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TRADE POLICY REVIEW

REPORT BY

SOUTHERN AFRICAN CUSTOMS UNION (SACU)

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by SACU is attached.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on SACU.

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BOTSWANA

1 INTRODUCTION

1.1. The purpose of this report is to highlight Botswana's macroeconomic policy developments as well as trade and trade related policy developments. The report further discuss trade opportunities to be exploited in order to drive the country's economic growth. This report is prepared at a time when, even though the economy is showing signs of recovery from the global financial crises, there are still some challenges.

1.2. Botswana's national objectives of economic growth and development, economic diversification, agriculture and industrial development are enshrined in the National Development Plan (NDP 10) and Vision 2016. In line with the Vision 2016, the objective of prosperity for all, employment creation and eradication of abject poverty remain critical objectives for the NDPs. The midterm review of the NDP 10 conducted in 2012 recommends that focus for the remaining years of NDP 10 should be on creating a private sector enabling and supportive policy environment; stimulating increased domestic and foreign direct investment; and enhancing competiveness in both goods and services markets. These national objectives serve as the foundation for the country's continued economic growth.

2 BOTSWANA'S MACROECONOMIC POLICY DEVELOPMENTS

2.1 Gross Domestic Product

2.1. The outlook for Botswana is for a sustainable and inclusive economic growth. The country has experienced political stability and rapid economic growth since independence, but during the 2008/09 economic and global financial crisis growth slowed down. Nevertheless Real Gross Domestic Product (GDP) has grown at an average rate of 3.5% between 2008 and 2014. According to the 2015/16 budget strategy paper, real GDP accelerated to 5.8% in 2013 compared to a lower rate of 4.3% recorded in the preceding year. The economic outlook was positive for 2014 due to positive developments in the non-mining sectors; such as Trade, Hotels & Restaurants, Finance and Banking as well as Social & Personal Services. Government policy is aimed at diversifying the economy and the sound performance of the non-mining sectors is creditable as it suggests promising steps towards economic diversification.

2.2. Key amongst Government policy has been diversification within the mining sector. The short-term prospects are robust with economic growth expected to remain at around 5% per annum through to 2015, mainly premised on downstream manufacturing on the back of the recent relocation of De Beers' diamond-sorting and sales activity from London to Gaborone, as well as the attraction of a range of complementary activities.

2.3. Despite its middle-income status, Botswana has to contend with challenges emanating from its narrow economic structure and the attendant over-dependence on the mining sector, in particular diamonds. Even though Botswana has a reputation for the prudent management of mining revenues, the need for diversification remains critical. Other key challenges include productivity, easy of doing business and human capital development.

2.2 Fiscal Policy

2.4. Macroeconomic developments in Botswana have been guided by Vision 2016, a policy vision that sets socio-economic indicators for economic growth and poverty reduction. These are reflected in the tenth National Development Plan (NDP10), which has been running since 2009 and will come to an end in 2017 after Government endorsed in 2014 that NDP 10 be extended by one more year. Preparations for NDP 11 have commenced and it is expected to outline a collection of development policies and strategies which will be due for implementation during the 2017/18 to 2021/22 period. NDP 11 is expected to review performance of NDP 10, identify emerging challenges and provide a development path dictated by the prevailing economic and social dimensions. While subsequent NDPs have focused on increased diversification of the domestic economy and accelerated real GDP growth, NDP 11 will employ a broader goal of inclusive growth and sustainable development.

2.5. Government has invested earnings from diamonds in key infrastructure areas covering education, health, clean water, road network, and telecommunications to create a conducive environment for growth and a better standard of living for citizens. Other policy measures aimed at strengthening public financial management and improving the budgeting process have also been put in place over the years and will form part of the critical Government policy. These initiatives have been facilitated by the development of a Medium Term Macro Fiscal Framework in 2012. In this regard, Government has shifted its priorities to the maintenance of existing infrastructure, completing on-going projects as well as investing on high rate of return and self-liquidating projects. This is combined with other ongoing Government initiatives of out-sourcing some activities, as well as privatization and rationalization of parastatals.

2.3 Monetary Policy

2.6. Monetary policy, implemented by Bank of Botswana (BoB) aims to achieve a low and sustainable level of inflation. Prior to 2008, the Bank's price stability was specified in terms of a range to be achieved over the coming year. However, from 2008, it has been defined as a range to be achieved over a medium-term horizon, and is currently set at 3-6%. This refers to the annual rate of change in consumer prices as measured by the Consumer Price Index (CPI). In this framework, the policy horizon is a rolling 3-year period, which is considered appropriate given the long lags in the transmission of monetary policy decision to affect price developments. The medium-term horizon satisfies three conditions for the effectiveness of monetary policy; it anchors inflation expectations around the objective; it is consistent with the period covered by the inflation forecast; and it is a reasonable period for policy action to take effect. Average national inflation rate has generally been on a downward trend for the past eight years, but reached an all-time high of 15.1% in November 2008, reduced to 4.1% in December 2013 and has since declined to 3.8% in December 2014 (2.8% in February 2015).

2.7. BoB is also responsible for implementing the exchange rate policy. Containing inflation within the medium-term inflation objective range of 3–6% contributes to the stability of the Real Effective Exchange Rate (REER) to maintain international competiveness of domestic industries and hence signals the broader objective of economic diversification. Easing inflation allowed BoB to cut the Bank policy rate by a cumulative 200 basis points in 2013, from 9.5% in March to 7.5% in December which supported domestic investment and GDP growth. Given the state of the economy, both domestic and external, the Monetary Policy Committee concluded in September 2014 that medium-term outlook for price stability remains positive, with inflation forecast within the 3–6% objective range and thus maintained the Bank Rate at 7.5%.

2.4 Economic Outlook

2.8. Despite continued uncertainty over the global economic recovery, the domestic economic outlook remains positive. Real GDP is estimated to have grown by 5.2% in 2014, and forecast to grow at a slower rate of 4.9% in 2015. Such positive growth is mainly driven by the non-mining sectors including Trade, Hotels & Restaurants, Finance and Banking, and Social & Personal Services. Furthermore, the developments envisaged for these sectors are expected to contribute to the growth of the non-mining sectors in the future, hence contributing to growth and economic diversification, thus creating employment opportunities, and empowering citizens.

2.9. A positive domestic economic outlook as shown by some major economic indicators characterized by low debt levels as confirmed by external organizations such as Moody's Investors Service, provides a basis for domestic and foreign investment in the country. Similarly, a supportive monetary policy that has ensured stability of the Real Effective Exchange Rate should promote competitiveness of domestic enterprises in the global market. The prospect of low inflation also has the potential to impact positively on the standard of living of Batswana. Given this conducive macroeconomic environment, we expect the private sector to take the lead in driving economic growth and employment creation.

3 TRADE AND TRADE RELATED POLICY DEVELOPMENTS

3.1 Trade Policies and Strategies

3.1. The National Trade Policy of 2009 defines how Botswana conducts her trade with bilateral, regional and multilateral trading partners and the significant role played by the private sector. It is designed to facilitate the achievement of the broadest possible free and reliable access to markets for the country's exports of goods and services, while also enabling producers and consumers to access the widest choices of international goods and services on the best possible terms.

3.2. Botswana approved the revised Industrial Development Policy (IDP) in July 2014. The objective of the IDP 2014 is to expand the country's industrial base through the development of diversified, sustainable and globally competitive industries; and focus on the export led growth, while simultaneously exploring other sectors with potential to drive industrial growth. It is expected that through the development of globally competitive and sustainable enterprises, Botswana will become an investment destination of choice, thus growing the industry base and creating sustainable enterprises. This is complemented by the Economic Diversification Drive Strategy (2011) and the Botswana National Export Strategy 2010-2016 as well as mandate given to Botswana Investment and Trade Centre (BITC) to promote trade and investment into priority sectors. Botswana is also in the process of developing Special Economic Zones (SEZ) legislation, following conclusion of the Special Economic Zones policy in 2010. To benefit from these developments, Government developed the Citizen Economic Empowerment Policy (CEE Policy) of 2012 with the object of developing citizen capacity to enable their full participation at all levels of economic development.

3.3. Through the Investment Strategy and other strategies like the National Export Strategy, Botswana is making positive strides towards economic diversification. The Ministry of Trade and Industry (MTI) is in the process of developing an Investment Facilitation Law. The Law will establish a legal regime for foreign and domestic investment promotion and facilitation in Botswana. It will also enhance the attractiveness of the country as an investment location, whilst protecting the interests of both the State and the Investor, by providing the latter with credible security guarantees, legal stability, clear regulations and rapid investment procedures.

3.4. Infrastructural development projects aimed at improving trade environment include commencement of construction of Kazungula Bridge linking Botswana and Zambia. The construction project commenced in December 2014 and is anticipated to be completed in December 2018. In addition, Botswana is in the process of establishing a One-Stop Border Post (OSBP) at the Botswana/Namibia border post of Mamuno.

3.5. In improving efficiency and effectiveness in service delivery as well as to reduce the costs to government associated with maintaining parastatals, Government implemented the Rationalisation Strategy adopted in 2009 by merging various parastatal organizations with similar mandates. This resulted in the establishment of new entities, among others the Botswana Investment and Trade Centre (BITC) whose primary objective is to promote Botswana as an investment destination of choice to investors and to attract export oriented investments countrywide on a continuous basis and guided by existing opportunities and comparative advantages. Botswana Institute of Technology Research and Innovation (BITRI) is mandated to identify and/or develop appropriate technology solutions in line with national priorities and needs of Batswana. Human Resources Development Council (HRDC), an independent statutory body responsible for advising the Minister of Education and Skills Development on all human resource development policy issues was created in 2013. The HRDC also has executive responsibility for national human resource development, as well as the planning, funding, monitoring, evaluation and regulation of tertiary education and workplace learning. Botswana Qualification Authority (BQA) is mandated to, amongst others, provide for and maintain the National Credit and Qualifications Framework (NCQF) as well as to coordinate the education, training and skills development quality assurance system.

3.2 Multilateral, Regional and Bilateral Arrangements

3.6. Botswana continues to pursue market access opportunities for her goods and services through her membership in SACU, SADC, SACU-EFTA, SACU MERCOSUR and WTO. Following the conclusion of the WTO Trade Facilitation Agreement in 2013, Botswana notified Category A measures, and ratified Annex on adoption of Aid for Trade (AfT). With regard to bilateral, regional and multilateral trade arrangements, Botswana has successfully concluded the EU-SADC EPA negotiations and is engaged in a number of negotiations including, the COMESA-EAC-SADC Tripartite Free Trade Area, SACU-US TIDCA and SACU-India Preferential Trade Area. The Economic Partnership Agreement (EPA) negotiations with the SADC EPA Configuration on the goods chapter have been finalized and Botswana initialed the Agreement in July 2014. All products (both agricultural and industrial products) have duty-free-quota free access into the EU market. The SADC EPA Trade in Services and Investment negotiations are continuing and expected to be concluded in 2015.

3.7. In addition to the 2000 SADC Protocol on Trade, Botswana signed and ratified the SADC Protocol on Trade in Services in 2012 and 2013 respectively, and negotiations are ongoing on the prioritized sectors of Communications, Tourism, Construction, Finance, Transport and Energy related services as identified by SADC.

3.8. With the view to implement the 2002 SACU Agreement, Government enacted the Botswana Trade Commission Act of 2013, which establishes the Botswana Trade Commission responsible for international trade administration.

3.9. Botswana/Zimbabwe Bilateral Trade Agreement was reviewed in 2010 with a view to improve its Rules of Origin (RoO) and facilitate more trade. Botswana had a positive trade balance with Zimbabwe in the period 2010-13. The trade flow between the two countries has generally improved, which was partly attributed to the review of the agreement.

3.10. Botswana signed Bilateral Investment Treaties (BITs) with various countries. However, due to implementation challenges, there is a moratorium on BITs pending resolution of challenges. However, the SADC BIT Model of 2012 was adopted as a reference guide for future BIT negotiations. This harmonization of Investment Protection Agreements at SADC is expected to enhance cross-border trade and investments.

3.3 Competition Legislation

3.11. The enactment of Competition Act, 2009 led to the establishment of the Competition Authority in 2011 with the mandate to prevent and redress anti-competitive practices in the economy and remove constraints on the free play of competition in the economy. Furthermore, in 2015, Government decided to amend the Competition Act to cater for consumer protection which has been transferred to the Authority.

3.4 Protection of Intellectual Property and Copyrights

3.12. The Industrial Property Act was amended in 2010 to streamline certain provisions to enable the effective enforcement of Botswana's obligations under WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Patent Cooperation Treaty, and other emerging areas under Intellectual Property Laws and treaties.

3.13. The Companies and Intellectual Property Authority (CIPA) was established in 2011 as an autonomous entity to, among others, improve business environment, and reduce turnaround time for starting a business and effective protection and administration of intellectual property rights.

3.5 Government Procurement

3.14. Botswana's procurement policy is driven by the objective of ensuring competition, fairness, value for money, efficiency, transparency, and accountability in the management of government tenders. Government procurement in Botswana is open to all local and foreign owned investors.

4 SECTORAL POLICY DEVELOPMENTS

4.1 Manufacturing Sector

4.1. The manufacturing sector in Botswana continues to experience a sluggish growth even though the sector has potential to contribute towards economic growth and employment creation.

The sector accounted for 5.6% and 5.2% of GDP for the years 2008 and 2013 respectively while employment level for this sector was 36 829 in 2012. The lowest share of manufacturing as compared to other sectors in 2013 can be attributed to the limited indigenous capital and skills as well as a limited input base and small market. The major manufacturing activities include but not limited to the following: Textiles; Food Products; and Wood Products.

4.2 Agriculture Sector

4.2. The National Policy on Agriculture Development of 1991 is under review, the review was informed by a number of macro and sector specific developments as well as international conventions and commitments, which have a bearing on Agriculture.

4.3. Sector specific changes that prompted the 1991 policy review included the Agricultural Sector Review of 2010 which noted that the 1991 Policy objectives were still relevant. The main augmentation required was to develop a comprehensive implementation plan for the revised policy. Other changes included introduction of domestic support programmes (Green box support).

4.4. Botswana has four (4) support programmes aimed at increasing agricultural productivity for low income or resource poor farmers. These are as follows:

(i) **Livestock Management and Infrastructure Development (LIMID)**: provides support on dipping facilities (dip tanks and spray races), handling facilities (kraals and crushes), water sources (drilling and/or equipping of boreholes/well and reticulation), chaff cutters and fodder barn generally available to low–income or resource-poor producers;

(ii) **Artificial Insemination Services**: provides subsidies on semen, artificial insemination equipment, and bull fertility testing generally available to low-income or resource-poor producers;

(iii) **Integrated Support Programme for Arable Agriculture Development (ISPAAD)**: provides supports on farm implements, fencing, and draft animals, water catchment tanks generally available to low-income or resource-poor producers. In order to augment Government efforts towards improving food security, the Government has further introduced Agricultural Services Support Programme (ASSP). Under ASSP Project activities will be implemented throughout the country, wherever the Government's new programme to support rain-fed agricultural development (ISPAAD) is operating. ASSP has two (2) operational components which are sustainable agricultural production and enabling environment for smallholder agriculture; and

(iv) **Transportation Support**: the programme is generally available to defray costs of marketing produce for low-income or resource-poor producers in remote rural areas through Botswana Agricultural Marketing Board (BAMB), which is a state agency.

4.5. As part of implementing Sanitary and Phyto-sanitary Measures (SPS) measures, Botswana is in the process of enacting a law on biotechnology and genetically modified organisms as well as protection of new plant varieties (intellectual property).

4.3 Mining Sector

4.6. With the view to diversify the mining sector a number of initiatives have been undertaken. Firstly, Government launched in 2011 a coal beneficiation road map with the intent to monetize Botswana's massive coal resources. Secondly, the Diamond Trading Company (DTC) relocated its London-based sales activities to Botswana in 2013 as part of Diamond Beneficiation. Thirdly, a concept study of Base metals Beneficiation is on-going and lastly, Commonwealth Secretariat engaged (2012) to assist in the development of a Mineral Policy for Botswana. The Policy will provide a diverse, comprehensive and user-friendly guide to investors and other key stakeholders on key issues pertaining to minerals development in Botswana. This would lead to the review of the Minerals Act.

4.4 Services Sectors

4.7. The Main services contributions to trade are Communications, Tourism, Construction, Finance, Transport and Energy related services. These services forms a critical component Botswana's economy, contributing significantly to GDP as well as accounting a significant percentage of registered business and employment. To this end, Botswana has signed and ratified the SADC Protocol on Trade in Services in 2012 and 2013 respectively, and is engaged in negotiating the above prioritized sectors. In addition, negotiations on the SADC EPA Trade in Services are on-going and are expected to be concluded in 2015.

4.4.1 Financial

4.8. Bank of Botswana (BOB) and Non-Bank Financial Institutions Regulatory Authority (NBFIRA) supervise the financial sector in Botswana. BOB regulates banks and bureau de change while NBFIRA regulates the non-bank financial institutions. The Banking Act, NBFIRA Act, Pension and Provident Funds Act as well as Insurance Act are being reviewed to align with new and unfolding developments in the financial sector.

4.9. The Securities Act was developed in July 2014 with the object to consolidate and amend laws relating to the regulation and supervision of the securities industry in Botswana as well as prohibit insider trading and other forms of market abuse. However, implementation of the Act is yet to commence.

4.4.2 Tourism

4.10. Government in 2009 reviewed the tourism legislative framework in order to create a conducive environment for tourism to thrive. The functions of the Botswana Tourism Board and the Department of Tourism were rationalized through the review of the Botswana Tourism Board Act of 2004, Tourism Act of 1992 and Tourism Regulations of 1993. The instruments have been revised and enacted as follows: the Tourism Act of 2009, The Botswana Tourism Organisation Act of 2009 and the Tourism Regulations of 2010.

4.11. The Tourism Policy of 1990 is being reviewed in recognition of tourism developments around the world.

4.4.3 Communications

4.12. Enactment of the Communications Regulatory Authority Act (CRA Act No.19 of 2012) led to the formation of the Botswana Communications Regulatory Authority (BOCRA). BOCRA regulates the communications sector in Botswana, comprising of Telecommunications, Internet, Information and Communications Technologies (ICTs), Broadcasting, Postal and related services. BOCRA is mandated to, amongst others, promote and ensure universal access to Communications Infrastructure and services in Botswana.

4.13. Government is in the process of privatizing Botswana Telecommunications Corporation Limited (BTCL). Privatization of BTCL will see 49% of the company's shares reserved for citizens, and will be sold via an Initial Public Offering (IPO), while Government will retain 51%.

4.14. In the financial year 2014/15 Government successfully completed the separation of BTC and formed a company called Botswana Fibre Networks Ltd (BoFiNet), which is licensed by BOCRA and is fully operational. BoFiNet is responsible for the provision of wholesale telecommunication services to other licensed operators. The company is also charged with the responsibility to deploy internet connectivity throughout Botswana.

4.4.4 Transportation

4.15. The importance of the transport sector to Botswana cannot be overemphasized. Government is developing an Integrated Transport Policy, with the objectives to, among others, ensure that the supply of transport is responsive to user needs; better manage transportation costs; and improve standards of transport services.

4.4.5 Energy

4.16. In response to the electricity shortage, Government amended the Electricity Supply Act in 2009 to allow Independent Power Producers (IPP) to participate in power generation. Botswana uses coal to produce electricity at Morupule.

4.17. With regard to petroleum, Government commissioned Botswana Oil Company in October 2014. The company's mandate is to maintain strategic stock reserves; ensure security of supply; and diversify petroleum products supply routes.

5 TRADE–RELATED TECHNICAL ASSISTANCE

5.1. Trade-Related Technical Assistance (TRTA) remains critical in enabling Botswana to benefit from her international trade commitments and integrating into the multilateral trading system. Botswana needs technical assistance in the following areas:

(i) Implementation of trade agreements

- Technical regulation and standards (Technical Barriers to Trade , Sanitary and Phytosanitary Measures) include:
  - Technical assistance to strengthen the animal health and plant protection services satisfactorily: this will cover training of agricultural border inspectors, training of professionals on issues of SPS and the multilateral trading system
  - building capacity on auditing and inspection competencies on standards that are specific to accreditation such as ISO 17020, ISO 17021, ISO 17065, and food safety management system, ISO 22000;
- Monitoring the implementation of trade agreements (a national monitoring system to verify the state of implementation of its obligations); and
- Analysis/ interpretation of trade agreements.

(ii) Trade Negotiations

- Capacity building on the formulation of negotiating positions and preparations for trade negotiations, including: quantitative trade flows and trade policy analysis; and data retrieval and analysis skills from different data bases.

(iii) Supply-side constraints

- To address supply side constraints, there is recognition that the Private Sector needs training on:
  - supply chain management and marketing skills,
  - adherence to standards and quality issues, and
  - adherence to SPS requirements in export markets.
- There is need to facilitate the development of sector specific strategies to effectively address supply side constraints.

6 CONCLUSION

6.1. This Government Chapter shows that Botswana has experienced economic growth averaging 3.5% between 2008 and 2014. The economic outlook shows that the country is still continuing to achieve some stable growth despite economic challenges like the global financial crises of 2009. The economic outlook remains positive due to the continued growth and developments in the non-mining sectors.

6.2. Government remains committed to the multilateral trading system and will ensure that the trading rules or disciples are observed. However, to actively and effectively participate in global trade, Botswana is of the view that continuous technical assistance from the WTO is necessary.

6.3. Most importantly, Botswana maintains an environment of free and transparent trade which is open to both domestic and foreign investors. The sectors that will drive Botswana's economic growth over the next decades include, among others, agriculture, manufacturing, mining and services.

LESOTHO

1 INTRODUCTION

1.1. Lesotho, like all other World Trade Organisation members, participates in the periodic trade policy reviews (TPRs) to reflect on the policy changes that occurred between the review periods. The current review follows the 2009 TPR. It is carried out jointly with other Southern African Customs Union (SACU) member states (Botswana, Namibia, South Africa and Swaziland). The Government of Lesotho finds it important that WTO member states are, for transparency purposes, provided with an update of her trade policies and practices.

1.2. The Lesotho economy is relatively small. Approximately three-quarters of its population lives in rural areas. This population is mainly engaged in subsistence agriculture – mainly centred on maintaining small livestock herds (cattle, sheep and goats) and the production of crops (maize, deciduous fruits and some vegetables). Government remains the largest formal sector employer in the country; and in the private sector employment in the textiles and apparel value chain is key. It is worthwhile noting that remittances from migrants[1] working in South Africa (as miners, farm labourers and domestic workers), and (customs and excise) revenues from the SACU, are also vital to maintaining economic stability.

1.3. The Government's overall policy objectives continue to be guided by the National Vision 2020 that was launched in 2003. It remains the overarching policy framework on how Basotho would like to see their country economically and socially by the year 2020. The 2020 document identifies seven pillars of development: democracy, unity, peace, education and training, economic growth, management of the environment, and advancement in technology. The National Strategic Development Plan (NSDP – 2012/13-2016/17), is the implementation strategy for the National Vision 2020.[2] At an economic level, in order to give effect to commitments in the NSDP, Lesotho has finalised policy frameworks for the following sectors: energy, mining, and consumer protection. Work is now at an advanced stage with regards the development of umbrella high level industrial, trade, and investment policy frameworks.

1.4. In the absence of adopted policy frameworks the Lesotho Ministry of Trade and Industry continues to make interventions that improve the business environment by reducing cost and the time spent by investors in complying with Government regulations, rules and procedures.

2 MACROECONOMIC ENVIRONMENT

2.1. GDP growth in 2010 was 5.6%, in 2011 4.3%, 2012, 6% and in 2013 5.6% (in 2014/15 it is anticipated to grow by about 4.4%). With a 57% level of poverty, and a 25% rate of unemployment, growth has generally not been inclusive enough and there is still widespread unemployment, inequality and poverty, particularly in rural areas.

2.2. Since 2009 Lesotho's fiscal position has remained generally strong. In 2010/11 Lesotho registered an overall deficit of close to 12.8 % of GDP; and in 2013 1.5 %. There has been a marked improvement in tax revenues which continues to be dominated by SACU receipts. Total government spending rose by from 10.5 % of GDP in 2012, to 24.3 % of GDP in 2013. Approximately 80% of Government spending is recurrent; and salaries account for the biggest component. Procurement of goods and services, another large part of recurrent spending, rose from 10.4 % of GDP in 2012 to 17.4 % in 2013. The procurement system is affected by inefficiencies which a new Public Management Reform Action Plan will target. Capital spending rose from 10.5 % of GDP in 2012; to about 24.3 % in 2013.

[1] It is important to note that the number of Basotho migrants working on South African mines is continually reducing. In this context mineworkers (who are retrenched or whose contracts are not renewed) returning permanently to Lesotho are able to access retraining schemes offered by the Mineworkers Development Agency (MDA), the Lesotho Ministry of Trade & Industry's facility (the Lesotho Opportunities Industrial Centre), and the Ministry of Employment and Labour training facility located in Mohales Hoek.

[2] National Strategic Development Plan 2012/13 - 2016/17.

2.3. Fiscal policy has generally remained non-expansionary and surpluses generated were used to build reserves and pay liabilities. For 2014/15, the fiscal position is expected to swing into deficit with revenue expected to drop faster than expenditure. The revenue outlook is dependent on SACU receipts which are driven by the global economic environment, and the economic performance of South Africa. Typically, for the period under review, the SACU revenue share transfer accounted for about 48% of the national budget. Donor grants make a significant contribution to government revenues; however due to a drop in the number capital projects grants were projected to drop to below 9.0% of GDP in 2014.

2.4. Monetary policy in Lesotho, like other countries in the Common Monetary Area (Namibia, South Africa and Swaziland), remained expansionary reflecting weak economic conditions and low inflationary pressure. Money supply in the period under review grew at an average of 11.1% in 2013. In 2013 the level of net international reserves amounted to 4.5 months of imports of goods and services; and in 2013/14 it stood at 4 months. The Government targets five months of cover; while the international benchmark is three months.

2.5. The budget surplus has allowed the government to accumulate reserves and improve its net position with the banking system which gave extra credit to the private sector. Additionally, the higher level of international reserves supported the maintenance of parity between the local currency, the loti (LSL), and the South African Rand. Consistent with liquidity conditions, interest rates remained low at close to 5 % in December 2013.

2.6. In 2012 the average inflation rate was 6.1%; and in 2013 the average rate was 5%. Surges in inflation were driven by international fuel and food prices. Lesotho's inflation generally tracks that of South Africa, since close to 80% of consumer goods are imported from South Africa. However, the weakening of the Rand (and the Loti with it) and unpredictable oil prices have posed risks. In 2014/2015, money supply growth is set to decelerate from 11.1% to 6.4% annually signalling a tighter monetary policy stance in line with the projected lower inflation.

2.7. Exports growth in terms of actual values has been encouraging in the last five years reaching a total of US$941.2 million by 2013 from US$734.1 million in 2009. This is attributable mainly to the preferential market access opportunity to the United States market provided by the Africa Growth & Opportunity Act (AGOA), and the revitalisation in the production and export of diamonds to the EU. Exports contribution to the country's GDP has been outstanding averaging over 46% in the last five years. There has however not been any diversification in the country's exports in terms of products and their market destinations during the period under review. Lesotho's main exports continue to be textile and garments, diamonds, footwear products and water. Main destinations of these exports are United States, the European Union (EU) and South Africa. Relative to export growth, imports have been growing even higher causing the country's trade balance to be in the negative and reaching over US$-2 409.6 billion in 2014. Imports into the country originate mainly from South Africa, Asia, Saudi Arabia, U.S., and India. The main imports have been Petroleum products, cars, building and construction materials, equipments and raw materials for the clothing industry, and food items.

2.8. Potential sectors for export diversification have been identified in areas such as diamond beneficiation; vertical integration of the textile and garments sector; integration into regional value chain opportunities in the automobile industry and commercialising agriculture; and water bottling.

3 PERFORMANCE OF MAJOR SECTORS

3.1 Primary Sector

3.1. Lesotho's primary sector industries recorded an average growth of 5.3 % between 2011/12 and 2013/14, largely influenced by mining. Agriculture registered an average growth of 3.2% in the same period, with crops experiencing a decline of 6.5% and 16.2% due to drought and flooding experienced in 2011/12 and 2012/13. Even though there was an armyworm attack in 2013/14, the crops output managed to achieve a high of 13.9% boosted by government intervention in the sector. This influenced the agricultural sector to register a 13.4% growth. Wool and mohair production also contributed to this growth.

3.2. Agriculture in the country is characterized by two main subsectors which form the backbone of the sector. These two main sub-sectors are: crop production, and livestock production and products. The agricultural sector is pivotal to the country because 77% of total population relies on it for livelihood. The contribution of the agriculture sector to the Lesotho economy has remained relatively constant in the past five years (2010 and 2013 contributions to GDP was identical at 7.6%).

3.3. The agriculture sector is projected to grow by 2.4% on average between 2014/15 and 2017/18. As the authorities gradually deal with the sector problems, such as small and fragmented landscape, seeds and fertilisers, irrigation, erosion, output marketing, storage facilities and transport, and the need to implement reforms that will propel Lesotho farmers from subsistence to commercial agriculture. The Ministry of Agriculture has contributed to this initiative by increasing the area planted through a summer cropping project financed by the Government of Lesotho. As a result, the area planted is expected to positively influence the yield in crops since it is projected to rise by 7.5% tonnes per annum covering about 50% of arable land in the medium term.

3.4. Between 2008 to 2010 there was an outbreak of anthrax in parts of the country. In response to this China imposed restrictions on imports of Lesotho wool and mohair. This affected the prices paid for the county's fibre and annual turnovers for many farmers decreased. Negotiations were held between China and Lesotho and the ban was lifted in 2012.

3.5. Lesotho manages a system of import controls which regulate the importation of a range of agricultural products. In terms of this permit regime importers have to first obtain and import permit from the One Stop Business Facilitation Centre (OBFC); and, then a clearance permit for the Ministry of Agriculture. Products covered by this regime include: poultry, eggs, dairy products, fruits and vegetables, meats, and processed meat products.

3.6. Mining registered a growth of 19.7% and 14.5% in 2011/12 and 2012/13 respectively as a result of reopening of the Liqhobong and Kao diamond mines. The diamond sector comprises six major mines under leases. All mines are jointly owned by the state in a partnership with a foreign company. As of May 2015, the state participation in these mines ranged from 20% to 30% shareholding. This came as global demand recovered from the 2008 economic and financial crisis influencing prices to become favourable for exports. Furthermore, the exchange rate of Loti against the US$ continued to depreciate boosting the international export returns. The 5.3% dip in 2013/14 came as a consequence of the Letseng diamond mine operating at a lower scale. In 2013, diamond mines employed about 1,700 workers and the numbers are expected to increase to 3,000 by 2017.

3.2 Secondary Sector

3.7. The secondary sector accounted for 23.3% of gross domestic product (GDP) and registered an estimated growth of 4.8% in 2013, down from 6.5% in 2012. The expansion came from the recovery of textiles and clothing (3.4%); building and construction (7.8%) and electricity and water (4%). Additional growth is expected from the tertiary sector supported by strong financial intermediation, transport and telecommunications, and government efforts in health and social welfare. The extension of the Millennium Challenge Compact for Lesotho will greatly enhance growth in water and sanitation.

3.8. Lesotho's manufacturing sector is dominated by her textiles and apparel value chain. In 2014 the majority of Lesotho made garments were exported to the United States (69.5% by value); while South African fashion retailers purchased 30.5% of Lesotho made garments. This represents a significant diversification of destination markets - in 2005 less than 5% of Lesotho made apparel entered the South African market. Lesotho currently export textiles to SADC and beyond.

3.9. The footwear manufacturing industry continues to be a feature of the Lesotho economy (4 firms); as does the electrical and electronic sub-assembly sector (3 firms). However in the period under review it is worthwhile noting that both these sectors have not expanded; but efforts will be made to expand them going forward. A number of other manufacturers from different value chains have established themselves in Lesotho. A significant development has been the establishment of two firms making automotive components (wiring harnesses and leather car seats) for the South African and international auto-assembly value chains. Lesotho has ambitions to expand this auto-component section of the value chain.

3.10. The construction sector remains one of the major drivers of the Lesotho economy. This could be attributable to the ongoing: construction of dams, bridges, roads in rural areas and buildings. The building and construction sub-sector was estimated to have expanded by 11.3% in 2013 compared with a growth rate of 34.4% in 2012. The slowdown can be attributed to a deceleration in construction activities following the completion of some major projects in 2012/13 (which included the construction and extension of shopping malls, the construction of the Metolong Dam, some Millennium Challenge Account (MCA) related projects, new factory shells in the Ha Tikoe industrial area). In the long term projects such as the Lesotho Highlands Water Project Phase 2, which is scheduled to begin in 2015, will provide a significant fillip to the economy.

3.11. Lesotho continues to import electricity from its neighbours. Its current generating capacity at Muela (72MW) does not meet the country's needs. However, during the period under review, four mini-hydro plants were developed in the country: at Mantsonyane (2MW), at Semonkong (180kW), at Tlokoeng (670kW) and Tsoelike (400kW).

3.3 Tertiary Sector

3.12. In 2011/12 through to 2013/14, tertiary industries recorded an average growth of 5.8% resulting from substantial programmes in health and social work, financial intermediation, wholesale and retail trade, and transport and communications. The health sector registered a growth of 28.4%, attributed to the opening of the new referral hospital. Financial intermediation sector grew at an average of 12.4% following reforms to improve access to credit, as well as the fact that some financial services were extended to the more remote areas of Lesotho through the Lesotho Post Bank. The transport and communication sector grew by 6.0% on average, influenced by the post and telecommunications sector, which grew by 6.5% on the back of intensive developments in the sector. Growth was also bolstered by the opening of shopping malls in Maseru and the availability of big name South African brands

3.13. Lesotho has recognised the crucial role that the services sector plays in the economic growth of the country. It has also participated in services negotiations at the multilateral, regional and sub-regional levels.

3.14. The Lesotho financial system has a regulatory and supervisory regime for banks and financial institutions (including insurance companies, micro-finance credit institutions, co-operative banks and moneylenders) that is consistent with international standards. In the period under review the following elements were finalised: Financial Institutions Act (FIA) 2012 (with regulations pertaining to Money Transfers, Credit, Foreign Exchange Bureaus, Financial Leasing, the Licensing of Credit Reference Bureaus) and the Insurance Act 2014. Both of these laws impact upon non-banking financial institutions (excluding insurance and retirement funds/private pension funds/capital markets, etc.) which are regulated under a separate act.

3.15. Lesotho's financial sector in 2013 continued to show resilience as reflected by a non-performing-loans-to-total-assets-ratio below 2.8%. Commercial banks generally maintained adequate capital of about 16%. The loan-to-deposit-ratio also increased to about 60% in 2013.

3.16. The tourism sector in Lesotho has been identified by the Government NSDP (2012/13-2016/17) as one of the 4 pillars of economic growth in the country. The sector's contribution to GDP is estimated at 5.5% in 2013. It is envisaged that it will be a catalyst for: the inflow of foreign exchange, the attraction of new investments, the creation of new jobs, a generator of government revenues, and, an accelerator of business and entrepreneurial activities. A number of tourism destination based feasibility studies are in the process of being finalised.

4 TRADE AND TRADE RELATED POLICY DEVELOPMENT

4.1. The Lesotho Government developed the National Strategic Development Plan (NSDP) 2012/13 to 2016/17. The Strategic Development plan identifies agriculture, manufacturing, mining and tourism as the growth sectors, from which commercial opportunities can be tapped.

4.2. Lesotho is at an advanced stage in finalising an industrial policy. Work will shortly commence on developing a Lesotho trade policy. Lesotho's main trade policy objectives are to expand and diversify exports by taking advantage of preferential market access dispensations. It hopes to use its preferential market access to also promote foreign investment. Work will also be undertaken to remove supply-side constraints and improve infrastructure.

4.3. The Government of Lesotho is committed to creating a business environment that is conducive to investment and to improve the ease of doing business. Lesotho is ranked 143 out of 183 countries in terms of the World Bank Doing Business indicators. In order for her to remain an attractive investment destination, Lesotho is reforming her investment climate. Major improvements include establishment of One-Stop Business Facilitation Centre (OBFC); and its roll-out to Maputsoe/Ha Nyenye industrial areas in the north of the country. The Companies Act of 1967 was repealed and replaced by the Companies Act of 2011. The Company Registry Office was also transferred from the Ministry of Law and Constitutional Affairs to the OBFC. A modern and efficient company registration has been set up to allow on-line registration of companies. These changes resulted in reducing the number of days it takes to start a business from 72 to just under 5 days.

4.4. In 2013 Lesotho formulated a Consumer Protection Policy in order to improve consumer welfare through consumer empowerment and protection, fostering effective competition and enabling confident participation of consumers in markets. Since the last TPR review, the following Acts were passed by Parliament to enhance business and investment; the Industrial Licensing Act (2014), the Lesotho Standards Institute (2014), and the Land Act (2010).

4.5. A simplified customs clearing system has also been introduced through ASYCUDA World in two commercial border posts (Maputsoe and Maseru), cargo clearance facility at Moshoeshoe 1 International Airport as well as Single Administrative Document (SAD). Improvements have also been made to access trade information through Lesotho Trade Portal (www.lesothotradeportal.org.ls).

4.6. Mining and Energy policies have also been finalised and elements are in the process of being implemented. The objective of Mining policy is to adhere to best practices and to allow responsible and globally competitive exploitation of the country's mineral resources in a manner that results in sustainable socio-economic development. The Energy policy is meant to contribute towards the improvement of livelihoods, economic growth and investment, protection of the environment as well as ensuring security of supply.

4.7. In furtherance of the regional integration agenda, Article 14 of the SACU 2002 Agreement provides for the establishment of a specialised, independent and dedicated National Bodies in SACU member states to conduct preliminary investigations into Tariff and related SACU issues and make appropriate recommendations to the SACU Tariff Board for changes. This objective is in line with the Government of Lesotho's vision to create an efficient regulatory and administrative environment within which businesses could operate. In this regard National Body was established in 2012 through the Cabinet decision, to execute the functions of tariff investigations, trade remedies and import and export control. Currently there is a draft law to establish the Trade and Tariff Administration awaiting Parliament to pass.

5 REGIONAL AND MULTILATERAL TRADE RELATIONS

5.1. Lesotho is a founding member of the WTO, a member of the WTO's Least Developed Country (LDC) Consultative Group, and the current Chair of the WTO's African Group. She is also a Member of the Africa Caribbean & Pacific (ACP) group of countries.

5.2. Lesotho reaffirms her commitment for a meaningful outcome of the Doha Development Agenda (DDA). Furthermore, Lesotho is committed to undertaking all national processes related to the ratification of the Trade Related Aspects of Intellectual Property Rights Agreement (TRIPS), and the WTO Trade Facilitation Agreement (TFA) that were adopted at the 9th WTO Ministerial Conference that took place in Bali in 2013.

5.3. Lesotho, as a member of SACU, is co-negotiating a co-operation agreement with the U.S. related to trade, investment and development issues. Lesotho is also, with her

SACU partners, in the preliminary stages of negotiating a preferential trade agreement (PTA) with India. The SACU-MERCOSUR PTA is undergoing ratification processes by signatory parties to the agreement (Lesotho has already ratified the agreement).

5.4. In 2014 Lesotho initialled an economic partnership agreement (EPA) with the EU. Other parties to the EPA include Botswana, Mozambique, Namibia, South Africa, and Swaziland (known as the SADC EPA Group).

5.5. In pursuit of greater African regional integration, and as a member of SADC and SACU, Lesotho is negotiating an agreement that will result in a free trade area covering the countries who are member states of SADC, the East African Community (EAC), and the Common Market for East and Southern Africa (COMESA). These negotiations – more commonly known as the "Tripartite Free Trade Area" negotiations commenced in 2011. The Africa wide Continental Free Trade Area (CFTA) negotiations were launched, under the auspices of the African Union (AU), in order to further deepen regional integration and promote regional value chains across the African continent.

6 AID FOR TRADE

6.1. Lesotho continues to benefit from technical assistance programs under the Aid-For-Trade paradigm. These assistance measures have focussed on: infrastructure, agriculture, trade policy and regulation, industrial development, and tourism.

6.2. Some of the programmes that Lesotho benefits from include:

a. Private Sector Competitiveness and Economic Diversification Project (PSCEDP)

Funded by the International Development Association (IDA) the PSCEDP project aims to promote sustainable growth and increase the competitiveness of Lesotho's private sector by:

- **improving the business environment** - the overall goal is to reduce the cost of doing business by reforming company registration and business licensing processes, and immigration and passport services; and, improving access to finance. Progress already made in this area includes: the development of a consolidated electronic company registry database, and redrafting of the legislation and regulations relating to industrial and trade licensing. In order to improve access to credit a guarantee scheme has been established with an initial capitalisation of M10m.
- **supporting economic diversification** – this relates to building the capacity of the private sector with the objective of strengthening its linkages with the regional economy (especially with South Africa); further integrating Lesotho into the global economy; strengthening institutional support for employable skills and business management; and, improving productivity at firm level. There is a focus on skills development for: the garment industry, horticultural out grower schemes, the tourism sector; as well as support for and the establishment of the Lesotho Enterprise Assistance Program.

b. Enhanced Integrated Framework (EIF)

The Government of Lesotho continues to benefit from The EIF project for trade-related technical assistance. The project, which began in 2011, has the following two components.

- **EIF Tier 1** - With financial support, and technical assistance from USAID, Lesotho updated its 2003 Diagnostic Trade Integration Study in 2012. The update highlighted major areas of action for building productive capacities, regional trade integration and trade facilitation. An action matrix prioritising areas of intervention covering a period of five years (2013/17) and a Sector Medium Term Programme are being implemented.
- **EIF Tier 2** - This component seeks to enhance Lesotho`s sustainable economic growth, employment generation, food security and poverty alleviation. To achieve this objective, a pilot project on Agricultural Productivity and Trade Development is being implemented with the technical assistance of the International Trade Centre (ITC). To date 140 green houses and hail nets have been allocated to small holder farmers.

c. Technical Barriers to Trade; Sanitary and Phytosanitary Standards

The Government of Lesotho has embarked on efforts to reinforce standards and quality infrastructure in order to enhance competitiveness of Lesotho made products. Assistance has been received from USAID for the establishment of a Technical Barriers to Trade and Sanitary and Phytosanitary Standards enquiry points, and their related capacity building programs. Cooperating partners in this area include the German and Swedish governments, the Food and Agriculture Organisation, and the Regional Economic Integration Support Program under the European Development Fund.

d. Trade Advocacy Fund

Lesotho is currently benefitting from the United Kingdom's Department for International Development Trade Advocacy Fund (TAF). TAF assistance covers improving institutional coordination and human capacity within the Government of Lesotho to enable it to be better prepared for her participation in international trade related negotiations. The goal of the programme is to establish a pool of trained personnel that will be able to participate more effectively in international trade negotiations in a more coordinated manner.

e. EU-SADC Trade Related Facility

Lesotho has been allocated an amount of €2.6 million that will allow her to effectively implement her commitments under the SADC Trade Protocol and the EU-SADC Economic Partnership Agreements (EPAs). Lesotho has identified the following areas of interest:

- addressing supply side capacity constraints - including standards and quality infrastructure;
- the development of appropriate trade policies and programs, as well as establishment of trade and tariff administration;
- competition institutions.

f. Training & Capacity Building

Lesotho has benefited by sending delegates to participate in capacity building programmes funded by the Chinese and Indian governments.

7 CONCLUSION

7.1. The Government of Lesotho is fully committed to the policies and processes underpinning the global multilateral trading system. Lesotho seeks to fully exploit the potential benefits of the multilateral trading system to ensure that trade continues to serves as a driver of social and economic transformation. Furthermore Lesotho seeks to fully utilise the support being given under the various trade related technical assistance programmes both at bi-lateral and multilateral levels in order for it to address its supply side constraints in order to enhance its participation in the international trading system. Lesotho strives to take advantage of the technical assistance programmes - through the Aid for Trade rubric – in order to address her market access constraints, and to participate fully in the global trading system.

7.2. There has been significant progress in terms of enhancing the business and investment environment since the last WTO TPR review. The growth in the economy has been positively consistent. However it has not been inclusive and therefore issues of unemployment, poverty and inequality remain a challenge for the Government. This challenge is obviously due to the narrow base of the economy as the country's exports remain firmly bound in the textile and garment sector; and lately in diamonds.

7.3. Lesotho has identified that economic diversification is key - in particular with regards to the manufacturing sector. Secondly Lesotho strives to achieve a more inclusive and sustainable growth trajectory to address the high incidence of poverty. Ongoing initiatives such as the Private Sector Competitiveness and Economic Diversification Project, the Customs Modernisation Programme and the EIF among others, are expected to address supply side constraints, reduce the cost of starting and doing business and enhance Lesotho's industrial competitiveness in the global arena.

NAMIBIA

1 MACROECONOMIC ENVIRONMENT

1.1. Namibia is situated on Africa's south-western seaboard; its neighbouring countries are Angola to the north, Botswana and Zimbabwe to the east and South Africa to the South, with the Atlantic Ocean forming its western border. Namibia covers a total land surface of 824,268 km^2 and is divided into 14 regions as determined by the Delimitation Commission.

1.2. Namibia is the second most sparsely populated country in the world; the average population density is 2.6 people per square kilometre. The total population is estimated at 2.1 million, of which around 15% resides in the capital, Windhoek and approximately 37% of the population live in urban areas. English is the official language, while Oshiwambo, Afrikaans, Otjiherero, Khoekhoegowab, German, Lozi, Rukwangali, Tswana and various San languages are also spoken.

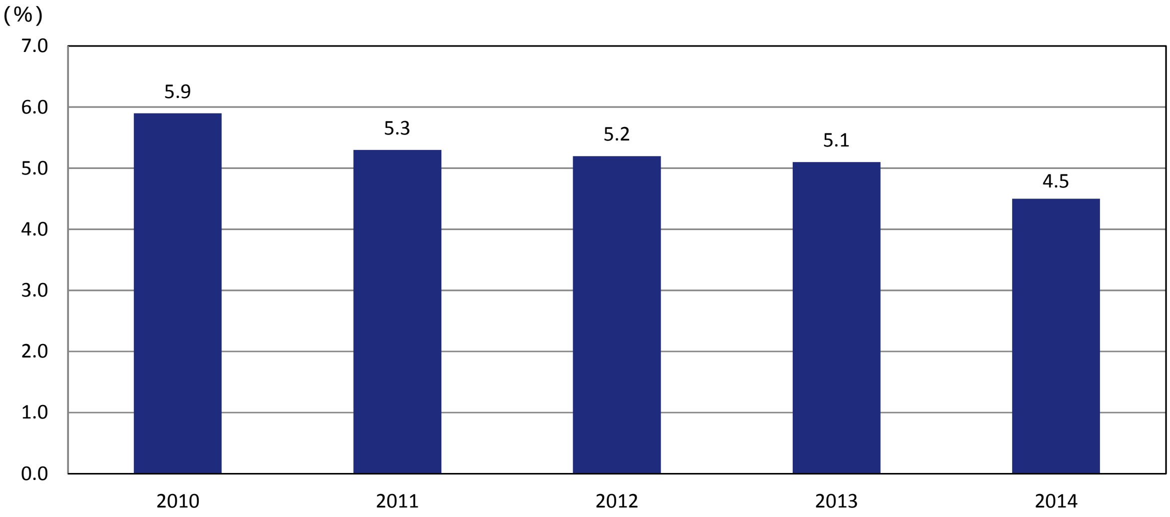
1.3. The employment rate among Namibia's population aged 15 years and older is 66%, while the overall unemployment rate, according to the Namibia Labour Force Survey 2014 Report, is 28.1% for both male and female. More than 50% of the workforce is employed in the private and public service sectors while 31.4% are in the agriculture, forestry & fishing industries.

1.4. Namibia's literacy rate is 88% for people aged 15 years and older, while 66% of people aged six to 24 are enrolled in schools, of those who are 15 and older 42% have completed their primary education, while 15% have completed a secondary education. The country has three recognized tertiary institutions, namely University of Namibia (UNAM), International University of Management (IUM) and Polytechnic of Namibia.

1.5. According to the World Bank Atlas method of classifications, low-income economies are defined as those with a GNI per capita US$1,045 or less in 2014; middle-income economies are those with a GNI per capita of more than US$1,045 but less than US$12,736; high-income economies are those with a GNI per capita of US$12,736 or more. Lower-middle-income and upper-middle-income economies are separated at a GNI per capita of US$4,125. Therefore, according to the World Bank Atlas method and PPP in 2014, Namibia was ranked 116 in the world with a GNI per capita of US$5,820.

1.6. The Gross Domestic Product (GDP) average growth rate for the years 2010-2014 is 5.2%; the economy showed an increase in the GDP in 2010 of 5.9%, while from the period 2011 to 2013 the GDP declined by 0.1% whereby the GDP was 5.3%, 5.2% and 5.1%, respectively.

Chart GDP growth rate



1.7. The domestic economy in 2014 has slowed by recording a growth of 4.5% compared to 5.1% in 2013. This slow growth can be mainly attributed to the secondary and tertiary industries that registered growths of 4.7% and 6.3% compared to 8.4% and 7.2%, respectively. The slow growth in the secondary industries is due to the construction and manufacturing sectors that recorded growth rates of 14.6% and 0.5% compared to 30.2% and 2.9% in real value added during the period under review.

1.1 Agriculture and forestry

1.8. The real value added of the agriculture sector is estimated to have recorded an average decline of -0.1% during the period 2010 to 2014 and this is mainly attributed by the 2013 decline of -26.7% as a result of the drought that was experienced. The year 2014 had a positive growth of 6.5% compared to a decline of 26.7% recorded in 2013.

1.9. The positive performance in the sector can be attributed to subsectors of livestock and crop farming that recorded growths of 8.0% and 4.8% respectively, compared to declines of 37.6% and 9.6% witnessed in the preceding year.

1.10. The positive performance in the livestock farming subsector is as a result of restocking after one of the worst drought in Namibia and the strict requirements on livestock imports imposed by South Africa veterinary services during 2014. The improved performance of the crop farming subsector resulted from good rain received during 2014 which culminated in bumper harvest for major crops.

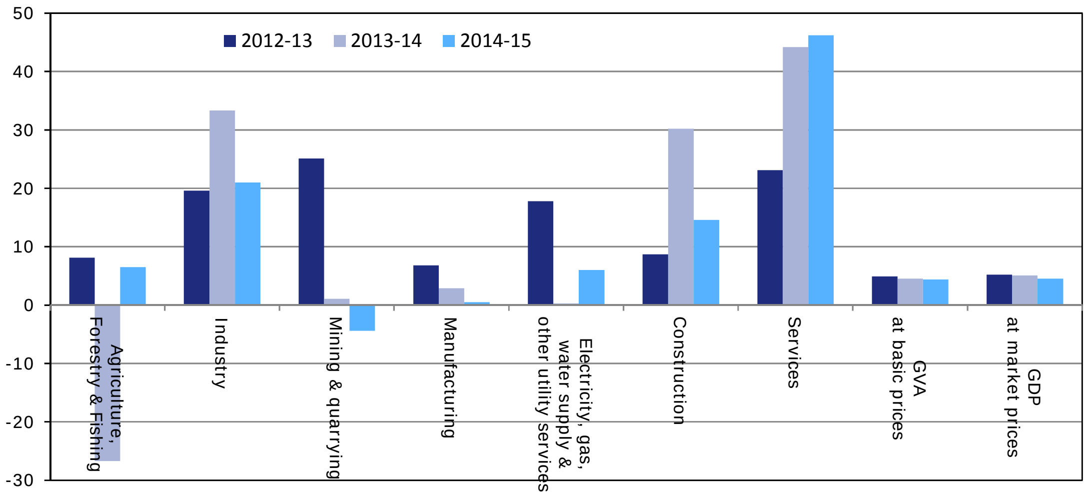
Table 1: Growth in GVA (Gross Value Added) at Constant (2011-12) Basic Prices

(%)

	2012-13	2013-14	2014-15
Agriculture, Forestry & Fishing	8.1	-26.7	6.5
Industry	19.6	33.3	21.0
Mining, & quarrying	25.1	1.1	-4.4
Manufacturing	6.8	2.9	0.5
Electricity, gas, water, supply & other utility services	17.8	0.3	6.0
Construction	8.7	30.2	14.6
Services	23.1	44.2	46.2
GVA at basic prices	4.9	4.5	4.4
GDP (at market prices)	5.2	5.1	4.5

Chart Growth Value Added to the GDP

(%)

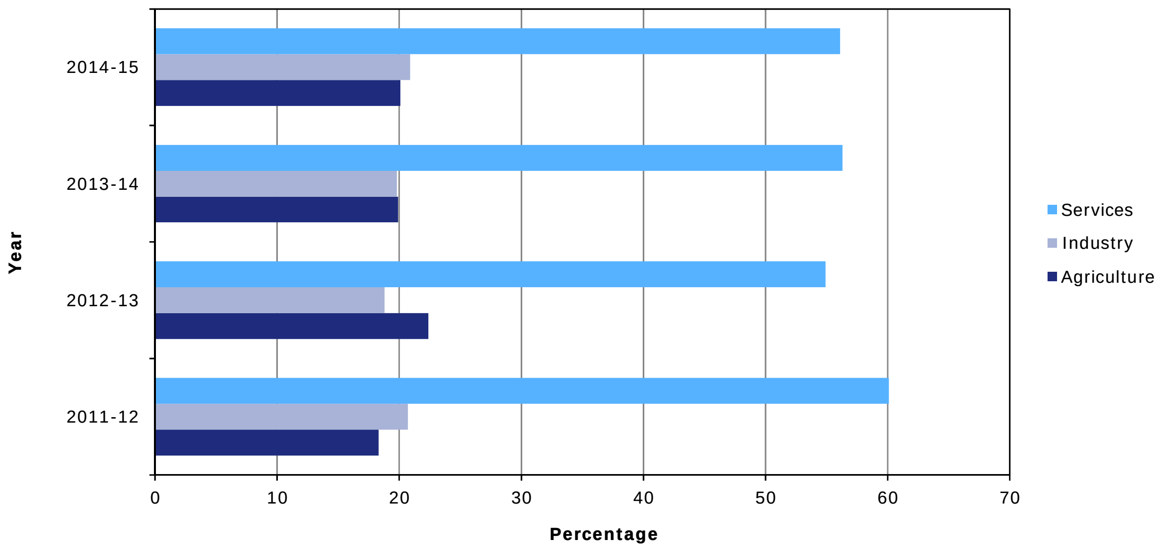


1.11. The Agriculture, Forestry & Fishing sector showed a growth of 8.1% of gross value added (GVA) during 2012-2013 period, but a decline of 26.7 in 2013-2014 due to the drought experienced in 2013 and started recovering in 2014 with a 6.5 growth as good rainfall was received.

Table 2: % Share of different sectors in GVA at basic prices

Year	Agriculture	Industry	Services
2011-12	18.3	20.7	60.1
2012-13	22.4	18.8	54.9
2013-14	19.9	19.8	56.3
2014-15	20.1	20.9	56.1

Chart % Share of different sectors in GVA



a Agriculture includes forestry & fishing, mining & quarrying.
b Industry includes manufacturing, construction, electricity, gas & water supply.
c Services include trade, hotels and restaurants; transport, storage and communication; financing, insurance, real estate and business services; community, social and personal services.
d Advance estimates.

1.2 Fishing and fish processing on board

1.12. Fishing and fish processing on board is estimated to have recorded a decline of 0.24% during the period 2010 to 2014. The year 2012 had the highest decline 7.6%, while 2014 also had a decline of 4.4% as compared to an increase of 2.5% in real value added registered in 2013.

1.13. The poor performance of this sector can be attributed to demersal fisheries processed on board that recorded a decline of 21.9% in 2014 compared to a growth of 7.7% in output of the previous year. Mid-water fisheries processed on board also registered a decline of 1.7% in 2014 compared to positive growth of 1.3% registered in 2013.

1.3 Mining and quarrying

1.14. The mining and quarrying sector is estimated to have registered an average of 7.7 during the period 2010 to 2014. The highest growth was for the year 2012 which had a growth of 25.1 compared to 2013 which recorded the lowest increase of 1.1. The year 2014 had a decline of -4.6, this decline can be attributed to poor performance of uranium, metal ores and other mining and quarrying that all contracted during the year under review.

1.15. The uranium subsector recorded a decline of 9.9% when compared to a decline of 6.9% in 2013. The poor performance in the production of uranium can be attributed to the unstable market prices of uranium during the period under review.

1.16. The subsector metal ores showed an improvement from the preceding year, albeit not strong enough to offset the negative trend recorded in 2013. This subsector registered a negative growth of 1.4% in real value added as compared to a decline of 27.0% registered in 2013. The decline in metal ores can be attributed to the reduction in production for zinc and manganese which recorded declines of 12.0% and 16.8%, respectively.

1.17. Other mining and quarrying subsector registered a decline of 42.7% in real value added during the period under review compared to an increase of 11.0% registered in 2013. This poor performance was due to the closure of the fluorspar mine and a reduction in the production of granite and marble.

1.18. Diamond mining registered a growth of 11.1% in real value added compared to 7.3% recorded in 2013. Diamond production showed a strong growth as compared to 2013.

1.4 Manufacturing

1.19. The manufacturing sector is estimated to have recorded an average of 1.9% growth for the period 2010 to 2014. The year 2014 recorded a slow growth of 0.5% in real value added compared to growth of 2.9% recorded in 2013.

1.20. The slow growth is as a result of poor performances from the subsectors meat processing and textile and wearing apparel that recorded declines of 14.8% and 11.7% as compared to growths of 30.4% and 4.7% registered in 2013 in real value added, respectively. The subsectors of beverages, publishing and printing, non-metallic mineral recorded growths of 10.3%, 12.7% and 8.3% respectively in 2014 as compared to growths of 6.6%, 6.8% and 1.1% in 2013, respectively.

1.5 Electricity and water

1.21. The utility sector (electricity and water) is estimated to have recorded an average of 5.9% growth for the period 2010 to 2014. The highest growth was recorded in 2012 which recorded 17.8% in real value added and 2010, 2011 had 2.4 and 3.1 growth respectively. While 2014 had a growth of 6.0% compared to 0.3% recorded in 2013. The strong growth was driven by the electricity subsector, which recorded an increase of 8.6% in 2014. This was influenced by the increase in the local demand of electricity especially due to increased activities in the mining sector. However, the water subsector recorded a decline of 2.9% due to a 6.5% drop in the demand of water for irrigation, attributed to the good rains received in 2014.

1.6 Construction

1.22. The construction sector is estimated to have recorded an average of 15.2% growth for the period 2010 to 2014. The year 2013 saw the highest increase in real value added of 30.2%. While 2014 recorded 14.6 growth compared to a massive growth of 30.2% recorded in 2013. The performance in the sector is mainly due to the construction works done by mining and quarrying sector and general government sector that registered growths of 18.8% and 16.1% in 2014 compared to an increase of 63.3% and 53.3% recorded in the previous year. Construction works done by the transport and communications sector registered a growth of 6.7% compared to a decline of 0.8% recorded in 2013. The value of buildings completed also registered a growth 9.0% during the period under review.

1.7 Wholesale and retail trade

1.23. The wholesale and retail trade sector is estimated to have registered a growth of 7.72% in real value added during the period 2010 to 2014. The year 2013 recorded the highest of 14.5 growth in real value added while in 2014 there was a growth of 8.6% compared to 14.5% in 2013. The performance of this sector is reflected in sales of supermarket and vehicle that recorded strong growths of 22.8 and 21.5%, respectively compared to 10.3 and 18.0%, registered in 2013, respectively. The furniture and clothing subsector sales also showed improved performance by registering growths of 14.5 and 17.0%, respectively in 2014.

1.8 Hotels and restaurants

1.24. The hotels and restaurants sector is estimated to have recorded a growth of 5.44% during the period 2010 to 2014 in real value added. The year 2010 recorded a decline of 0.2, but 2011, 2012, 2013 and 2014 recorded a progressive growth of 2.0%, 8.1%, 8.0% and 9.3%, respectively.

1.9 Transport and communication

1.25. The transport and communication sector estimated a growth of 5.1% in real value added during the period 2010 to 2014. The year 2014 recorded a growth of 5.6% in real value added compared to 6.4% recorded in 2013. The slow growth is attributed to poor performance of railway transport subsector that declined by 28.8% in 2014.

1.26. However, the following subsectors recorded positive growths: telecommunication increased by 8.9%, port services by 7.8%, freight by road by 5.8%, airport services by 4.6% and air transport by 4.3%.

1.10 Financial intermediation

1.27. Financial intermediation is estimated to have recorded a growth of 8.16% in real value added during the period 2010 to 2014. While in 2014 the real value added was 7.7% compared to 16.0% recorded in 2013. The weaker performance of this was mainly attributed to the banking subsector that posted a weak growth of 9.8% compared to a growth of 20.9% in 2013. The performance of the banking subsector was in turn attributed to a slowdown in deposits received by the banks in 2014, that increased by 15.9% compared to a huge increase of 47.1% in 2013. The insurance subsector also posted a weak performance of 4.8% in 2014 compared to a 9.6% in 2013.

1.11 Real Estate, renting and business services

1.28. The real estate, renting and business activities sector is estimated to have registered a growth in real value added of 3.36% during the period 2010 to 2014. The year 2012 recorded the highest growth of 4.7% while 2010 had the lowest 1.7%.

1.12 Public Administration

1.29. Public administration and defence which include central government administrative activities, statutory bodies and local government activities, is estimated to have recorded a growth of 4.42% in real value added during the period 2010 to 2014. While in 2014 the growth was 4.8% compared to 3.4% growth in real value added registered in 2013. This growth is indicative of government expenditure in this sector.

1.13 Education

1.30. The education sector is estimated to have registered a growth in real value added of 5.41% during the period 2010 to 2014. While in 2014 there was a growth of 5.9% compared to 3.3% registered in 2013. This positive growth is attributed to the sub sector of primary and secondary education that registered a strong growth of 7.3% in 2014 compared to 2.8 % registered in 2013. Tertiary and other education is estimated to have registered a decline of 3.4% in 2014 compared to an increase of 6.6% registered in 2013.

1.14 Health

1.31. The health sector estimated to have recorded a growth of 6.4% in real value added during the period 2010 to 2014. While in the year 2014 there was a growth of 7.6% in comparison to 6.7% registered in 2013.

1.32. The growth in 2014 was supported by a huge increase of 30.8% of government expenditure on health compared to 21.1% in 2013. Private hospitals also performed slightly well in 2014 with an increase of 8.4% from 8.0% in 2013.

1.33. This slow growth can be mainly attributed to the secondary and tertiary industries that registered growths of 4.7% and 6.3% compared to 8.4% and 7.2%, respectively. The slow growth in the secondary industries is due to the construction and manufacturing sectors that recorded growth rates of 14.6% and 0.5% compared to 30.2% and 2.9% in real value added during the period under review.

1.15 Savings and Investment

1.34. Gross savings is calculated as the difference between disposable income and final consumption expenditure. The more a country spends its national income on consumption, the less resources is available for investment and savings; and consequently for future production. It shows that investment was consistently higher than gross savings except for 2007 and 2008. This is a reflection of investment from abroad into the economy of Namibia in the latter years.

1.16 Inflation and GDP Deflator

1.35. The period between 2008 and 2014 has witnessed the inflation hovering between 9.1% and 5.4%. The year 2009 witnessed the highest inflation of 9.5% while the lowest inflation of 4.9% was recorded in 2010. The average inflation for 2014 was 5.4%. The main contributors to the reduction in the inflation were the categories of housing, water, electricity, gas and other fuels; and alcoholic beverages and tobacco during the period under review. The GDP deflator recorded an increase of 11.7% as compared to an increase of 11.1% in 2013. The GDP deflator is a ratio of nominal GDP to real GDP and measures the level of prices of all domestically produced goods and services.

1.17 Exports, Imports and Trade Balance

1.36. The overall value of exports has been increasing but rather at slow pace during the period 2010 to 2014 whereby it was 43.8 billion, 43.1 billion, 45 billion, 56.3 billion and 64.6 billion respectively.

1.37. Total exports for the year 2013 were revised upward to N$56.3 billion from the initial estimate of N$54.4 billion, while Total imports was revised upward to N$73.6 billion from N$72.4 billion. Consequently, the deficit declined from N$17.9 billion to N$17.2 billion.

1.38. Expenditure on imports has been increasing during the period 2010 to 2014, whereby it is was 47.6 billion, 48.2 billion, 60.0 billion, 73.5 billion, and 90.0 billion, respectively.

1.39. The trade deficit has been increasing as can be seen for 2010, 2011, 2012, 2013 and 2014 whereby for it was 3.8, 5.1, 15, 17.2 and 26.2, respectively. Namibia's trade deficit widened by 52.3% to N$26.2 billion in 2014 compared to the revised figure of last year in which the deficit was at N$17.2 billion. The sharp increase in the deficit is owed to high import expenditures valued at N$90.6 billion compared to export earnings worth N$64.4 billion.

Table 3: Merchandise trade: exports, imports, trade balance, and trade openness

(N$ billion)

Year	Exports	Export % growth	As % of GDP	Imports	Imports % growth	As % of GDP	Trade balance		Trade Openness Trade as % of GDP
							Trade balance	As % of GDP	
2010-11	43.8	4.8	53.1	47.6	-6.4	57.8	-3.8	-4.7	1.12
2011-12	43.1	-0.7	47.9	48.2	0.6	53.6	-5.1	-5.7	1.01
2012-13	45.0	1.9	42.1	60.0	11.8	56.2	-15	-14.0	0.98
2013-14	56.3	11.3	45.1	73.5	13.5	58.9	-17.2	-13.8	1.04
2014-15	64.6	8.3	44.3	90.0	18.5	63.2	-26.2	-18.8	1.08

1.18 Key Export Markets 2014

1.40. Namibia's total exports for 2014 was valued at N$64.5 billion of which the bulk valued at N$37.5 billion was destined to Botswana, South Africa, Switzerland, Korea and Angola. These markets accounted for 58.2% of Namibia's total exports compared to 58.8% a year earlier.

Botswana topped Namibia's export destination with N$10.7 billion worth of goods exported to that country.

1.41. Namibia exports to South Africa dropped by 29.9% while that of Switzerland rose strongly by 44.3%. The commodities which contributed to the strong rise in exports to Switzerland were copper and ores.

1.42. Exports to other countries increased by 3.0% to N$44.8 billion from N$41.8 billion recorded in the previous year.

1.19 Key Import Markets for 2014

1.43. South Africa, Korea, China, Bahamas and Germany were the main suppliers of goods to Namibia in 2014. The overall value of imports from these countries increased by 7.1% to N$37.5 billion when compared to N$31.1 billion a year ago. These markets accounted for 73.6% of total imports in 2014 compared to 66.5% in the previous year.

1.44. Imports from Korea increased strongly to N$5.9 billion compared to N$175 million in the previous year, due to temporal importation of ships, boats and floating structures. On the other hand, increases in the value of imports were noted from China at 61.3% and South Africa at 13.6%. In the case of China, the increase was mainly caused by electrical machinery and equipment; and boilers, machinery and mechanical appliance.

1.45. Imports from other countries outside the top five listed countries decreased by 7.1% to N$23.9 billion compared to N$24.6 billion recorded a year earlier.

1.20 Trade in services

1.46. The services sector, or the secondary industries, has shown a very slow growth at an annual average rate of below 2% over the last 5 years (2010–2014) compared to the average growth of 5% of 2009. The deficit in the services account widened during 2014.

1.47. Namibia's net services registered a higher deficit of N$588 million compared to the deficit of N$129 million registered in 2013. The higher deficit in net services was attributed to increased net payments in transportation and insurance services, which rose in line with rising merchandise imports. (Bank of Namibia Annual Report 2014)

Table 4: Trade in Services

Year	Export	Import	Net
2010-11	5,375	5,651	-276
2011-12	8,838	5,950	2,888
2012-13	8,905	9,034	-129
2013-14	10,760	-11,348	-588

Table 5: Foreign Direct Investment inflows

Year	Total FDI Inflows
2008-09	4,288
2009-10	5,806
2010-11	5,925
2011-12	9,305
2012-13	7,729
2013-14	4,490

1.21 National Development Plans and Vision 2030

1.48. National Development Plans are large scale investment programmes to develop both soft and hard infrastructure for the development of the country. Namibia adopted planning as a tool to direct and coordinate development efforts towards a common goal; that of uplifting the standard of living of the Namibian people to the level of their counterpart in the developed world. National planning involves the process of setting goals, developing strategies, and outlining tasks and schedules to accomplish the national goals. Planning in Namibia is done at national, regional and local levels and it takes the form of short, medium and long term.

1.49. Government has therefore come up with the National Development Programmes (NDP 4) goals of high and sustained economic growth, increased income equality and employment creation. To reach these goals, this NDP has identified key areas of focus that will create the necessary momentum for higher economic growth. While other sectors will not be neglected, attention will be shifted to priority sectors to ensure the impact and results of our efforts are optimal. During the NDP4 period, the following economic sectors will enjoy priority status:

- Logistics
- Tourism
- Manufacturing
- Agriculture

1.50. Secondly, the NDP4 focuses on foundation issues: without these foundations, other efforts are not likely to succeed. Such issues include –

- the maintenance of macroeconomic stability
- the development and retention of superior skills needed by both the private and public sectors
- developing our capacity to do research and development, and
- making Namibia the preferred investment location in Africa.

1.51. Namibia's Vision 2030 is a long term perspective plan outlining the course of development and the ideal country that Namibia would like to be in the year 2030. This is a country where people are well developed, prosperous, health and confident in an atmosphere of interpersonal harmony, peace and political stability.

1.52. This state of development will be achieved in systematic manner through the implementation of the medium term plans – which are building blocks toward Vision 2030. NDP 2 is the first of the medium term plan developed after the launch of Vision 2030, and thus NDP 7 will be the last medium term plan to be implemented before reaching 2030. It is envisaged that the medium term development plans formulation will be based on the integrated sustainable development approach and will be characterized by a vigorous and clear cut implementation and monitoring and evaluation strategy.

1.53. The "magic" for the achievement of goals of both Vision 2030 and medium term development plans will be adequate funding for the prioritized programmes and projects and cultivation of partnership between all stakeholders which include government offices/ministries/agencies, development partners, donor communities, private sector as well as support from all citizen

2 NEW TRADE REFORMS

2.1 Industrial Policy

2.1. Namibia finalized its Industrial Policy Implementation and Strategic Framework at the end of 2013 and is further to incorporate results from the Growth at Home Conference, which are in the context of Namibia's Industrial Policy. It is aligned to Vision 2030 and the current National Development Plan (NDP 4). The Implementation Framework provides a road map for the execution of the Industrial Policy, which has been approved by Cabinet.

2.2. The specific objectives of industrialization are outlined in Vision 2030. The Vision emphasizes the importance of a change in production structure, a change in export structure, and the contribution to be made to wealth creation by small- and medium-scale enterprises (SMEs). Vision 2030 also emphasizes the need for job creation and labor-intensive growth strategies. More specifically, the Vision states that, by 2030, the following targets with respect to industrialization would have been achieved. The objectives of the Industrial Policy are as follows:

(a) The manufacturing and services sectors constitute about 80% of the country's Gross Domestic Product (GDP);
(b) The country largely exports processed goods, which account for not less than 70% of total exports;
(c) Namibia has an established network of modern infrastructure that includes railways, roads, telecommunications and port facilities; and
(d) Namibia has a critical mass of knowledge workers, and the contribution of SMEs to GDP is not less than 30%.

2.3. It focuses on three Strategic Intervention Areas that have been derived from the policy framework, benchmark studies, sector consultations, and further stakeholder discussions:

Supporting value addition, upgrading and diversification for sustained growth

2.4. Interventions will promote and provide a needs-oriented and comprehensive support to industrial development and upgrading projects which contribute towards structural transformation of the Namibian economy and enhance domestic value addition.

Securing market access at home and abroad

2.5. Interventions will stimulate the development of local industries by utilizing the potential of local procurement measures and by generating synergies between local producers and large retailers. Another main focus will be on creating conditions that will boost Namibian exports as well as the capacity of Namibian firms to supply and export goods at a competitive level.

Improving the investment climate and conditions

2.6. Interventions will focus on improving the institutional environment and in particular the availability of skilled labour as well as of land and sites and premises for businesses. This Strategic Intervention Area recognizes the vital role that SMEs play in Namibia's industrialization and socio-economic development.

2.7. Priority Actions supporting value addition, upgrading and diversification include the extension of the Industrial Upgrading and Modernisation Programme (IUMP) and a realignment of incentive schemes & financing instruments for promoting industrial development and value addition projects. The measures will be complemented by targeted investment promotion campaigns.

2.8. In order to support local firms in securing markets, a local procurement support initiative, the development of a Retail Charter, and a trade competitiveness programme are planned. Priority Actions geared towards improving the investment climate will cover an industrial infrastructure development programme as well as an updating and enhancing of practical training and of the processes for the import of skilled labour. Furthermore, the review of the SME Policy, the re-engineering of registration processes for businesses and intellectual property rights, and the establishment of a regular Public Private Dialogue Platform form part of this Strategic Intervention Area.

2.9. NIDA will be established based on the merger of the Namibia Development Corporation (NDC) and the Offshore Development Corporation (ODC). Certain functions of relevant MTI Departments and Directorates will be incorporated and realigned to generate synergies and to reduce overlap. The organizational structure will reflect the balance between the horizontal and vertical/sectoral focus of the Implementation Framework. Involvement of the private sector, other Ministries and Agencies will be ensured within the governance structures.

2.2 Investment Act

2.10. The Namibia Investment Centre (NIC) was established in 1990 under the Foreign Investment Act No. 27 of 1990(which is currently under review) with the major responsibility of promoting FDI (Foreign Direct Investment). The NIC is the first port of call for investors, local and foreign.

Reasons why invest in Namibia

- Namibia has solid foundations for democracy, good governance, peace and stability
- Business friendly legal and regulatory framework, and liberal investment incentive regime (e.g. EPZ, exporters and manufacturers incentives)
- Sound financial system and stable foreign exchange reserves
- Ideal gateway to SADC regional market via trade agreements and world port, rail, road and air infrastructure
- Excellent telecommunications network
- Efficient and transparent bureaucratic system
- Good housing, health, education and recreational facilities
- A pool of young and trainable labour force and incentives for training
- An oasis of investment

Services Offered by NIC

- Act as the first port of call for any potential investors to Namibia
- Offer investor services such as required in establishing business in Namibia, e.g., application for work permits, assistance with search and identification of land/premises, etc.
- Identify and advise on the elimination of administrative bottlenecks confronting investors
- Promote investment opportunities to both local and foreign investors
- Conduct research on investment climate and trends, sector studies, identify, profile and market investment projects and avail this information to interested investors
- Promote and facilitate joint venture arrangements and encourage domestic participation in investment initiatives
- Issuing of the Certificates of Status Investment
- Investment Incentives

Namibia is currently in the process of revising the previous policy, by redefining

- A domestic and foreign investor and investment.
- Investor performance requirements.
- Restriction of some economic subsector to foreign investors.

2.11. As part of drafting the regulation, which will form part of the final Act, the Ministry commissioned two studies to be undertaken. The first study deals with the identification and classification of economic sectors for investment purposes, while the second study will develop the methodology for the establishment of an Integrated Client Service Facility or One-Stop-Shop. While the first is underway, the second study still needs to be undertaken.

2.12. The current policy includes equal treatment of domestic and foreign investors but this will be changed in new act, (for example with regard to Government policy issues or, sector restrictions, as well as performance requirements for investors); openness of almost all the sectors to foreigners with few exceptions such as the extractive mining and fish sectors (to be changed in new act). The aim is that the new act will facilitate Foreign Direct Investment (FDI) into Namibia, in that it has more clear guidelines for foreign investors (e.g. with regard to thresholds, obligations of investors, sector openness and what is defined as investment).

2.3 Export Processing Zone (EPZ) Act

Program

2.13. The Export Processing Zone incentives are aimed at attracting investment in export oriented manufacturing and value addition activities. In this regard, the government through its implementation Agency the Offshore Development Company is currently offering the following incentives through the Export Processing Zones Regime or Program which are offered for a period of 10 years to qualifying companies:

- corporate tax;
- import tax;
- VAT, stamp and transfer duties on goods and services required for EPZ activities.

2.14. In the meantime, the government has recognized a need to review these incentives in order to improve the investment climate in the country. The review entails among others: an investigation of and comparison with other successful and viable industrial and export development and promotional strategies ad policy instruments in other countries with similar contexts/ characteristics like those of Namibia and formulate appropriate recommendations; profiling of existing and potential economic and industrial development opportunities taking into account the competitive advantages of the country; a review of the current organizational set ups of the institutions tasked with the implementation and administration of the EPZ and related industrial and export promotion and development functions resorting under the Ministry of Industrialization, Trade and SME Development with a view to re-align and harmonize the roles of the agencies and enhance their coordination, performance and delivery capacity as well as outcomes. The exercise has been completed and recommendations were made to the government.

3 TRADE POLICY

3.1 Trade Facilitation Measures

Namibia Board of Trade

3.1. The Namibia Board of Trade is envisaged to provide for the administration and management of international trade in Namibia; to define the duties, functions and powers of the Minister in relation to the SACU Agreement and the management of international trade as well as:

- To provide for the continued control of import and export of goods and amendment of customs duties, rebates, refunds and duty drawbacks within the context of the SACU Agreement;
- To provide for other matters connected therein; to provide for the investigation, evaluation and determination of certain matters pertaining to trade;
- The establishment of infant industry and unfair trade practices; and to provide for the designation of industries.

3.2. This has been enacted under the International Trade Management Bill, which will only be finalised after the development of National Trade Policy which is expected to be finalised by December as the Bill has to give effect to the policy.

National Single Window Initiative

3.3. Namibia has embarked upon the establishment of a National Single Window with the aim to enable parties involved in trade and transport to lodge standardised information and documents with a single entry point to fulfil all import, export and transit related regulatory requirements. If information is electronic, then individual data elements will only be submitted once.

Benefits to Government:

- Enhanced global and regional competitiveness
- Significant increase in revenue
- Better combined use of existing resources
- Real-time accurate trade data and statistics
- Increased transparency and accountability

Benefits to the trading community:

- Reduce the cost of doing business and clearance time at entry points
- Improve level of security
- Enhance compliances by the traders
- The traders will have access to standardized information and documents by logging on the system

- Enhance efficient exchange of information between traders and stakeholders involved.
- It is a platform that allows for real data exchange example the policy makers to make informed decisions.
- Increased predictability
- Simplified Government-trader information exchange
- Reduced duplication and error
- 24hr availability
- Development of knowledge and skills in ICT

3.2 Trade Policy Framework

3.4. Namibia just initiated drafting the framework for the National Trade Policy, the country needs a strategy that defines the national trade interest, informs and guides the country's engagement in the bilateral, regional and multilateral trade arrangements based on the national industrial and developmental policy objectives.

3.5. Currently, Namibia Trade Policy regime is derived from the context of SACU Agreement of 2002 and SADC Protocol on Trade and other bilateral and multilateral arrangements including WTO.

4 REGIONAL AND BILATERAL ARRANGEMENTS

4.1 Africa Growth Opportunity Act (AGOA)

4.1. The AGOA was endorsed in to law in May 2000, as a component of the Trade and Development Act that seeks to enhance trade and investment between the US and Africa by providing a non-reciprocal trade preference for over 6,400 products originating from 37 eligible Sub- Saharan African (SSA) countries. Notably, these include items such as apparel and footwear, wine, certain motor vehicle components, a variety of agricultural products, chemicals, steel and so forth.

4.2. Namibia became AGOA beneficiary country in 2001 and qualified for the 'special rule' provision on apparel articles which allows the country to be classified as less developed in order to use third country inputs in the manufacture of AGOA eligible clothing.

4.3. Namibia's exports to the USA in 2010 were valued at over N$ 1.9 billion and increased to over N$2.9 billion in 2011. In 2012 and 2013 Namibia exports to the USA amounted to more than N$1.6 billion and N$2 billion respectively.

4.4. The positive trade balance for Namibia against the USA as described above can mostly be ascribed to the value of exported minerals consisting of Uranium ores and concentrates, non-industrial diamonds as well as refined copper. Namibia also exported fisheries products to the USA such as frozen fillets blocks etc.

National Strategy for AGOA

4.5. Namibia's strategy on AGOA is not documented in a policy format however interests of securing AGOA market access for products such as Meat, grape and fish are well articulated. For the last couple of years, Government effort has been to ensure that products of Namibia exports interest i.e. beef, grape and fish, obtain market access to the USA under AGOA.

Strategy for beef under AGOA

4.6. With respect to beef the process of obtaining market access for Namibia meat products to the US under AGOA is at advanced stage. Namibia is currently engaged with the United States Department of Agriculture-Food Safety Inspection Services (USDA-FSIS) in an FSIS equivalence process for the export of beef to the US. The equivalence process is done in three steps.

Strategy on Grapes

4.7. Namibia obtained equivalency certificate to export grapes to the USA back in 2009, with a public notice in the "USA Federal Register Vol.71, No. 122". This notice also stipulates all the conditions under which Namibian table grapes can access the USA market. The requirements set forth stipules that the grapes must be fumigated with methyl bromide. Other additional requirement is that upon arrival in the USA, grapes which are normally transported at temperature of – 0.55 Centigrade need to be rapidly brought to a room temperature of 15-20 centigrade to see if any fruit flies hatch out, before they can be released into the retail market.

Strategy on Fish

4.8. Currently, there are some Namibian fishing companies that export hake to the US market; however, problems are being experienced with regard to logistics. There is a need to look into the entire logistics system, especially the transportation and clearance, jointly with the US authorities. The Namibian Government believes that technical and administrative hiccups affecting access of the Namibian exports to the US should be mutually addressed by the two governments hence the focus is to engage the USA administration so that this issues is resolved.

4.9. During the lobbying mission undertaken by Namibia to the USA in April 2015, the importance of AGOA to SACU has been reiterated, with continued inclusion of all SACU Member States except Swaziland in the programme and thus the cooperation agreement has been extended for another 10 years.

4.2 COMESA-EAC-SADC Tripartite-FTA Negotiations

4.10. The COMESA-EAC-SADC Free Trade Area was launched in June 2015. A number of countries, including Namibia, signed the Agreement. As a member of SADC, Namibia is expected to access a Tripartite Free Trade Area market of around 600 million consumers with a combined Gross Domestic Product of US$1.3 trillion. This initiative would serve as an opportunity for our business persons and exporters of goods to access a free African market with opportunities for growth and employment creation. Lot of efforts would have to be put in place in order to benefit from these economic integrations. The need to expand our industrial base now more than ever, should become an important policy output hinging on the Public Private Partnership relationship taking into account our own adopted Industrial Policy.

4.11. As a member of SADC, Namibia signed the COMESA-EAC- SADC Tripartite Free Trade Agreement in June 2015; an agreement which is expected to provide diversified market access for Namibian exports as well as alternative competitive sourcing for industrial inputs. The Tripartite Free Trade Area represent an integrated market of 26 countries with a combined population of over 600 million consumers and a combined Gross Domestic Product of US$1.3 trillion.

4.3 SACU-EFTA FTA

4.12. The Agreement entered into force on 1 May 2008. EFTA granted the SACU Member Countries free trade in all goods from the entry into force, whereas SACU Member Countries dismantle their tariffs progressively until 2014 on almost all industrial products.

4.13. The EFTA market has been providing market access for Namibia's major export products namely frozen boneless bovine meat to Norway and gold compounds, diamonds, refined copper and zinc not alloyed to Switzerland. Namibia imports pharmaceutical products, machinery and mechanical appliances from EFTA, which are used in health care and other industries.

4.14. Namibia and other SACU Member States are benefiting from capacity building provided by EFTA in a number of areas such as mutual administrative assistance in customs matters and rules of origin. The Agreement provides for liberal rules of origin and allows the use of up to 60% of non-originating input in the production of certain products.

4.4 SACU – INDIA PTA NEGOTIATIONS

4.15. SACU and India agreed to negotiate and conclude a Preferential Trade Agreement (PTA). However, there has been little progress in the negotiations. India has on several occasions proposed that SACU agree to an average margin of preference of 70%. SACU's consolidated response resulted in 10% average, very below the proposal.

4.16. The SACU-India Preferential Trade Agreement is still under negotiations. It is anticipated that the Agreement will provide additional secured market access for Namibia goods, giving special treatment in favour of goods exported from Namibia. India is an industrialised country making it a good country that will support process of industrialisation in Namibia through the provision of technology and inputs that could be imported from India.

4.5 SADC EPA

4.17. The final negotiation meeting on the Economic Partnership Agreement (EPA) between the SADC EPA Group and the European Union (EU) was held on 15–17 July 2014 in South Africa. The parties concluded the negotiations and initialled the final EPA Text and its annexes pending legal scrubbing thereof. The initialling of the EPA Text was done to allow the EU to implement certain internal measures to avoid disruption of market access for Botswana, Namibia and Swaziland on 1 October 2014.

4.18. In view of the above, the last round of negotiations between the Southern African Development Community (SADC) EPA Group and the European Commission (EC) on legal scrubbing was held in Brussels, Belgium on 10–13 March 2015. The last Joint meeting on legal scrubbing is scheduled for 27–30 July 2015 in Brussels, Belgium.

4.19. The benefit of signing the EPA is that the current preferential market access for beef, grapes and fish is maintained. However, the potential improvement of Namibia's beef exports to the EU depends largely on the domestic supply capacity as well as the lifting of restrictions on bone-in exports for lamb. Given the current Duty Free Quota Free (DFQF) market access and the fact that Namibia has been unable to fill the Cotonou beef quota, it is unlikely that there will be an improvement in Namibia's beef exports to the EU as a result of signing the EPA. Similarly, export for the grapes sector is maintained. This may however increase if the savings from the tariffs are re-invested in increasing the supply capacity of the sector.

4.6 SADC FTA

4.20. The SADC Protocol on Trade (2005), as amended, envisages the establishment of a Free Trade Area in the SADC Region by 2008 and its objectives are to further liberalise intra-regional trade in goods and services; ensure efficient production; contribute towards the improvement of the climate for domestic, cross-border and foreign investment; and enhance economic development, diversification and industrialization of the region.

4.21. Freeing trade in the region will create larger market, releasing the potential for trade, economic growth and employment creation. The SADC Free Trade Area seeks to meet the following needs of the private sector and other regional stakeholders:

- Increased domestic production;
- Greater business opportunities;
- Higher regional imports and exports;
- Access to cheaper inputs and consumer goods;
- Greater employment opportunities;
- More foreign direct investment and joint ventures;
- The creation of regional value chains.

4.7 Continental Free Trade Area (CFTA)

4.22. In line with the January 2015 African Union (AU) Summit Decision, The AU Summit held from 14–15 June 2015 in Johannesburg, launched the Continental Free Trade Area (CFTA) negotiations The Summit also requested the CFTA (CFTA Negotiating Forum to organize its inaugural Meeting in 2015 and to work towards concluding the negotiations by 2017.

4.23. The main objectives of the CFTA are to create a single continental market for goods and services, with free movement of business persons and investments, and thus pave the way for accelerating the establishment of the Customs Union. It will also expand intra-African trade through better harmonization and coordination of trade liberalization and facilitation and instruments across the RECs and across Africa in general. The CFTA is also expected to boost intra-African Trade through overcoming dependence on exportation of primary products and promotion of social and economic transformation for inclusive growth industrialization and sustainable development in line with the AU Agenda 2063.

4.8 Participation in the Multilateral Trading System - WTO

4.24. Namibia has been a WTO Member since its inception in 1995; hence its trade policy is heavily influenced by this membership. A key variable why Namibia supports the multilateral Trading system is that trade can spur economic growth and development which could help to eradicate poverty. Namibia as a net food-import developing country has the objective of ensuring food security for its citizens.

4.25. Namibia continue to engage in the Doha Development Agenda (DDA) Negotiations which were launched in 2001 in Doha with developmental promises. It is understood that, the DDA negotiations if successfully concluded can help countries reduce poverty.

4.26. As stipulated in the national development plans and vision 2030 policy documents, Namibia has an aspiration to become an industrialized country by 2030. Industrialization in this context mean that Namibia's income per capita base would have grown to be equivalent to that of the upper income economies, resulting in a change in status from a lower middle income country to a high income country. Manufacturing and service sector should constitute about 80% of the country's gross domestic product etc. These important policy documents serve as catalyst to inform the national position when engaging in the multilateral trading system.

4.27. The multilateral trade negotiations have now become more complex, with many issues being covered and with close to 161 countries participating in the negotiations. The trade policymaking process is therefore critical to the identification of trade opportunities and challenges within the context of overall national economic policy objectives, so that a negotiating position can be formulated and promoted.

4.28. In this regard, Namibia's has been pursuing its trade and economic interests on DDA as part of alliances and coalitions of other WTO members, including NAMA 11, the African Union and the ACP Group of countries and G90.

Dispute Settlement

4.29. During the Dispute Settlement Body meeting held on 21 April 2011, Namibia had for the first time in its history reserved its third party rights in the WTO brought against the EU.

4.30. The dispute concerns regulations of the European Union that generally prohibit the importation and marketing of seal products. The EU Seal Regime provides for various exceptions to the prohibition if certain conditions are met, including for seal products derived from hunts conducted by Inuit or indigenous communities (IC exception) and hunts conducted for marine resource management purposes (MRM exception).

4.31. The Appellate Body completed the analysis and ultimately found, as did the Panel, that the European Union had not justified its Seal Regime on some WTO provisions. The European Union agreed to implement the DSB recommendations and rulings by 18 October 2015.

Technical Assistance

4.32. The Namibian Trade Office in Geneva coordinates activities related to the WTO technical assistance matters in conjunction with the Ministry of Industrialization, Trade and SME Development as a National focal point on the WTO issues.

4.33. It has been reported that since 2009 Namibia hosted various workshops, seminars and courses organized by the WTO. This enabled Namibia to enrol more participants on these activities than other participating countries. Two officials from the Ministry of Trade, Industrialisation and SME Development had completed the two-month advanced and trade policy held in Geneva. Furthermore, more officials also completed the Regional Trade Policy Courses, seminars and workshop held in Swaziland and Botswana.

4.34. Namibia has further requested the WTO to facilitate national activities on trade facilitation, non-agricultural market access (NAMA) and trade remedies in order to build capacity to cope with the complexity of negotiations under the Doha Development Agenda.

5 CONCLUSION

5.1. The Sixth Trade Policy Review of Namibia is taking place at a time when the prognosis for Namibia's growth prospects is robustly optimistic as reflected in various forecasts. Several significant steps have been taken to re-energise the economy and there is a strong focus on accelerating growth, enhancing investment and increasing value addition on our raw materials and employment creation thus passing on the benefit of the growth process to the common man.

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SOUTH AFRICA

1 INTRODUCTION

1.1. This fourth trade policy review is significant in that it comes at the time when SACU had celebrated in 2010 centenary of its existence and South Africa two decades of democracy in 2014. The lingering effect of the worst global economic since the Great Depression has, however, casted a pall on these celebrations. This trade policy review shall also be used to reflect on how far South Africa has come since 1994. Accordingly, deepening integration since 1994 culminated in significant reduction in tariff barriers, capital controls on non-residents were abolished, and financial markets were also liberalized.

1.2. South Africa is able to access foreign savings, our firms can access global markets including foreign technology, and government can raise capital abroad for its investments. These reforms, however, have contributed to structural changes in the economy in a manner that have favoured a highly mobile capital (skill-biased technology) and/or skilled-labour-intensive production often at the expense of low-skilled/labour-intensive production. In addition, the entry of a billion more workers into the global labour force intensified competition among workers which further depressed wages for most workers around the world including South Africa.

1.3. The country was not immune to external shocks as attested by impact of the Asian crisis and Russian debt default shortly after the dawn of democracy, the dot com bubble 1997-2000 and the events in the US in September 2001, and the sub-prime crisis in 1997, which eventually mutated into the worst global economic crisis since the Great Depression. The precarious global situation which ensued eventually plunged South Africa into its first recession in 17 years. The global economic crisis had put into sharp relief once again the necessity to transform a number of longstanding structural imbalances and weaknesses to place the economy on a new sustainable and productive growth path. The structural weaknesses derived from the reality of an economy that remained insufficiently diversified and too largely dependent on primary mineral exports.

1.4. We remain convinced that efforts to grow manufacturing in South Africa remain fundamental to placing our economy on a new path of sustainable growth. The central task henceforth will be to bring about radical economic transformation. This has a number of dimensions but requires, among other things, that our industrial policy impact is increased to the point that industrial development becomes a key driver of higher levels of growth along a qualitatively different new growth path. The elements of *"Higher Impact Industrial Policy"* include building on and expanding the infrastructure development programme, implementation of a number of mineral beneficiation projects, pursuing active development integration on the African continent and re-positioning South African manufacturing in a continent that is itself seeking to industrialize.

2 DEVELOPMENTS IN THE MACRO-ECONOMY

2.1. The country continues to grapple with key challenges of poverty, unemployment and inequality. In light of this, government adopted a much more expansionary fiscal and accommodative monetary policies stance in an effort to supporting economic activity and employment. On the fiscal side, the Presidential Infrastructure Coordination Commission (PICC) produced a comprehensive and coherent infrastructure plan capable both of providing a counter-cyclical response to the world's economic travails, while laying the basis for economic development, including a major wave of industrialisation. On the hand, monetary policy has been supportive of credit extension and consumption by reducing rates to historic lows. In an effort to mitigate the effect of the crisis the South African Reserve Bank, following the flexible inflation targeting framework, has reduced interest to a historical lows of 5.5% in nominal terms in 2008. As the crisis abated, real interest rates increased albeit remained negative for several years before reaching the positive in late 2014.

2.2. The economic development strategy that South Africa embarked upon sought to accelerate growth along a path that generates sustainable, decent jobs in order to reduce the poverty and the extreme inequalities that still characterise its society and economy. The economy registered an average of 3% growth between 1994 and 2003 then nudged an average of 5% between 2004 and

2008. Consequently 2 million jobs were created over the latter period and thus made a dent to unemployment. Similarly, the OECD Report indicates that the country registered an average growth of 3.1% from 2000 to 2014 but this pales in comparison with other emerging-market growth levels. Unemployment has consequently remained unacceptably high given that a sustained growth of at least 5% is clearly warranted. Challenges cited above notwithstanding, the *Twenty year review of South Africa Report* (henceforth the Report) notes that gross national income per capita rose from R 28 536 in 1994 to R 37 423 in 2013. In light of this, the report acknowledges that some progress in reducing poverty has been registered despite pervasive poverty and inequality still obtain.

2.3. Over the period under review growth in developing countries, for some time the mainstay of the world economy, has slowed resulting in the downward revision of global growth by the IMF to 3.5% in 2015 and 3.7% in 2016. Economic recovery in South Africa after the financial crisis, however, was in keeping with the global recovery. Economic growths of 3.0% and 3.2% were registered in 2010 and 2011 respectively; since then the economy has decelerated. Low growth in South Africa is the consequence of the following global factors: (i) foreign demand and economic growth have weakened from pre-crisis average, and (ii) commodity prices have been declining since 2011. Domestic factors were also to blame for this mediocre growth. The country suffered protracted labour strikes particularly in mining and manufacturing sectors, lately electricity supply has become a major constraint to growth. Government has, however, put in place programmes and projects aimed at addressing these challenges. New power stations are being built and Government is facilitating engagements between business and labour, including agreement on a national minimum wage within South Africa's legislative framework in an attempt to avert protracted labour strikes. The economy is expected to continue to grow albeit slowly by 2.0% in 2015, 2.1% in 2016, and 2.6% in 2017.

3 RELATED POLICY DEVELOPMENTS

3.1 Trade Policy and Strategy Framework (TPSF)

3.1. In 2010, the DTI updated the South African Trade Policy and Strategy Framework document amid the lingering impact of the 2007-10 Great Recession. The TPSF 2010 was the outcome of a three-year review undertaken in consultation with other government departments, policy experts, Parliament, business and labour. The policy document outlines how trade policy and strategy in South Africa can make a contribution to the objectives of upgrading and diversifying the economic base in order to increase the production and export of value added products that generate employment. This policy framework is set out in the context of the development of the overall growth path for South Africa that seeks to accelerate economic growth and development, boost industrial capacity and generate decent jobs in the economy.

3.2. While South Africa's trade and investment relations with developed countries remain important, its future growth and development prospects will increasingly require strengthening relations with the dynamic and growing emerging economies. Africa has emerged as South Africa's most important market for its manufactured exports. The continent is well-poised to become the next global economic growth pole, but its full potential will remain unfulfilled unless we collectively and decisively address the constraints imposed by poor infrastructure, small, fragmented markets, and inadequate economic diversification. For these reasons, we have advanced an ambitious developmental integration agenda in our engagements with our African partners, that combines programmes for market integration with infrastructure development and policy work to support economic diversification and industrialisation. Thus the "development integration" approach to economic development and integration in Africa would entail a specific focus on regional integration in SACU, SADC and in the recently launched Trilateral Free Trade Agreement (T-FTA) and the Continental Free Trade Agreement.

3.2 New Growth Path (NGP)

3.3. The New Growth Path (NGP) was launched in 2010. It was considered to be a key jobs driver, with potential inclusive of the agriculture, mining, manufacturing and tourism sectors. NGP is a strategy for inclusive growth and job creation. To this end, the NGP aims over 10 years to create 5 million jobs and reduce unemployment to 15%. Government has also reached a series of stakeholder agreements regarding the implementation of elements of the NGP, notably in education and skills development, green growth and local procurement. Progress has been made in measuring income distribution and developing a macroeconomic framework to support sustainable growth. The focus on labour absorption has helped develop policy in areas such as mineral beneficiation. Significant procurement reforms to promote employment were completed in December 2011.

3.4. Accordingly we have sought to strengthen our procurement system to support increasing local industrial production. In this regard, sectors already designated include:

(i) Rail rolling stock (locomotives, wagons and carriages);
(ii) Power pylons;
(iii) Bus bodies;
(iv) Textile, Clothing, Leather and Footwear;
(v) Canned vegetables;
(vi) Furniture;
(vii) Certain Pharmaceuticals; and
(viii) Set top boxes

3.3 Industrial Policy Action Plan (IPAP)

3.5. The Industrial Policy Action Plan has now been institutionalised and the seventh iteration of IPAP was launched in 2015. It represents a significant step forward in scaling up our efforts to promote long term industrialization and industrial diversification beyond our current reliance on traditional commodities and non-tradable services. It will contribute to the structural changes needed by expanding production in value-added sectors with high employment and growth multipliers. The Action Plan accordingly places emphasis on more labour absorbing production and services sectors, on increased participation of historically disadvantaged people and regions in our economy and aims to facilitate, in the medium term, South Africa's contribution to industrial development in the African region.

3.6. The Special Economic Zones (SEZ) programme is one of a number of new instruments we have developed to create an appropriate environment for foreign direct and domestic investment as well as the development of strategic industrial capabilities. SEZs also enable the development of new industrial regions and the strengthening of existing ones. In order to ensure that the SEZ programme is effective, a dedicated and integrated legislative framework was warranted. To this end, the Special Economic Zones Bill was promulgated in 2014. The SEZ Bill provides for the designation, promotion, development, operation and management of a broad range of Special Economic Zones. The Industrial Development Zone (IDZ) is a variant of an SEZ and thus will automatically be part of the SEZ programme. This will enable government to effectively regulate all SEZs, including the Industrial Development Zones (IDZs). In 2013, Saldanha Bay was proclaimed as an IDZ, few others were mooted and they will span the nine provinces. We have no doubt that the combination of support available through the SEZ programme will lead to an increase in productive investment by the private sector.

3.4 National Development Plan (NDP)

3.7. The diagnostic report of the National Planning Commission identified poverty, unemployment and inequality as key challenges still confronting South Africa. The NDP spells out a vision of South Africa in 2030 characterized by higher levels of inclusive economic growth capable of reducing the triple scourges of unemployment, poverty and inequality. The NDP is a national vision and not only a Government plan and it is broadly shared by all stakeholders as key in the transformation of the South African economy. To reach this vision, the NDP sets long-term targets for investment, growth and employment creation, and provides a holistic plan for reaching these targets, drawing on other policies and programmes. Core themes in these strategies have been an accent on infrastructure both to support growth and bring about greater equality, the need for sector strategies to encourage diversification of the economy into more employment-friendly sectors, the imperative of improving basic education and skills development, and the recognition that African development is critical for South Africa's own growth.

4 TRADE-RELATED POLICY DEVELOPMENT

4.1 Agriculture

4.1. Since the financial year 2009/10 the new mandate for agriculture extended to forestry and fisheries; due to its critical role for food security and sustainable natural resource management. One of the most significant policy shifts affecting South Africa's agriculture, forestry and fisheries sectors, has been the progressive deregulation of markets, which largely took place during the 1990s. The OECD recognises South Africa's agriculture sector as among the least supported in the world.

4.2. Striving towards enhanced production, employment and economic growth in the sector; an enabling environment for food security and sector transformation; and the sustainable use of natural resources in the sector are the response to achieving the National Development Plan's (NDP) objectives and targets.

4.3. The agriculture sector has been identified in the Governments New Growth Path as one of the drivers for economic development and job creation. Governments vision for the sector is a united and transformed agriculture, forestry and fisheries sector that ensures food security for all and economic prosperity.

- Advancing food security and transformation of the sector through innovative, inclusive and sustainable policies, legislation and programmes.
- Enhance production, employment and economic growth in the sector by ensuring profitable and safe production that contributes to increased market access by promoting economic development, trade and market access for agriculture, forestry and fisheries products and foster international relations for the sector.
- An enabling environment for food security and sector transformation by promoting household food security and agrarian reform programmes and initiatives through the implementation of the National Policy on Food and Nutrition Security targeting subsistence, smallholder and commercial producers.
- Ensure sustainable use of natural resources by promoting sustainable agricultural production through the management of risks associated with animal diseases, plant pests, genetically modified organisms (GMOs) and the registration of products used in agriculture; promote food safety and create an enabling environment for increased and sustainable agricultural production.
- Information and knowledge management.
- Technical and advisory assistance and regulatory services.
- Training and capacity building.
- Financial assistance.

4.4. A challenge for the agricultural sector was rising food prices, globally, nationally and at the household level. The Department embarked on campaigns called , Fetsa Tlala aimed at massive production of staple foods on fallow land that has the potential for agricultural production; Illima/Letsema aimed at supporting sustainable agriculture and promoting rural development for smallholder producers; and LandCare to address land degradation problems and encourage sustainable use of natural resources.

5 INTERNATIONAL ARRANGEMENTS AND TRADE NEGOTIATIONS

5.1 The Economic Partnership Agreement (EPA)

5.1. After ten years of preparations and negotiations, the EPA between the SADC EPA Group and the EU was "initialled" in Pretoria, South Africa, on 15 July 2014. The initialling of the Agreement signals that the negotiations are concluded. The timing is significant because it pre-empted the 1 October 2014 deadline imposed by the EU after which Botswana, Namibia and Swaziland would have lost preferential access to the EU market for their exports of beef, fish, sugar on which their economies depend heavily. The EU has assured us all that the act of initialling ensures that the current market access will continue until the agreement enters into force.

5.2. South Africa had two central objectives in the EPA negotiations. First, we sought an outcome that would preserve coherence in the Southern African Customs Union (SACU) in terms of protecting the common external tariff that is at the core of the Union. Second, we sought to improve our access to the EU market over and above what currently obtains under the bilateral Trade, Development and Cooperation Agreement (TDCA). More specifically, we sought improved access for South Africa's agricultural products. The EPA outcome achieves these objectives.

5.3. In terms of the process and timeframe for entry into force, the Agreement has been subjected to a legal vetting process. Thereafter, the Agreement will be presented to Cabinet and, if approved, submitted to the South African Parliament for ratification. Once ratified, the Agreement may be signed, and it will enter into force once all Parties have concluded their own respective national approval processes.

5.2 The African Growth and Opportunity Act (AGOA)

5.4. AGOA is a unilateral preferential programme for about 6400 tariff lines including those provided by Generalised System of Preference (GSP) that the US offers to 48 African sub-Saharan countries. About 38 countries, including South Africa currently are beneficiaries of AGOA. As the current AGOA will expire at the end of September 2015, the US Congress has approved the Trade Preferences Extension Act (TPEA) of 2015 on 29 June 2015. The TPEA, amongst others, extends AGOA benefits for 10 years until 30 September 2025 and also the Generalised System of Preferences (GSP) until 31 December 2017.

5.5. South Africa has been a significant beneficiary of AGOA as it has been able to utilize these preferences to expand its exports in significant high value growth sectors of the South African economy, such as automobiles, chemicals, wine, and citrus. In 2014, major AGOA-beneficiary sectors, amongst others, included vehicles, mineral and metals, chemicals, and agricultural products.

5.6. It is of concern that the TPEA has maintained a provision that require a 30 day Out-of-Cycle Review, specifically aimed at South Africa, after enactment. In our view this is an unnecessary provision as the discussions with the USTR on issues that are of mutual concern can be discussed satisfactorily in the existing bilateral platform that exist between our two countries in the context of the Trade and Investment Framework Agreement (TIFA) that meets on an annual basis. It has always been our view that the SA-US trade and investment relationship has been working well reflected in the growing presence of more than 600 US companies in South Africa and a growing bilateral trade relationship.

5.3 The Group of Twenty (G-20)

5.7. The G-20 was established in 1999, as a forum of Finance Ministers and Central Bank Governors, to bring together important industrialised and developing economies to discuss key issues in the global economy. The Group was created as a response to the Asian financial crisis of the late 1990s. At the core of its founding mandate, was the G-20's role *"to prevent another regional or global financial crisis" through involvement of the key emerging market economies in discussions relating to the global economy and governance."*

5.8. It was the global financial crisis which began in the USA which led to the convening of the first G-20 Leaders' Summit in Washington in November 2008. In light of these developments the G-20 discussions and processes follow a two track approach namely the finance ministers and central bank governors track, and the leaders track. The latter has been seized with addressing the financial crisis while the former continue to meet regularly in support of the Leaders' process.

5.9. A critical aspect of South Africa's G20 outreach strategy is focused on Africa. While South Africa does not directly represent African economies, it needs to be mindful of the developments in the region so it may work to ensure that G20 policies do not negatively impact the region. As the only permanent African member of the G20, South Africa has used its participation to raise issues of concern to Africa with other G20 members. In this regard, it is important that South Africa continue to engage with regional economies to better understand their views on the G20 agenda. This continues to be important notwithstanding that the countries chairing the African Union (AU) and the NEPAD Heads of State and Government Orientation Committee have been invited to attend G20 Summits and are permanent invitees to the G20 Sherpa and Development Working Group (DWG) meetings. Despite having three seats at these G20 meetings, Africa's participation remains uncoordinated and stifled.

5.4 Trade Facilitation Agreement (TFA)

5.10. There has been great acclamation that the Ninth WTO Conference delivered the first outcome of the Doha Round following the prolonged impasse in the negotiations that stretches back to 2008. A positive interpretation would suggest that the Bali outcome lays the basis for a re-start of the Doha Round negotiations. Alternatively, the outcome may have laid the basis for an approach in which the specific issues of interest to the more powerful members of the WTO will be advanced, while the issues of importance to the weaker members are marginalized.

5.11. This latter dynamic was evident in Bali where issues of importance to most developing countries, including least developed countries (LDCs), including elimination of export subsidies, duty and quota free (DFQF) market access for LDCs, and establishing a monitoring mechanism on special and differential treatment in favour of developing countries, were all crafted in best endeavour, non-binding language that leave them to be taken up in future, if at all. Developing countries, led by India, did however manage to deliver a positive outcome on food security through public stockholding food programmes for poor people. An interim solution was negotiated in which public stockholding programmes cannot be challenged until a permanent solution is found.

5.12. The trade facilitation agreement (TFA) involves simplifying customs and other border procedures (health inspections, standards requirements or testing) in order to reduce customs and transit barriers, and move goods across borders controls faster and at lower cost. Thus there are potential benefits to trade facilitation, particularly in respect of achieving efficiencies in customs and border procedures. The TFA may also help to boost intra-Africa trade, provided it is implemented in a manner that supports regional integration in Africa and that adequate financial and technical support is indeed provided for its implementation. For their part, African countries including South Africa have made strides in pursing programmes for trade facilitation across our various regional integration programmes.

5.13. Potential benefits notwithstanding, consideration must also be given to the impact of the TFA on the regional integration processes in Africa. African countries need to ensure that benefits of trade facilitation support the continent's structural transformation, integration and industrial development and not simply provide easier access to their markets for products outside the continent. In this respect, African countries will need to schedule their TF commitments in a manner that ensures coherence with regional and continental integration objectives.

5.14. In conclusion, food security is a critical challenge facing many poor countries around the world, particularly in Africa. Therefore South Africa congratulates India and the US on reaching a resolution on the issue of Public Stockholding for food security.

5.5 The Southern African Development Community (SADC) Trade Protocol, Southern African Customs Union (SACU), and Tripartite Free Trade Agreement

5.15. The Commission for Africa has aptly noted that supply-side constraints among others were arresting intra-Africa trade.[1] In light of this, South Africa is participating actively in the ambitious integration and development agenda in Africa. In particular, we are seeking to advance what we call "development integration" in the Southern African Customs Union (SACU), the Southern African Development Community (SADC) and in the recently launched Tripartite Initiative to integrate SADC, the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA).

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[1] Commission for Africa was published on 11 March 2005. The report asserts that improved trading capacity in Africa will depend on four areas of action: i) an enabling environment for the private sector, ii) infrastructure, iii) reducing Africa's barriers and iv) diversifying out of commodity dependency.

5.16. By development integration, we mean an approach that combines market integration, cross-border infrastructure development through among others, the Spatial Development Initiatives, and policy coordination to advance regional industrial value-chains. We have pursued this agenda with a good degree of success in SACU and SADC and it underpins the approach that has been agreed in the SADC-EAC-COMESA Tripartite initiative.

5.17. In SACU, South Africa is working with Botswana, Lesotho, Namibia and Swaziland to implement the SACU five-point work programme, which focuses on:

- promoting regional industrialisation through the establishment of cross border value chains;
- using joint revenue to more directly the implementation of the five- point work programme and support infrastructure development and industrialisation;
- advancing trade facilitation initiatives among the member states;
- developing common SACU institutions; and
- strengthening unified engagement in trade negotiations with third parties.

5.18. Market integration is well-advanced in SADC. The full implementation of the tariff phase down among SADC members, with 92% of goods now trading at zero duty, was consummated in 2012. Our focus now is consolidating the FTA by addressing outstanding issues related to the review of some rules of origin, trade facilitation, harmonizing regional standards and beginning to work promoting regional productive capacity to take advantage of the more open regional trading environment.

5.19. We have also agreed to extend the free trade area by launching tripartite negotiations between members of Southern African Development Community (SADC), the East African Community (EAC) and Common Market of Eastern and Southern Africa (COMESA). Negotiations have commenced in the market access pillar, which as the first stage will cover trade in goods. The trade and tariff negotiations are being complemented by work on cross border infrastructure on the North-South Corridor. This work involves the upgrading of rail and road infrastructure, alongside the establishment of one-stop border posts.

5.20. Once established, the T-FTA will combine the markets of 26 countries with a population of nearly 600 million people and a combined GDP of US$1 trillion, providing the market scale that could launch a sizeable part of the continent onto a new developmental trajectory.

5.21. At the level of the African Union, work is at an early stage but is underway to define modalities to launch FTA negotiations in 2017. This aims to build on the T-FTA along with regional integration projects in Central and West Africa. These are early days but the basis is steadily being laid.

5.6 Multilateral Trade Negotiations in the WTO

5.22. South Africa views multilateralism as the necessary intergovernmental response to managing globalisation and deepening interdependence of national economies. We look to the multilateral trading system to advance the global development agenda and to tackle underdevelopment and the eradication of poverty. To this extent we remain committed to strengthening the multilateral trading system and reiterate the importance of an open-and rules based system and underscore the central role of the WTO in this regard. It is in the interest of all countries that a mutually beneficial multilateral trading system continues to develop, one that recognizes the differential impacts on countries while ensuring that all benefit.

5.23. The result of a series of missed deadlines to conclude the Doha Round especially for developing countries includes that the Doha development objectives remain in abeyance and the mandate may be in danger of unraveling. Potential gains that have important systemic implications for the development prospects of developing countries may be lost, particularly with respect to agriculture. While the WTO will remain the premier intergovernmental body for implementing the Uruguay Round outcomes, providing oversight for the international trading system and for settling international trade disputes, the failure to conclude the Doha Round is likely to see the impetus for global trade integration shift to regional and bilateral efforts.

5.24. We need to access the impact of the recent acceleration in the negotiations of preferential/regional trade agreements on the multilateral negotiation process in the WTO. While these agreements have the potential to contribute to liberalization of trade and investment, they can fragment the global level playing field since they erode the principle of non-discrimination or most favoured nation (MFN) enshrined in Article 1 of the GATT. It is concerning that on issues, like services, that developed countries cannot get the necessary traction on their positions in the WTO negotiations they are now starting to negotiate their own agreements between like-minded countries. These so called plurilateral negotiations can have a serious impact on the WTO negotiations in these areas and also undermine the principle of single undertaking. We need a multilateral trading system that is fair, balanced, inclusive, and development oriented.

5.25. We concur with the observation made exactly ten years ago by the Commission for Africa that *multilateral agreements provide the main framework of rules and terms for trade. Starting in 1945, developed countries made efforts to eliminate "beggar-thy-neighbour" trade barriers. Up until the Uruguay Round (1986-1994) developing countries had little voice in trade negotiations, and as a result virtually no attention was given to the products in which poorer countries specialised... The Doha Development Round of world trade talks is aimed at bringing down tariffs and other barriers to trade on the products that are most important to developing countries*.

5.7 South-South Cooperation

5.26. As demand and growth in the North is likely to remain constrained in the foreseeable future; South Africa's prospects for economic growth and development will increasingly depend on diversifying and strengthening economic links with dynamic economies in the South and in Africa. To this end, our participation in the BRICS grouping, is a significant components in this diversification strategy as it provides important opportunities to build South Africa's domestic manufacturing base, enhance value-added exports, promote technology sharing, support small business development and expand trade and investment opportunities.

5.27. In light of the slow, protracted and uneven recovery across countries from the global economic crisis; most rapid growth in trade has been between South Africa and other emerging economies, notably China which is now its largest trading partner since 2010.

5.8 BRICS Forum

5.28. South Africa has joined the league of top performing emerging countries in the world known as BRIC[2] countries, effective from December 2010. The move is in line with the country's foreign policy to strengthen South-South relations. This group has received a huge amount of capital inflows even in the wake of the Global economic crisis. For South Africa, its membership to BRICS countries presents an opportunity for the continent and the benefit will be in terms of investment and the infrastructure projects. An expansion in infrastructure investment is one of the central priorities of our government. The country and in particular, the continent is rich in natural resources and its inclusion will be beneficial for China and India, because they are more abundant in the manufacturing of the value added products and the services sector. For Brazil and Russia (a major exporter of fossil fuel) the benefit will be in the natural resource that South Africa does not have as they are also more abundant in natural resources.

[2] Brazil, Russia, India and China group of countries.

SWAZILAND

1 INTRODUCTION

1.1. The Trade Policy Review for the Kingdom of Swaziland covering the period 2010-15 highlights in detail the challenges that the country has faced over the past years. Most prominent has been fiscal challenges, which resulted in the halting on several capital projects and further led to the reduction in the country's recurrent expenditure which saw an economic slump. Also highlighted are mitigation measures that the country is currently implementing and others that are still on the pipeline.

2 OVERVIEW AND ECONOMIC PERFORMANCE

2.1. Swaziland is a small land-locked country covering an area of 17,364 km^2. In 2013, the population was estimated at 1,093,158 and GDP grew by 3% reaching SZL 39 billion compared to a stronger growth performance in 2012 of 3.7%. The main driver of growth in 2013 was the primary sector, which recovered from a decline of 1.7% in 2012, rising by 5.9% in 2013.

2.2. In the primary sector, maize production recovered from 76,100 metric tons produced the previous year to 81,900 metric tons in 2013 whilst cotton production grew from 1,951 metric tons to 2,400 metric tons over the same period. Production of crops (mainly sugarcane and citrus) in the Individual Tenure Farms (ITFs) was however affected by unfavorable weather conditions characterized by storms and heavy rains which partially affected the quality of the produce. The mining and quarry sector on the other hand is estimated to have grown by 28.8% mainly benefiting from increased coal and iron ore production in 2013.

2.3. In the secondary sector, manufacturing production grew by 2.5% in 2013 compared to 0.2% in 2012 mainly driven by increased production of zippers, soft drinks concentrates and beverages, timber products, fruit cups and increased production lines by manufacturing companies. However, growth in the manufacturing sector could have been higher if it were not for muted growth in sugar production, which suffered the effects of poor quality cane due to heavy rains during the harvesting period. Most of the capital expenditure was directed towards road construction activities and completion of the King Mswati III International Airport.

2.4. Growth in the tertiary sector mainly benefited from expansions in the "wholesale and retail trade", "transport and communication" and "government services". Central government services registered positive growth as a result of the suspension in the freezing of posts and in the hiring freeze in 2013/14, which had been implemented the previous years.

3 ECONOMIC DEVELOPMENT AND REFORM INITIATIVES

3.1. While the global financial crisis, which emerged in 2007, was resolved to a large extent, the residual damage to economic growth is still evident in many countries. Swaziland's export markets, mainly South Africa and the countries of Europe and North America, continue to carry low rates of economic growth which leave the impact of reduced purchasing power and thus modest levels of demand for Swazi goods. In an economy substantially dependent on the spending ability of its public sector, the level of receipts for the Swaziland Government from the Southern African Customs Union (SACU) has a significant impact on private sector activity. It is also a key determinant of the extent and quality of public service delivery, which stands at the top of Government priorities. Although the level of SACU receipts has seen a rise in the past two years, reducing to a less severe degree the fiscal stringency in the public sector, the unpredictability and uncontrollability of this source of revenue, from a Swaziland perspective, remains a key challenge for the country. It needs to be emphasized that the type of growth that is required should be due to rising productivity of Swazi workers, rather than growth due only to temporary raised SACU receipts. Growth due to higher productivity will ensure that the improvements are sustained rather than temporary, and shared rather than concentrated in small parts of the economy.

3.2. In 2010 His Majesty the King and Ingwenyama presented to the Nation his Vision that Swaziland should be a first world country and that progress towards that Vision should be evident by 2022. Within the coming eight years to 2022, the next five years represent a large portion. An important strategy is therefore that the activities of the 2013-18 period make a significant contribution towards the attainment of the Vision. Vision 2022 accordingly represents the motivating strategy for Government, and the base upon which the Programme of Action is built. The prevailing theme for the Programme of Action 2013-18 is therefore the drive to secure a huge expansion of foreign and domestic large scale investment, substantially accelerated growth in small, medium and micro scale enterprises, giving rise to taxes and duties that will enable Government to meet the service targets of 2022. Key objectives are drawn mainly from the National Development Strategy, Investor Road Map, Vision 2022 and the Programme of Action 2013-2018. Reforms to be implemented by the Government focus on the following objectives:

(a) Improvement in revenue collection, management and diversification of the revenue base.

(b) Attraction and retention of Foreign Direct Investment and support of Small Medium Enterprises.

(c) Industrial and Agricultural Development targeting job creation.

(d) Tourism and job creation.

3.1 Improvement in revenue collection, management and diversification of the revenue base

3.3. It is crucial to remember the importance of fiscal prudence and financial control. In the last few years the global financial crisis, with the resultant economic recession among our trading partners, gave rise to severe fiscal difficulties in Government, requiring a considerable amount of both stringency and resourcefulness from Government within the Fiscal Adjustment Roadmap (FAR), and necessitating some reduction in planned capital programmes. Given the uncertainties attached to future revenue receivable from the Southern African Customs Union (SACU) it is essential, where the revenue arising from the annual SACU payment is higher than expected, that Government build a financial cushion to protect the public sector from any downside trend that might arise in future years. Moving away from this heavy reliance on SACU revenue for the bulk of public sector financial resources requires a very substantial increase in domestic-source revenue. As in most free market economies of the world this will arise primarily from taxes and duties and it is envisaged that the recent performance of the Swaziland Revenue Authority (SRA), in increasing the revenue from these sources, will be continued. The universal acceptance of, and commitment to, the obligation of all individuals and companies to meet the legislative requirements in respect of taxes and duties will make Government's task considerably easier.

3.4. Government derives a majority its total revenues from SACU receipts. Since the economic crisis in 2011, a number of measures have been introduced to reduce the reliance on SACU revenues, including the establishment of SRA and reviewing of personal income tax thresholds. Government is actively engaged in efforts towards improving private sector competitiveness in order to boost economic performance and increase tax collection. A range of infrastructural development funded by Government supports economic growth, including: irrigation projects, roads construction and airport infrastructure development. These projects aim to reduce infrastructure bottlenecks in the economy and attract foreign direct investment.

3.5. By far the largest component of recurrent expenditure is the public sector payroll which, at 15% of GDP, and 55% of Government recurrent expenditure, is one of the highest in sub-Saharan Africa. With a determination to avoid redundancies as far as possible, Government is pursuing a tight policy of keeping the number of new posts to the absolute minimum, while introducing a performance management system for all civil servants and achieving downsizing through retirement and natural causes.

3.6. In addition, Government will retain a constant awareness of the importance of efficient and effective Government financial performance, tighten processes and further develop internal audit to eliminate wastage and pursue relentlessly the goal of driving out corruption.

3.2 Attraction and retention of Foreign Direct Investment and support of Small, Medium and Micro-Scale Enterprises (SMMEs)

3.7. Foreign direct investment (FDI) of the right quality lays out rapidly a core of commercial and industrial development, spawning SMME growth to meet its needs. Of considerable relevance in this regard will be the launching of the *Buy Swazi* campaign and the achievement of five big-to-small business supply linkages per annum.

3.8. One particular incentive – the provision of further factory shells to provide the rapid accommodation of investors – is already captured in an existing programme that will continue, and will include the transfer of the existing stock and the construction of new factory shells under the recently re-launched National Industrial Development Corporation of Swaziland (NIDCS). Other methods of capacitating investors will be examined in a way that encourages new and existing investors to adopt a long-stay attitude to operating in the Kingdom. The approach to incentivization will be resourceful and not restricted to fiscal measures. The ultimate package will make Swaziland stand out as the investment destination of choice to new and existing large-scale investors, as well as making more Swazis want to start, and be capacitated in, a life of sustainable commercial activity that feeds, clothes and educates their children.

3.9. The importance of large-scale foreign direct and domestic investment of the right quality cannot be over-emphasized, since it introduces *off its own bat* the immensely valuable package of capital, equipment, technical expertise and access to the global market. But the country's long-term economic prosperity will depend more substantially on the growth of small, medium and micro-scale enterprises (SMMEs). And that means creating a nation of entrepreneurs. In all of these sectors that will drive future economic growth in the Kingdom, the youth will be the subject of special focus and they are the future of our society and our economy.

3.10. The Economic Recovery Strategy (ERS) will continue to play a catalytic and facilitation role in the mobilization of foreign direct investments, use of Public Private Partnerships (PPPs) and domestic investments emanating from the use of the 30% local asset requirement. The focus of substantial public and private investments will be in mining, infrastructure development, agriculture, tourism, industrial development, energy and information and communication technology.

3.3 Industrial and Agricultural Development as a catalyst for economic growth

3.11. The National Industrial Policy implementation plan currently still being developed will be launched to stimulate industrial development, part of which will include the continued development of industrial estates which, by 2018, will have delivered 310 hectares at Sidvokodvo Industrial Estate, and 42 hectares in the second phase of the Matsapha Industrial Estate.

3.12. An industrial policy is still being formulated which seeks to set strategic policy objectives to form the framework for targeted interventions and policy actions that will reverse many of the underlying negative trends and challenges currently faced by the country. Such an initiative will further assist the country to focus on a path of sustainable economic and social development.

3.13. On Agricultural development, the country aims to achieve growth targets through a secure paradigm shift from current dryland, subsistence farming to irrigated, commercial agriculture. The aim of such an initiative is to have a further 25 medium-sized dams as well as each year constructing 12 small earth dams as part of the plan to increase the area under irrigation by 10,000 hectares by 2018 which should provide the platform for a further increase of 4,000 hectares by 2022. In addition to extending the irrigation network, a programme is underway to improve the efficiency of existing systems on average by 50%.

3.14. Government has been and will continue to assist farmers and communities in the diversification of their agricultural products. There will be a particular focus on assistance, especially training schemes for 2,000 farmers each year, to give rise to increased production in selected products such as fish, baby vegetables, indigenous chicken and cotton. Annual deliveries of vegetables and chicken to NAMBOARD – a reasonable measure of commercial vegetable production at SMME level – is projected to increase from E 12 million in 2013 to E 25 million in 2018 to reflect the impact of the training and capacitation initiatives underway.

3.4 Tourism and job creation

3.15. Swaziland needs more tourism investment and more tourists in an industry that is known to be hugely labour-intensive. The recently produced Tourism Development Strategy will be converted to a time-bound action plan at the same time as identifying a Product Development Strategy, as well as a review of visa regulations and processes, improvement of signage and promotion of tourism investment opportunities that embrace the potential offered by the new King Mswati III International Airport. A marketing programme that includes hosting 10 tour operator and travel media groups each year, and the annual worldwide distribution of 60,000 copies of the Swaziland Official Tourist Guide will be carried out. A review of existing community tourism projects and a programme to enhance existing ones, and motivate the development of new ones, will be carried out. Representation companies have been appointed in South Africa and Mozambique that will provide quarterly reports on their promotional activities for Swaziland, and a Memorandum of Understanding has been signed with United Kingdom tour operators for a joint marketing programme. At direct investment level, through its parastatal, Swaziland National Trust Commission (SNTC), there will be a revamping of facilities at Malalotja Game Reserve, Mantenga Game Reserve and Mlawula Game Reserve to meet international standards, and a programme to identify further commercialization opportunities in national inheritance sites. The target is to improve the tourism environment to secure a 5% per annum increase in the tourism accommodation spend in real terms, and to place Swaziland in the top 20 tourist destinations in Africa by 2022.

4 IMPLEMENTATION OF MULTILATERAL AND REGIONAL AGREEMENTS AND OBLIGATIONS

4.1. Swaziland as a member of the SACU continues to engage third Parties as a bloc in trade negotiations to preserve the integrity of the Common External Tariff (CET). The country has participated in the successful conclusion of various trade agreements such as the SACU-European Free Trade Agreement (EFTA), SACU-Common Market of the South (MERCOSUR) and SACU-US Trade, Investment and Development Cooperation (TIDCA). SACU-India Preferential Trade Agreement is still work in progress.

4.2. The country is also currently involved in the negotiations of the TFTA comprising COMESA, EAC and SADC. Swaziland is going to be part of the Continental Free Trade Area negotiations which were launched in July 2015. On the other hand, Swaziland is a member of COMESA and continues to trade under a derogation, which has been linked to the conclusion of the TFTA.

4.3. Swaziland is a beneficiary of the GSP scheme, which provides for goods that originate from developing countries to be imported into industrialized countries at reduced customs duty. The countries that grant GSP include some of the EU member states, USA, Canada, Japan, Australia, Russia and New Zealand. A wide range of export products from Swaziland enjoys market access through the GSP scheme.

4.4. The SADC-EPA has been concluded and is in the legal scrubbing phase to be followed by signature and thereafter ratification.

4.5. South Africa has been and is still predominantly the major trading partner for Swaziland for both imports and exports, which accounts for over 75% of its trade. Therefore, SACU continues to be a strategic market for the country. Engaging third parties as a bloc also ensures that the Common External Tariff (CET) of SACU remain intact. Efforts are underway to develop and operationalize an Industrial and Trade Policy/Strategy which will assist in the identification of areas of complementarities both at a national and regional level.

4.6. Technical assistance extended to Swaziland by the WTO and other Development Partners such as the African Development Bank has seen the formulation and adoption of an Aid for Trade Strategy for the country. Another strategy successfully completed is the Private Sector Development Strategy (PSDS). The purpose of a private sector development strategy (PSDS) is to deepen and complement the essential role of the private sector in creating economic growth, jobs and income as well as contributing to development objectives in particular poverty reduction. This is done by enhancing the policy and institutional framework which leads to the creation of an enabling environment for business. It is envisaged that the PSDS will be implemented between

2010/11 and 2015/16 and thereby allowing another five years for improvement towards the vision 2022. The implementation period will coincide with the three-year rolling National Development Plans and Annual National Budget.

4.7. As part of Aid for Trade, in 2014 the country received support within the Regional Integration Implementation Mechanism (RISM) for upgrading the Customs System – ASYCUDA ++ to ASYCUDA World. Similarly in 2015, Swaziland received additional support to fund the implementation of COMESA regional commitments and to enhance SME competitiveness. Funding for both these programmes came through COMESA and was from the EU.

4.8. Under Trade Facilitation, the Trade Facilitation Agreement is still in the process of ratification and committees have been successfully formed and awaiting Cabinet approval. Notification of the different categories in the Agreement is still being pursued through a decision by Cabinet.

4.9. The establishment of the National Body through the International Trade Administration Bill is still work in progress. The Bill has been finalized and is awaiting submission to Cabinet then Parliament for the final enactment to law. Capacity building initiatives are still being explored to capacitate the investigators to be involved in the day-to-day operation of the body.

5 CONCLUSION

5.1. Going forward the successful implementation of growth inductive programmes such as the Investor Road Map and the National Development Strategy should induce economic diversification and growth. Many projects in the pipeline can improve business confidence if implemented accordingly and timely. Coupled with that, the introduction of the Public Finance Management (PFM) bill should tackle public finance issues and create a fund to manage SACU receipts that will reduce the impact of the volatility that it has in the economy.

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