

Statement of the chairperson of SADC and president of South Africa, Thabo Mbeki, on the occasion of the launch of the SADC FTA

Sandton, South Africa, 17 August 2008

Your Majesty,
Your Excellencies, Heads of State and Government,
Your Excellencies, Ministers and Deputy Ministers,
Your Excellencies, Heads of Continental and International Organisations,
Your Excellencies, Ambassadors and High Commissioners,
Distinguished Guests,
Ladies and Gentlemen:

Twenty six years ago, on this day, the 17th of August, one of the committed activists of the ANC was killed by a letter bomb in Maputo, Mozambique. Ruth First was assassinated immediately after hosting a seminar on mobilising research support for the then SADCC.

Your Majesty and Your Excellencies, on this important day in the calendar of SADC we remember her, also because the month of August is a women's month here in South Africa, during which we honour of the courage and sacrifices of the many heroines of our struggle, such as Ruth First, who laid down their lives for our freedom.

Indeed, today, we reach an extraordinary milestone in our collective and ongoing integration programme in SADC. As you know, we embarked on this path when, in 1996, we adopted the Maseru Trade Protocol, which initiated negotiations towards a SADC free trade area. After four years of complex and sometimes difficult engagement, we concluded the negotiations, and the Trade Protocol entered into force in January 2000.

Implementation commenced in September 2000, in terms of which, according to the Protocol, we agreed that we would achieve a Free Trade Area over a period of eight years.

The SADC FTA was officially notified to the WTO in 2006, and a multilateral examination of the Agreement was undertaken under the auspices of the WTO Committee on Regional Trade Agreements in May 2007 in Geneva. The Factual Presentation of the Protocol prepared by the WTO Secretariat was considered by the Committee which, in its conclusion, expressed satisfaction that the SADC FTA had indeed met the conditions for regional agreements as set out in the WTO rules.

Your Majesty and Your Excellencies, today, we can say with pride that our collective efforts have borne fruit, and that we have successfully met the objective we set ourselves. Indeed, it required hard work, dedication, resolve, and an unswerving commitment to mobilise our limited resources so as to meet our objective.

At the same time, however, this achievement must not be taken for granted. I raise this because we will need to resuscitate that shared vision and commitment, the unity and cohesion that have characterised SADC from its inception, as we consider the next steps that will be required further to advance our regional integration efforts in Southern Africa.

As we consider our next steps, we will need to be cognisant of the changing global economic landscape. It seems clear to us that the pressures emanating from the global economy have intensified and shifted in important ways.

Your Majesty and Your Excellencies, we are now witnessing the growing presence and role of developing country regions in promoting global economic growth. China, Brazil and India among others, are increasingly important players in the global economy.

This, of course, does not suggest that developed economies are no longer important. Indeed, their role remains central to the global economy and they remain critical sources for goods, investment and technology. The point is that with the steady rise of the South, competition for markets and investment, for trade and technology, continues to intensify.

In this regard, we need to ask ourselves: how do we position SADC in this emerging global landscape? How do we ensure that the region becomes a full and effective participant in this changing global economy where competition continues to intensify?

Your Majesty and Your Excellencies, it seems unavoidable that we must reaffirm the importance of regional integration for at least two reasons. Firstly, none of us will be able to assure political and social stability, security and economic development in our countries if the region as a whole continues to grapple with underdevelopment, instability, poverty and marginalisation.

Regional economic cooperation and integration offer us the opportunity to pool our limited resources and build an economic base to address the challenges of economic growth and development.

Secondly, regional economic integration can create the basis for regional markets and industries to overcome the limits of small national markets, to achieve economies of scale, and enhance competitiveness as a platform to participate more effectively in the world economy.

Our next steps should therefore be deliberate and well-considered and should also combine a shared vision with, measurable steps based on our capacities and capabilities.

We need a thorough assessment of our strengths and weaknesses as we consider the challenges and opportunities that now present themselves to the region. Recent self-assessments that we have undertaken set out clear guidance in this regard.

The Mid-Term Review of the Trade Protocol specified priority areas of work we need to undertake. This includes further work to improve regional rules of origin, to ease and reduce the costs of cross border trade through a range of trade facilitation measures and it requires progress on harmonising regional technical and safety standards.

All these constitute a large area of work which is administratively complex, requiring greater capacities at national and regional levels. It is vital that we focus on these matters as they will deliver enormous benefits for regional trade.

While 85% of all intra-SADC trade is duty-free in 2008, we must acknowledge that the work is not complete. The remaining 15% of trade is still to be liberalised fully by 2012 and we need to ensure that all Members are able jointly to meet that milestone.

As we consider this extensive work programme, we also need to recognise that regional economic integration is not only about the removal of tariff and non-tariff barriers.

Part of our assessment of how best to advance the integration effort, must be to consider whether the region's trade performance has shifted in any discernible manner. The assessment is not particularly positive.

Your Majesty and Your Excellencies, over the course of the implementation of the SADC Trade Protocol there has been no significant increase in intra-SADC trade. Indeed, the central policy issue that we must confront is that the countries in the SADC region have not been able to take advantage of an increasingly open regional trading environment.

Undoubtedly, the most serious constraint to growing and more balanced trade flows in the region remains undeveloped production structures and supply capacity constraints.

This should set out a central plank for our future work: We must intensify our collective efforts to build and diversify the region's productive capacity to expand the range of products that can be traded.

As we do this, we should continually strive to increase the value addition of those exports. In this context, our sectoral work at harmonising regional industrial, agricultural and competition policy should be prioritised as we move forward.

Cross border infrastructure development will continue to play an essential role in advancing the integration agenda. We have no choice but to continue prioritising this work.

As we consider the path ahead, we will need to assess the impact of the Economic Partnership Agreements with the European Union on our integration efforts in SADC.

As we know, all SADC countries are participating in the EPAs, but these are occurring in four separate configurations. On our current trajectory, different members of SADC will have different trade regimes with the EU and, in future, we will have differing obligations to the EU with respect to a host of new trade policy areas including investment, competition, government procurement and services.

Certainly, the EPAs will have a profound - and even limiting - impact on the process of deepening integration at the regional level.

I raise all these issues as a contribution to building a collective agenda and work programme designed to further advance the integration efforts in SADC. This should not detract from celebrating the milestone we have reached today.

On that note, let me officially declare that SADC has achieved the status of a free trade area, which is an achievement of great significance.

I therefore declare the SADC FTA, under the theme, "SADC FTA for Growth, Development and Wealth Creation," formally launched.

Thank you.