National Youth Development Agency (NYDA)
- The Competition Commission
- Companies and Intellectual Property Commission (CIPC)
- South African Revenue Services (SARS)
- South African Police Services (SAPS)

Implications

Implications for vulnerable groups:

- Anticipated to be positive - the Protocol on Digital Trade is expected to support businesses and women and youth entrepreneurs to maximise the opportunities presented by the AfCFTA in digital trade and enhance inclusive participation in intra-Africa trade.



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Legal Opinions

- Legal opinions were obtained from the Departments of Justice and Constitutional Development, and International Relations and Cooperation
- The legal opinions confirmed that the Protocol and its Annexes are not in conflict with domestic laws of South Africa or its international obligations
- Indicated that the Agreement requires ratification by Parliament in terms of Article 231(2) of the Constitution, in order to enable South Africa to submit an Instrument of Ratification to the African Union



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Implementation Plan

- Following Cabinet approval, the AfCFTA Protocol on Digital Trade is now being submitted to Parliament for ratification.
- In terms of section 231(2) of the Constitution of the Republic of South Africa, 1996, an international agreement binds the Republic of South Africa only after such an agreement has been approved by resolution in both the National Assembly and the National Council of Provinces.
- The Protocol was tabled on 30 July 2026 and was referred to the respective Committees for consideration and report.



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South Africa's Ratification of the SADC Protocol on Industry



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Background

- The SADC Regional Indicative Strategic Development Plan (2020-2030) (RISDP) is a regional integration framework that outlined priorities for economic growth, industrialisation, infrastructure, and social development.
- Strategic Objective 1 of the RISDP (2020-2030) calls for an industrialised regional economy that is based on a competitive and facilitative environment, which includes infrastructure and skills, and sustainably exploits its natural resources by leveraging science, technology, and innovation.
- The SADC Protocol on Industry (the Protocol) was signed and adopted by Heads of State and Government in August 2019. SA signed the Protocol on 17 August 2025 due to legal issues concerning its signature of the 2016 amended SADC Protocol on Finance and Investment (FIP).
- SA had erroneously signed only the French version and not the English and Portuguese versions of the FIP and the Secretariat deemed SA to not have signed the FIP.
- This was finally resolved only in March 2023, wherein the Secretariat conceded to SA position that it was a signatory to the amended FIP.

Objectives of the Protocol

- The main objective of the Protocol is to promote the development of diversified, innovative and globally competitive regional and national industrial bases to enable the region to achieve sustainable and inclusive industrial development.

Broad objectives:

- Promote industrialisation in an equitable and coordinated manner
- Strengthen national and regional capabilities for industrial policy formulation, design, implementation and monitoring and evaluation
- Promote and attract investment in the industrial and related sectors
- Promote the development of regional collaboration frameworks on matters related to industry
- Facilitate the development of globally competitive SMMEs
- Promote the production of and regional trade in essential raw materials, intermediate products and industrial inputs

Scope of the Protocol

The provisions cover:

- Regional Co-operation on Industrialisation
- Measures at the National Level
- Development of Regional Value Chains
- Promotion of Small, Micro and Medium Enterprises
- Joint Industrial Enterprises
- Promotion of Regional Industrial Investment
- Regional Preference on Public Procurement
- Research, Development, Innovation and Technology
- Infrastructure in Support of Industrialisation
- Promotion, Regulation and Protection of Industrial Investments
- Collection and Sharing of Industrial and Related Information
- Empowerment of Women, Youth and Persons with Disabilities



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Strategic importance of this Protocol for South Africa

- The Protocol remains a critical framework for SA to leverage its advanced industrial base to lead the development of regional value chains.
- The implementation of the Protocol on Industry would enable SA to contribute to, and benefit from, a more integrated and industrialized SADC region, enhancing its role as a key player in regional development and economic growth.
- The ratification of the Protocol is essential as it is an important instrument to accelerate the implementation of the SADC Industrialization Strategy and Road Map.
- South Africa's ratification of the SADC Protocol on Industry signals a formal commitment to deeper regional integration and coordinated industrial development that promotes cross border regional value chains.
- The timing of this Protocol is opportune. SA will chair SADC in 2026/27, under the theme “**Resilient, sustainable and inclusive industrialisation through infrastructure development, agricultural and critical minerals transformation in pursuit of a just world**”. Ratification of the Protocol will send a strong signal of SA commitment and show leadership in SADC industrial development; and might encourage other members to speed up ratification. Three more Member States are required to ratify in order for the Protocol to enter into force.

Benefits of this Agreement for South Africa

The benefits of this Protocol for South Africa include the following:

- **Industrialization and Diversification:** The protocol promotes industrial development, provides a framework for regional cooperation to facilitate a strategic shift from exports of raw materials to more value-added products.
- **Regional Value Chains:** By fostering collaboration, the protocol encourages the development of interconnected supply chains across the SADC region. It will enable South African firms to lead industrial networks, sourcing intermediate inputs from neighbours while performing final high-value assembly.
- **Investment Protection and Promotion:** The Protocol promotes a stable, predictable legal environment that encourages both intra-regional and Foreign Direct Investment (FDI) into South Africa's industrial sectors, with South Africa's outward investments in the region amounting to R37 billion from January 2003 to April 2026.
- **Improved Competitiveness:** It strengthens the region's overall industrial capacity, making SA goods more competitive in both the regional and global markets. SADC remains an important market for South Africa. South Africa's exports to the region stands at R500 billion in 2025, indicating its continued dominance in regional trade.
- **Technological Advancement:** The protocol focuses on enhancing technological capacity, skills development, and innovation.



Implications

Implications for vulnerable groups:

- Anticipated to be positive - The Protocol on Industry is expected to widen the scope and quality of participation by women and youth in the industrialisation process, notably by improved access to finance, skills development and SME support programmes; and livelihood skills of women and youth, particularly in high value-adding industries in areas such as services, manufacturing, horticulture, transport, energy, agriculture and trade industries.



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Key Stakeholders Engagements and Consultations

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- Department of Trade, Industry and Competition (DTIC)
- National Treasury (NT)
- Department of Small Business Development (DSBD)
- Department of Science, Technology and Innovation (DSTI)



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- The legal opinions confirmed that the Protocol is not in conflict with domestic laws of South Africa or its international obligations.
- Both legal opinions direct that the Agreement requires ratification in terms of Article 231(2) of the Constitution in order to enable South Africa to submit an Instrument of Ratification to the SADC Secretariat.



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- The Protocol was tabled on 30 July 2026 and was referred to the respective Committees for consideration and report.
- A South African SADC National Committee (SASCOM) has been established. The aim of SASCOM is to provide input in the formulation of SADC policies, strategies and programmes of action and also to coordinate and oversee the implementation of SADC programmes. The implementation of the Protocol on Industry will be mainstreamed through the work of the SASCOM.

Thank you