

Briefing on the Memoranda of Understanding on
Economic Cooperation with the Governments of -
the Kingdom of Lesotho,
the Republic of Mozambique, and
the People's Democratic Republic of Algeria

Select Committee: Economic Development & Trade

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REPUBLIC OF SOUTH AFRICA

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Purpose and Strategic Focus

Purpose:

To request Parliament to note the tabled Memoranda of Understanding on Economic Cooperation with the Governments of the Kingdom of Lesotho, the Republic of Mozambique and the People's Democratic of Algeria tabled during the Third Session, Seventh Parliament on 25 March 2026 in terms of the Constitution of the Republic of South Africa, 1996.

Strategic Alignment:

- These Memoranda are aligned with the objectives of the National Development Plan (NDP) which is to advance SA's regional and global integration as well as raising economic growth, promoting exports and making the economy more labour absorbing. The Protocol supports the NDP in promoting integration, exports and inclusive growth.
- The MoUs further support the implementation of the Medium-Term Development Plan (MTDP) 2024–2029, specifically Priority 1 on inclusive growth and job creation.

Background

The Government of the Republic of South Africa and the Government of the Kingdom of Lesotho signed the Memorandum of Understanding on Economic Cooperation on 23 April 2025 in Maseru, Lesotho. This MoU was **tabled** during the Third Session, Seventh Parliament on **25 March 2026** in terms of section (231) of the Constitution of the Republic of South Africa, 1996.

The Government of the Republic of South Africa and the Government of People's Democratic Republic of Algeria signed the Memorandum of Understanding on Economic Cooperation on 6 December 2024 in Algiers, Algeria. This MoU was **tabled** during the Third Session, Seventh Parliament on **25 March 2026** in terms of section (231) of the Constitution of the Republic of South Africa, 1996.

The Government of the Republic of South Africa and the Government of the Republic of Mozambique signed the Memorandum of Understanding on Economic Cooperation on 03 December 2025 in Maputo, Mozambique. This MoU was **tabled** during the Third Session, Seventh Parliament on **25 March 2026** in terms of section (231) of the Constitution of the Republic of South Africa, 1996.

Objectives of the Memoranda

- Provide a basis for economic cooperation between the Parties;
- Strengthen bilateral economic cooperation and regional economic integration;
- Enhance collaboration in the areas of economic development, trade, investment, industry, infrastructure development and the promotion of the private sector cooperation; and
- Build, strengthen and maintain technical cooperation in areas identified through the implementation of this MoU.

Scope of the Memoranda

Promote strategic industrial cooperation

Identify areas of cooperation within strategic infrastructure development areas

Trade and customs cooperation

Promotion and facilitation of investments

Technical cooperation

Establishment of the Joint Trade and Investment Committees to facilitate the effective implementation of the MoU

Key Stakeholders Engagements and Consultations

Broad consultations were undertaken during the negotiations of these MoUs and the following Government departments and agencies formed part of consultations and negotiations of these:

- ❖ Department of Trade, Industry and Competition (DTIC);
- ❖ Department of International Relations and Cooperation (DIRCO);
- ❖ Department of Justice and Constitutional Development (DJ&CD)
- ❖ Department of Small Business Development (DSBD);
- ❖ Department of Transport;
- ❖ Department of Electricity and Energy;
- ❖ Department of Mineral and Petroleum Resources;
- ❖ Provincial Investment and Promotion Agencies;
- ❖ Department of State Security (SSA); and
- ❖ South African Revenue Services (SARS).

Legal Opinions

- The State Law Advisers of the Department of Justice and Constitutional Development and the Office of the Chief State Law Adviser (International Law) were consulted for legal opinions and recommendations. Both legal opinions and recommendations are attached.
- Both State Law Advisers certified that the agreements comply with the South African law and South Africa's International legal obligations.
- The legal opinions of the two State Law Advisers, referenced above, advised that the MoU on Economic Cooperation with the Government of the Republic of Mozambique falls within the ambit of Section 231(3) of the Constitution and is binding on the Government immediately upon signature. However as provided under subsection (3) the MoU needs to be tabled before both houses of Parliament within reasonable time.
- Tabling is for information purposes so that Parliament is kept up to date concerning any agreement the Government has entered into.

Legal Opinions

Section 231(3) of the Constitution provides that: “an international agreement of a technical, administrative or executive nature, or an agreement which does not require ratification or accession, entered into by the national executive, binds the Republic without approval by the National Assembly and the National Council of Provinces, but must be tabled in the Assembly and the Council within a reasonable time”. International agreements that fall under this section are normally those that do not impose any financial or legislative obligations on the Government once they are signed.

The Economic Cooperation MoUs with Lesotho, Mozambique and Algeria are merely concluded for purposes of cooperation with regards to strengthening the economic bilateral relations between the two countries.

In accordance with section 231(3) of the Constitution, Presidential approval is required in order for the Agreement to be signed and implemented. In this regard the MoUs with Lesotho, Mozambique and Algeria were entered into based on Article (85)1 read with Article 231(1) and (3) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) that requires Presidential approval prior to its approval. Such approval was obtained through the President’s Minute.

Strategic importance of these Memoranda for South Africa

- The objectives of these MoUs are to deepen the economic relations between the Government of the Republic of South Africa and the Governments of the Kingdom of Lesotho, the Republic of Mozambique and the People's Democratic of Algeria.
- The MoUs are aligned with South Africa's domestic priorities, including economic diversification, regulatory reform, and leadership in the African digital economy as key component of the National Development Plan (NDP).
- As Southern African Customs Union (SACU) and Southern African Development Community (SADC) members, the Government of the Republic of South Africa and the Governments of the Kingdom of Lesotho and the Republic of Mozambique have mutually beneficial commercial relations.
- The MoU on Economic Cooperation between the Government of the Republic of South Africa and the Government of the People's Democratic Republic of Algeria seeks to enhance industrial collaboration, trade relation, infrastructure and industrial development, and to promote and facilitate investment for both Parties.

Benefits of these Memoranda for South Africa

- Deepen government-to-government economic cooperation within bilateral and multilateral platforms such as the African Continental Free Trade Agreement (AfCFTA) with the sole purpose of forging harmonised and mutually beneficial partnerships on trade, industrialization, project facilitation and infrastructure development.
- Fostering cross-border production networks and supply chains, the Parties can harness Africa's vast potential in high-impact sectors such as manufacturing, agriculture, agro-processing, mining, information and communication technology, financial services, oil and gas, and pharmaceuticals.
- Support for SMEs, Youth and Women - Owned Businesses.

Implementation Plan for MoUs

These MoUs have already been tabled during the Third Session, Seventh Parliament on 25 March 2026 in terms of section (231) of the Constitution of the Republic of South Africa, 1996.



The MoUs shall enter into force on the date which both Parties have notified each other, through diplomatic channels, of its compliance with the constitutional requirements necessary for the implementation thereof.



These MoUs on Economic Cooperation call for the establishment of **Joint Trade and Investment Committees (JTICs)**, comprising of members of each State Parties. The JTICs shall facilitate the effective implementation of these MoUs.



Implementation Plan - Lesotho Opportunities

The JTIC will serve as a platform for the two countries to identify and engage on:

- Strategic areas of cooperation
- Resolve market access issues
- Share the latest developments on trade and investment opportunities
- Cross-border value chain projects in key areas of mutual interest

Lesotho MoU - Opportunities for Provinces

The Joint Trade and Investment Committee, established in Article 9, whilst creating awareness amongst potential investors for participation in sectors that may include, but not limited to the following:

- Energy;
- Environment;
- Agriculture;
- Transport;
- Communications;
- Tourism;
- Manufacturing (i.e. automotive, Agro-processing etc.);
- Pharmaceuticals;
- Water;
- Mining; and
- Finance.

Lesotho MoU - Opportunities for Provinces

The two sides also agreed to enhance cooperation on standards and on cross-border value chains in identified sectors such as:

- Automotive;
- Clothing and textiles;
- Cosmetics and essential oils;
- Cannabis, fruits and vegetables; and
- Leather and meat products.

Implementation Plan - Mozambique Opportunities

The MoU on Economic Cooperation with the Republic of Mozambique and the JTC to be established seeks to enhance collaboration in the areas of:

Economic
development

Trade,
investment
and industry

Infrastructure
development

The
promotion of
the private
sector
cooperation

Mozambique MoU - Opportunities for Provinces

The MoU also seeks to identify programs and projects through industrial cooperation in sectors include the following:

- Agriculture and agro-processing;
- Energy, oil, gas and green industries;
- Special Economic Zones and Industrial Parks;
- Mining, processing and value addition of natural resources;
- Transport and communications infrastructure;
- Tourism and creative industries;
- Pharmaceuticals;
- Clothing and textiles;
- Manufacturing;
- Competition policy; and
- Quality infrastructure for trade facilitation.

Mozambique MoU - Opportunities for Provinces

The parties have agreed to identify areas of investment facilitation within the following strategic industrial and infrastructure development projects in the Republic of Mozambique:

Rail

Ports infrastructure

Roads infrastructure

Energy infrastructure

Hydraulic infrastructure

Water supply infrastructure

Manufacturing

Mozambique MoU - Opportunities for Provinces

- Development of the **Revubue Industrial Free Zone** and **steel mill project in Tete Province**
- Promote local and regional sourcing of inputs in the development of agreed industrial and infrastructure projects so as to catalyse local and regional industrial development and intra-Africa trade
- Strengthen the development of priority value chains and related trade facilitation protocols at the ports of entry for enabling cross border economic collaboration between **Nkomazi Special Economic Zone** and **Port of Maputo**
- Foster the development of road and rail linked economic corridor to enhance the international trade volume anchored by **Nkomazi Special Economic Zone** and **Port of Maputo**

Implementation Plan - Algeria Opportunities

South Africa's main objective is to deepen trade and investment with Algeria increasing exports under AfCFTA and using bilateral platforms like the JTIC to address market access and strengthen economic integration.

The Joint Trade and Investment Committee (JTIC) is being established under the MoU to enable regular meetings for Economic Cluster members to implement policies that reduce market-access barriers. **The inaugural session of the JTIC is scheduled to take place in June 2026.**

The JTIC will exchange experience and information that will promote and enhance trade, investment and technology transfer through different means including the holding of seminars and meetings between the two countries. This will be expanded to include Provincial Economic Cooperation.

The JTIC will further assist in fast tracking the implementation of the twinning agreement signed between the City of Oran the City of EThekweni (signed in 2011). The areas of cooperation between the two cities include development of trade and investment exchanges, promote sustainable co-operation on cultural, economic and technical levels.

Algeria MoU - Opportunities for Provinces

Energy & Minerals:

- Algeria is an oil and natural gas powerhouse, while South Africa is positioning itself as a leader in platinum and the green hydrogen economy.
- The two countries collaborate on the exploration, research, and processing of strategic minerals.
- While Algeria offers vast reserves of iron ore and phosphates, South Africa brings world-class expertise in mineral beneficiation and platinum mining.
- Algeria, as a leading continental oil and gas producer, is collaborating with South Africa to enhance value chains in Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG) to ensure a stable supply for South Africa's industrial and domestic needs.
- Bilateral agreements prioritize partnerships in low-carbon economic growth, which includes photovoltaic solar energy, wind energy, green hydrogen, and electric vehicle component manufacturing.
- South Africa's comparative advantage in the hydrogen economy is matched by Algeria's push to diversify its power infrastructure.

Algeria MoU - Opportunities for Provinces

Automotive Industrial Development Cooperation:

- The Southern African Customs Union (SACU) gave South Africa a mandate to initiate discussions on an Automotive Industrial Partnership Agreement (IPA) with Egypt and Algeria. The proposed IPA is aimed at:
 - Restoring and expanding South Africa–Algeria automotive trade flows by providing preferential access to vehicles and components.
 - Promoting industrial cooperation between South African OEMs and Algerian state-approved dealerships, particularly in distribution, servicing, and assembly.
 - Collaborating on green mobility and future technologies, including electric vehicles, charging infrastructure, and beneficiation of minerals for EV batteries.
 - Safeguarding legitimate trade by curbing illegal imports of used vehicles, which undermine both market integrity and environmental objectives.
 - Revitalise and sustain the momentum of bilateral trade, position both countries as regional automotive leaders under the AfCFTA, and create ignescent opportunities for investment, technology transfer, and job creation.

Algeria MoU - Opportunities for Provinces

Aviation & Logistics:

- Trade and transport links between the two countries are receiving significant state-level backing.
- Both nations are actively working to reinstate direct air and enhance maritime trade routes to improve commercial logistics and overcome the need for flights to transit through Europe.
- The bilateral cooperation is specifically aimed at creating smoother air connectivity and streamlining backhaul logistics for sectors like pharmaceuticals, automotive components, and agro-processing.
- Technical teams have been established to identify logistics hubs in strategic provinces for improved collaborated trade.

Implications

Organisational and personnel: None

Financial: There are no financial implications linked to the MoUs. All projects related to them will be aligned with the respective units' business planning processes.

Risk / risk mitigation: None.

Communication: Communication strategy will be developed.

Implications for vulnerable groups: The MoUs will also benefit and support SMEs, People with Disabilities, Youth and Women Owned Businesses.

Constitutional implications:

- The MoUs fall in the ambit of Constitution Section 231(3) – the MoUs have already been tabled with Parliament.

*Thank
You*

