The SADC Trade Protocol

I. Introduction

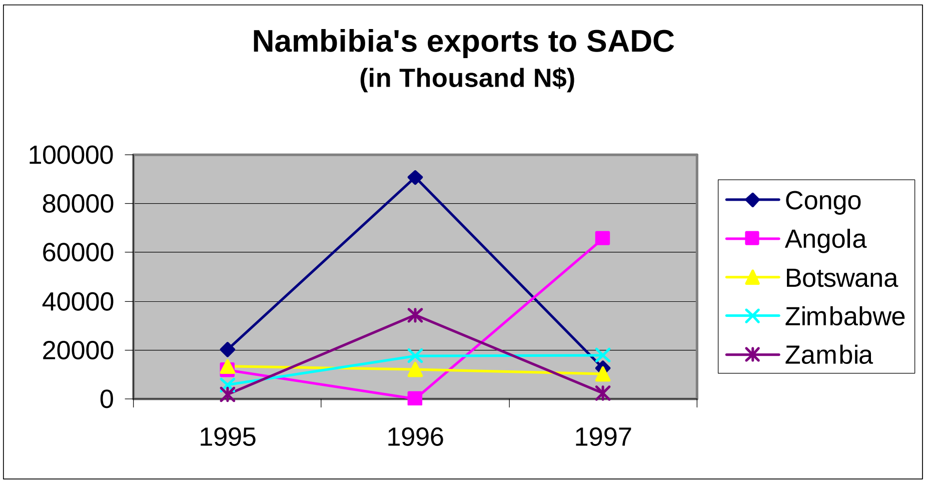
Security and regional solidarity were the original motives for the South African Development Community (SADC). Today SADC's main goals are to form common political interests and support high trade and investment flows between their members, namely Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The SADC Trade Cooperation Protocol has been signed in 1996 but only ratified by less than two third of the countries (including Namibia) so that it is not into force until now. The end of the re-negotiation of technical issues should be June 1999.

The Trade Protocol shall establish a free trade area (FTA) within eight years in order to create new opportunities for dynamic business sector. The trade in goods and services and the enhancement of cross-border-investments are major areas of cooperation among SADC members. The process of the trade cooperation should be accompanied by an industrialisation strategy to improve the competitiveness of SADC members.

After ratification of the Trade Protocol all existing forms of Non-tariff-barriers (NTB), like import licensing requirements and quantitative restrictions, shall be removed and all trade documents and procedures in the member states of SADC shall be harmonized. Freedom of transit will be guaranteed. New quantitative import restrictions are forbidden. Member states should also phase out the existing restrictions on the importation of goods from SADC. Besides this, the existing PTA among member states will be regarded. Member states are also able to enter new trade related arrangements.

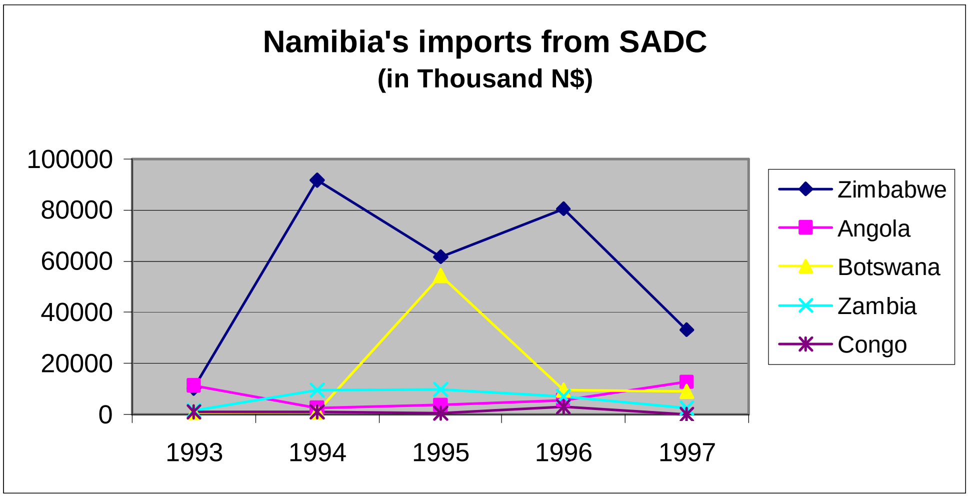
II. Namibia's Trade with SADC countries

The following Graphics show you Namibia's trade with SADC countries. Please note that trade with South Africa, is excluded from the graphics because of its volume. Namibia exported in 1997 N$ 1.453 Millions to South Africa and imported goods in the value of N$ 6,889 Millions. On page 13 you will find more detailed information about Namibia's trade



with South Africa.

In 1996 Namibia's main exports within SADC, most of all fish and salt, went to DRC. In 1997 Angola received most of Namibia's exports, which were mainly sugar, water, potatoes and potato flavor, apples, tyres and vehicles.



Source: Central Statistics Office of Namibia

Namibia receives its main imports within SADC from Zimbabwe and Botswana. Zimbabwe delivers above all sugar but also beer, coke and meat while Botswana supplies textiles and footwear, sugar, tyres, tubes and pipes.

III. Relevant points for Namibian exporters

Which products / services can be traded under the agreement?
Import duties shall be reduced and eventually eliminated but administrative or service charges have to be paid. A member state is also allowed to charge countervailing duties on imported products. The SADC states agreed on five categories of products: products that are free of duty, products with duty rate of 1-17%, products with duty rate of 18-25%, products with duty rate of more than 25% and sensitive products.

When the Trade Protocol comes into force 86.7% of all agricultural products will be liberalised immediately. That contains mineral and vegetable products, live animals and animal products as well as products obtained from the sea, rivers and lakes. The immediate liberalisation of industrial products includes 63% of all industrial products, e.g. iron, steel, nickel, uranium, cobalt, mineral fuels, chemicals, photographic goods and plastics. 37% of the industrial products and 10.5% of the agricultural products will only be liberalised from the third year of entry into force of the protocol. Sensitive products comprise only 2.8% of all agricultural products, e.g. cotton, cereals, dairy products and sugar products. Tariffs on these products will be removed within eight years after entry into force of the agreement.

All goods specified in this agreement must be wholly obtained in the country claiming origin or must have undergone sufficient processing, i.e. value of production should account at least 35% of the ex-factory price of goods (excluding freight costs). The criterion is also achieved when the c.i.f. (cost, insurance, freight) – value of imported material does not exceed 60% of the value of the finished product. The Committee of Ministers responsible for trade matters (CMT) may vary the required percentages. Processes like preparations for shipping and sale, simple assembly and dilution and other minor operation, like repairing, washing, sorting etc. are insufficient to support a claim that goods originate in a member state.

Please note that fishing industry has its own provison. It is prescribed that the vessel sails under the flag of a member state, at least 75% of the officers and the crew are nationals of the member state and the majority control of the vessel is held by a national institution or enterprise.

What do I have to observe if I want to benefit from this agreement?
A certificate of origin must accompany the goods, which should be issued by the Namibian customs authorities. If the producer of the goods is not the exporter he must furnish the exporter with a declaration that assures that the goods qualify as originating. Further verifications through the competent authorities are allowed, e.g. to control the goods and services. In case of untrue claims which were made in respect of origin of goods the export member will be informed and shall take action accordingly.

Please note that each item in a consignment must be considered separately. If it is a group or sets of articles it shall be treated as one article. Packing of goods or container, which are only for transportation of goods, shall not be subject of any duties.

You will find a sample of the certificate of origin and the declaration by the producer on page … of this guide.

Transit formalities: The SADC transit document

The competent authorities must license any person intending to be engaged in the operating of transit traffic. All goods and means of transport shall be presented to the customs office commencement together with complete SADC transit documents. The SADC transit document shall be printed in English and Portuguese and completed in the business language of the country of commencement. The transport agent is advised to translate the document to customs authorities if any other language is required. The documents must contain number and type of package and good in bulk enumerated on separate sheets. The total value and total gross weight of the goods must also be indicated. When the documents covers several means of transport the contents of each of them shall be indicated separately. The customs authority shall acknowledge any amendments on the SADC transit document.

If you want to transit goods through SADC territory you have to complete the transit document on page … according to the instructions on page…

The SADC transit document is only valid for one transit operation and shall contain a sufficient number of copies for customs control and discharge required for the transport operation. The commencement office will check the means of transport and the respective transit documents and is able to require an examination of the loads if anything is not satisfactorily. The SADC transit documents shall be discharged on arrival at customs office of destination. If the transit document has not been discharged conditionally the competent authority has to notify the surety of the documents within one year. The claim for payment shall be made within three years after notification.

In the event of accident or any danger the transport agent has to ensure that a certified report is drawn up as soon as possible by the authorities of the country in which the vehicle is located. Besides he has to arrange other means of transport to which the customs office of commencement must agree.

For any further information concerning the SADC Trade Protocol you are asked to contact NCCI, Economic Affairs or the SADC Website at www.sadc.org .