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**Trade Policy Review Body**

**TRADE POLICY REVIEW**

REPORT BY THE SECRETARIAT

SOUTHERN AFRICAN CUSTOMS UNION

This report, prepared for the fifth Trade Policy Review of the Southern African Customs Union, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from the Southern African Customs Union on its trade policies and practices.

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Document WT/TPR/G/447 contains the policy statement submitted by the Southern African Customs Union.

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**CONTENTS**

<b>SUMMARY .....</b>	<b>4</b>
<b>1 ECONOMIC ENVIRONMENT .....</b>	<b>8</b>
1.1 Main features of the economy .....	8
1.2 Recent economic developments .....	9
1.3 Trade and investment performance .....	11
<b>2 COMMON REGIME .....</b>	<b>15</b>
2.1 Overview.....	15
2.2 Southern African Customs Union (SACU).....	16
2.2.1 Institutional structure.....	16
2.2.2 Common revenue pool (CRP) and revenue-sharing formula.....	16
2.3 Participation in the WTO .....	17
2.4 Regional trade agreements .....	17
2.4.1 SACU-Mozambique-United Kingdom EPA .....	18
2.4.2 Agreement Establishing the African Continental Free Trade Area (AfCFTA).....	19
2.4.3 EPA between the European Union and its member States and the SADC EPA States.....	20
2.4.4 Preferential Trade Agreement between Mercosur and SACU.....	21
2.4.5 FTA between the EFTA States and the SACU States .....	22
2.4.6 SADC protocols on trade in goods and services .....	22
2.5 Preferential trade agreements .....	23
<b>3 TRADE POLICIES AND PRACTICES BY MEASURE.....</b>	<b>25</b>
3.1 Customs procedures and valuation .....	25
3.2 Rules of origin.....	26
3.3 Tariffs and other charges .....	26
3.3.1 Applied MFN tariffs.....	27
3.3.2 Bindings .....	29
3.3.3 Tariff preferences .....	31
3.3.4 Excise duties.....	32
3.3.5 VAT .....	32
3.3.6 Duty and tax concessions and exemptions.....	32
3.3.7 Contingency trade remedies .....	33
3.3.7.1 Anti-dumping and countervailing measures.....	33
3.3.7.2 Safeguard measures.....	34
<b>4 APPENDIX TABLES .....</b>	<b>35</b>
<b>ANNEX 1: BOSTWANA .....</b>	<b>46</b>
<b>ANNEX 2: ESWATINI .....</b>	<b>113</b>
<b>ANNEX 3: LESOTHO .....</b>	<b>158</b>
<b>ANNEX 4: NAMIBIA .....</b>	<b>214</b>
<b>ANNEX 5: SOUTH AFRICA.....</b>	<b>277</b>

**CHARTS**

Chart 1.1 SACU GVA by economic activity (% of GVA at basic current prices), and unemployment situation, 2022 .....	9
Chart 1.2 Real GDP growth (annual %), 2014-22 .....	10
Chart 1.3 SACU members' revenue shares, FY2021/22 .....	11
Chart 1.4 Intra- and extra-SACU trade of goods, 2014-22 .....	12
Chart 1.5 Intra- and extra-SACU trade in goods, 2021 .....	13
Chart 1.6 Foreign direct investment, 2014-22 .....	14
Chart 2.1 SACU members' revenue shares: FY2014/15-FY2023/24 .....	17
Chart 3.1 Tariff escalation by 2-digit ISIC industry, 2023 .....	29

**TABLES**

Table 1.1 SACU's selected socio-economic indicators, 2014-22 .....	8
Table 1.2 EU and US imports from SACU by tariff regime, 2021 and 2022 .....	13
Table 2.1 SACU institutions, 2023 .....	16
Table 2.2 Subsectors subject to SACU member specific commitments under the SADC Protocol on Trade in Services .....	23
Table 2.3 SACU members' eligibility for unilateral preferences, 2023 .....	23
Table 3.1 MFN tariff distribution by type of duty, 2023 .....	27
Table 3.2 Structure of SACU applied MFN tariffs, 2015 and 2023.....	28
Table 3.3 Product items with more than 50% tariff rates .....	28
Table 3.4 Tariff lines where the applied MFN rates might be higher than their bound levels, 2023 30	
Table 3.5 Rebates, refunds, and drawbacks .....	32

**APPENDIX TABLES**

Table A1.1 Extra-SACU merchandise exports by destination, 2014-21 .....	35
Table A1.2 Extra SACU merchandise imports by origin, 2014-21 .....	36
Table A1.3 Extra SACU merchandise exports by HS section/chapter/subheading, 2014-21.....	37
Table A1.4 Extra SACU merchandise imports by HS section/chapter/subheading, 2014-21.....	38
Table A3.1 SACU applied MFN tariff summary, 2023.....	39
Table A3.2 Preferential tariff rates, 2023 .....	40
Table A3.3 Excise duties, 2023 .....	41
Table A3.4 Safeguard actions, 2014 - 20 July 2023.....	44

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**SUMMARY**

1. The five Southern African Customs Union (SACU) countries are at different levels of economic development and have different economic structures. Botswana, Namibia, and South Africa are upper middle-income countries, Eswatini is lower middle-income, and Lesotho is an LDC. South Africa is a relatively diversified economy, while the other four rely on a limited number of products. The mining and quarrying sector dominates merchandise production in Botswana, while manufacturing accounts for relatively large shares in Eswatini and Lesotho. All five economies remain dominated by the services sector (about 70% of SACU's GDP), and all have a large subsistence farming although agriculture accounts for about 3% of GDP on average.
2. SACU countries face common challenges including inequality, unemployment, governance issues, infrastructural (most notably energy and transport) constraints, and climate change. According to the World Bank, SACU is the most unequal region globally in terms of income distribution. South Africa is the most unequal country in the world, while Botswana, Eswatini, and Namibia are among the 15 most unequal, and Lesotho among the top 20% most unequal countries in the world. Unemployment rates are relatively high in these five countries, averaging 24% in 2022 (42% for youth unemployment).
3. SACU economies collectively grew by 1.2% annually on average from 2014 to 2022. The growth trend is biased towards South Africa's performance as it is the leading economy within SACU. Over the review period, economic growth has fluctuated, and all five countries registered negative growth in 2020. Botswana's growth bounced back more robustly in 2021 and 2022 from the COVID-19 pandemic than the other SACU countries.
4. Monetary policy within SACU remains largely led by South Africa. In fact, Eswatini, Lesotho, Namibia and South Africa form the Common Monetary Area where the South African rand is legal tender and circulates, and the currencies of the smaller economies are pegged to the rand. Botswana pegs its currency (pula) to a basket of currencies including the rand. Despite the implementation of a common external tariff and of harmonized excise duties, SACU countries have not formally harmonized their fiscal policies.
5. SACU's external trade in goods and services was about 68% of its GDP in 2022. A trade surplus was emerging as from 2020, reflecting mainly a robust recovery in exports because of increased demand and higher international prices for minerals. SACU countries sourced 13.3% of their total imports within the Union in 2021 (down from 14.5% in 2014) and supplied 11% of their total exports to each other in 2021 (down from 15.7% in 2014). Eswatini and Lesotho depend more on intra-SACU trade than the other members, particularly South Africa. This not only reflects greater diversification of South Africa's import sources and export markets, but also a relatively narrow export baskets of the other four SACU members. The largest extra-SACU trade partners include the European Union, China, and the United States.
6. Over the review period, new regional trade agreements (RTAs) entered into force between SACU states, Mozambique and the United Kingdom in 2021; SACU states, Mozambique and the European Union in 2016; and SACU states and the Southern Common Market (MERCOSUR) in 2016. All SACU states have ratified the AfCFTA agreement but they are yet to trade under it. A SADC Protocol on Trade in Services entered into force in 2022. Preference utilization by SACU countries varies from one member to another: it is relatively low for countries that lack product diversification and with exports that mostly consist of MFN duty-free goods.
7. The five SACU countries actively participate in the WTO. They continue to fulfil their notification obligations to the WTO with varying degrees of regularity. The authorities indicated being taking steps towards the ratification of the Agreement on Fisheries Subsidies. Of the five SACU countries, only South Africa has been active in WTO dispute settlement, requesting consultations with the European Union on measures on citrus fruit imports in 2022.
8. Under the SACU treaty, the members have harmonized almost all customs-related matters (including the external tariff), and excise duties. To ensure single entry and free circulation of merchandise within the Union, revenues from harmonized duties and taxes are pooled in a common fund and distributed to the five SACU member countries on the basis of a formula. They constitute a major source of revenue for the four smaller economies while accounting for less

than 3% of South Africa's tax revenue. Moreover, a series of reforms have been implemented over the review period, including modernization of customs legislation, risk management and its enforcement, the Authorized Economic Operator (AEO) Programme, IT connectivity, and transport and logistics programmes.

9. Under the SACU treaty, a Regional Tariff Board is to be established after the entry on duty of national boards in each member State. So far, apart from South Africa, Botswana established its national board, while Eswatini, Lesotho, and Namibia are in the process of establishing theirs. In consequence, pending the establishment of the Regional Tariff Board, South Africa's International Trade Administration Commission (ITAC) handles tariff and trade remedies applications.
10. SACU's 2023 tariff contains 8,420 lines at the HS eight-digit level, of which 318 (3.8%) carry non-*ad valorem* duties, i.e. specific (two types), mixed (two types), and formula (variable) duties. Over the review period, the tariff regime has been further complicated by the introduction of conditions under which one type of specific duties is affected by price changes, i.e. the differences between the moving average of international settlement prices and the established domestic prices.
11. Overall, the simple average applied MFN tariff rate is 8.5% in 2023, slightly up from 8.3% in 2015, reflecting a nomenclature change. More than half (53.8%) of total tariff lines is duty free. Tariffs higher than 50% apply mainly to some poultry meat, cheddar and gouda, pineapples, and worn clothing. The highest *ad valorem* rate (95%) applies to some dairy products, and the highest *ad valorem* equivalent (AVE) (532.3%) applies to some worn textile articles.
12. Under the WTO definition, agriculture remains the most tariff-protected sector (10.1%); tariff rates average 8.2% on non-agricultural products. Under ISIC, manufacturing is the most tariff-protected sector (8.9%), followed by agriculture (3.7%) and mining and quarrying (0.1%). In aggregate, tariff rates display positive escalation throughout the stages of production: from raw materials (with an average tariff rate of 4.9%), to semi-finished products (5.6%), and then to fully processed products (10.7%).
13. At the WTO, SACU members individually bound their tariffs at *ad valorem* rates. Lesotho bound 100% while the other four SACU members bound around 95% of their tariff lines. The imposition of non-*ad valorem* duties by SACU members while all their bindings are *ad valorem* does not ensure compliance with their binding commitments. Falls in import prices may result in higher applied rates (their AVEs) than the corresponding bound levels. In fact, around 15 tariff lines are likely to have their applied MFN rates higher than their binding levels. Lesotho bound its other duties and charges on all tariff lines at zero. Moreover, South Africa has 53 WTO tariff quota commitments, all on agricultural products. Preferential tariff quotas apply to agricultural products under various RTAs.
14. Harmonized under the SACU Agreement, excise duties may be specific or *ad valorem*; they apply at the same rates to imported and domestically produced goods. Some excise duty rates are based on a formula where recommended retail prices are taken into consideration. Under the SACU Agreement, rebates, refunds and drawbacks of customs duties and excise duties on imported goods are also harmonized. The VAT regimes (including the taxation base and the rates) have not yet been harmonized. Botswana's standard VAT rate is 14% while the other four apply a standard rate of 15%.
15. SACU members apply contingency trade remedies (anti-dumping, countervailing, and safeguard measures) imposed by South Africa upon recommendation by ITAC and approval by the South African Minister of Trade and Industry, pending the establishment of the Regional Tariff Board. Between 2014 and 2022, 25 anti-dumping investigations were initiated, 40 anti-dumping measures in the form of duties were in force on 19 categories of products, while no countervailing duty was imposed. A number of safeguard investigations were initiated; provisional and final measures were adopted or extended; and investigations were terminated during this review period. A bilateral safeguard measure on frozen chicken cuts from the EU expired in 2022. Botswana, Eswatini, Namibia and South Africa reserve the right to take recourse to the special agricultural safeguard, although no action was taken by them over the review period.

16. Apart from Lesotho, all SACU countries have their national competition policies. The competition legislations of Eswatini and Namibia have remained unchanged since the previous Review, while Botswana's new Competition Act 2018 replaced the previous one and introduced a number of changes, including institutional. South Africa's Competition Act 1998 was most recently amended in 2019 with a view to enhancing national security.
17. SACU countries are neither signatories nor observers to the WTO plurilateral Agreement on Government Procurement. Their national government procurement legislations provide for reservation or price preference schemes for local businesses. Over the review period, Botswana and Lesotho have promulgated new legislation on government procurement. Namibia has established a new legal and institutional framework on government procurement.
18. On intellectual property rights, all five countries ratified the Protocol Amending the TRIPS Agreement during the review period. Botswana has released its Intellectual Property Policy and acceded to the WIPO Marrakesh and Beijing treaties. Eswatini's new legislation on patents, copyrights and its intellectual property rights tribunal entered into force in 2018. Namibia has also established an industrial property tribunal. South Africa has released its Intellectual Property Consultative Framework to formulate national IP policy. It also enacted the Protection, Promotion, Development and Management of Indigenous Knowledge Act, and created a geographical indications register.
19. Apart from customs-related issues, SACU countries have not harmonized their sectoral trade policies. Nonetheless, the CET and the related measures (including duty and tax rebates) remain a main sectoral trade policy instrument, mainly for the smaller countries. The larger economies, mainly South Africa and to a lesser extent Botswana, have developed sectoral policies that also rely on incentives.
20. Botswana's economy, although dominated by services (more than half of gross value added), is highly dependent on the diamond industry (the bulk of merchandise exports and nearly one-third of government revenue). Diamond cutting and polishing are the main manufacturing activities. Through its various new trade and economic plans and strategies, Botswana is seeking to diversify its economy, and make it more competitive, export-oriented and focused on value-chain development. In this regard, initial steps have been taken to identify gaps in Botswana's quality infrastructure and technical regulations framework; consider how its intellectual property assets can be leveraged; and rationalize, unbundle or privatize non-performing SOEs particularly in the areas of financial services, transport, agriculture, and energy. Nevertheless, protection has somehow been enhanced for domestic farmers, small-scale manufacturing, and services businesses through, *inter alia*, FDI restrictions and non-automatic licensing requirements. On telecommunications, a new ICT licensing framework and termination rate methodology have been introduced, as has a universal service access fund. Financial services developments have included the enactment of several new or amended laws covering banking, insurance, credit information, and virtual assets, as well as the creation of a Financial Stability Council and a deposit insurance scheme.
21. During the period under review, Eswatini's reforms were mostly in the energy and services sectors where new legislations were introduced on, *inter alia*, electricity, financial services, air transport and telecommunications. After services (over 50% of GDP), manufacturing (about 30%) remains the second largest sector, followed by agriculture (about 9%). Sugar (5% of GDP) remains the main industry; Eswatini is Africa's fourth largest sugar producer. Its economy remains highly integrated with South Africa, which is the destination for about 67% of its exports and the source of around 73% of its imports. Eswatini relies on South Africa for electricity, remittances, commercial banking, and FDI which is mainly directed towards agribusiness (i.e. sugarcane, beef, and forestry value chains) and manufacturing (i.e. textile and apparel). Other African countries, in particular, Kenya, Nigeria, Mozambique, and Zimbabwe are also important markets for Eswatini's exports.
22. Lesotho's economy is dominated by the services sector (about 60% of GDP), followed by manufacturing (nearly 20% of GDP). The country is diamond rich, but value addition activities remain weak. The economy is confronted with pressing environmental issues; hence the Government's major policy aims at addressing environmental deterioration and climate change. On agriculture, the Government's policy (including domestic support) aims to promote climate-smart solutions for farmers, build environment-sensitive physical infrastructure and facilitate

access to climate finance. The authorities are also aiming to improve economic livelihood in the diamond mining through, *inter alia*, the implementation of a tax incentive regime and the promotion of sustainable practices. On the energy sector, the Government has adopted a comprehensive energy policy which seeks to promote environmentally friendly energy supply. The challenges to the manufacturing sector (notably the textiles industry) include preference erosion and domestic constraints such as low-skilled labour and poor infrastructure. The Lesotho Standards Institutions Act entered into force in 2020, and the Lesotho Standards Institution was established in the same year as the body in charge of developing national standards.

23. In Namibia, agriculture accounts for about 7% of GDP, against around 11% for mining, 15% for tourism services, and 12% for manufacturing. A few mineral commodities (diamonds, uranium, and gold) account for close to 60% of exports; there is a significant re-export trade in Namibia. The country is a net-importer of agricultural products. In 2016, Namibia introduced export levies on forestry products, fish, minerals, natural gas and crude oil, and hides and skins. Its export processing zone regime and the entire tax-based incentives regime have been suspended since 2021, while there are plans to move to a special economic zone regime. In addition to the SACU CET, Namibia applies various trade policy instruments on imports of agricultural products such as quantitative restrictions and seasonal bans combined with local purchase requirements. The fisheries management regime was amended to allow for auctioning of some fishing quotas. Legislation to modernize the non-bank financial services regime was passed but is not yet in force.
24. The South African economy is dominated by the services sector (about 70% of GDP), with financial services playing a critical role. Over the review period, a Prudential Authority and a Financial Sector Conduct Authority were established, and various legislative reforms were introduced. South Africa has the largest travel and tourism economy in Africa but challenges such as poor security and load-shedding in the electricity sector pose serious threats to this and other sectors. South Africa remains a net exporter of agricultural products and is among the world's biggest exporters of citrus fruit, sugar, and wine. Land reform efforts continue. Poultry remains a "sensitive industry" for South Africa with specific trade concerns raised by the European Union; the country applies anti-dumping duties on frozen chicken portions (especially from Brazil). All TBT-related specific trade concerns relate to labelling requirements. In 2014, South Africa issued a Mining Charter which aims to ensure broad-based and meaningful transformation of the industry, including shareholding requirements for historically disadvantaged persons/companies. Changes to foreign investment legislation, *inter alia*, provide that investor-state disputes are first handled through domestic courts, and amendments to the Competition Act have introduced a prior review mechanism for mergers involving a foreign acquiring firm. South Africa has a myriad of incentive schemes, many of which have localization requirements and must be compliant with the country's Broad-Based Black Economic Empowerment legislation. It has also introduced various sectoral master plans to help boost economic growth and create employment. Among the key challenges that hinder economic growth in South Africa are severe shortages and outages of electricity, undermaintained transport infrastructure, high telecommunications costs, and high debt levels of underperforming SOEs. The absence of a cadastral system for mining licences is seen to impede investment in this important economic sector.

## 1 ECONOMIC ENVIRONMENT

### 1.1 Main features of the economy

1.1. Botswana, Eswatini, Lesotho, Namibia, and South Africa form the Southern African Customs Union (SACU), with a combined population of 68 million, of which nearly two thirds were living in urban areas in 2022 (Table 1.1). South Africa is by far the largest economy within SACU, with 89% of total population and 91% of aggregate GDP.

1.2. The five countries are at different levels of economic development and have different economic structures. In fact, Botswana, Namibia, and South Africa are upper middle-income countries, Eswatini is lower middle-income, and Lesotho is an LDC. South Africa is a relatively diversified economy, while the other four rely on a limited number of products. The mining and quarrying sector accounts for a much larger share of GDP in Botswana than in the other SACU members, while manufacturing accounts for a larger share in Eswatini and Lesotho (Chart 1.1). At the SACU level, the services sector accounts for about 70% of GDP, followed by manufacturing (about 13%), and mining and quarrying (8.9%) (Table 1.1). With a large subsistence farming, agriculture accounts for about 3% of GDP (on average).<sup>1</sup>

1.3. The SACU members face common challenges, including inequality and unemployment. SACU is the most unequal region globally, and South Africa the most unequal country in the world.<sup>2</sup> Botswana, Eswatini, and Namibia are among the 15 most unequal, and Lesotho among the top 20% most unequal countries in the world.<sup>3</sup> In the five countries, unemployment rates, and youth unemployment in particular, are relatively high (Chart 1.1), although the situation in Lesotho and to a lesser extent in Namibia is less severe than the others.<sup>4</sup>

**Table 1.1 SACU's selected socio-economic indicators, 2014-22**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Area ('000 sq. km)	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651	2,651
Population (million) <sup>a</sup>	62.5	63.7	64.4	64.7	65.6	66.4	67.3	68.0	68.6
Share of urban population (%)	61.7	62.3	62.8	63.3	63.8	64.4	64.9	65.4	65.9
Density (per km <sup>2</sup> )	23.6	24.0	24.3	24.4	24.7	25.1	25.4	25.6	25.9
Growth rate (per year)	1.6	2.0	1.0	0.5	1.3	1.3	1.3	1.1	0.9
Life expectancy	62.6	63.2	64.1	64.8	65.0	65.5	64.7	61.8	..
Nominal GDP (USD billion)	415.7	377.8	355.3	416.8	443.2	425.5	369.9	458.4	445.2
GDP per capita (USD, current prices)	6,656	5,929	5,518	6,440	6,761	6,406	5,499	6,743	6,490
Real GDP (constant 2015 USD billion) <sup>a</sup>	373.5	378.0	381.4	385.9	392.2	393.7	368.4	387.3	396.3
Annual percentage change	1.7	1.2	0.9	1.2	1.6	0.4	-6.4	5.2	2.3
Gross value added (GVA) by economic activity (% of GVA at basic current prices) <sup>b</sup>									
Agriculture, forestry and fishing	2.5	2.6	2.8	2.9	2.7	2.3	3.0	3.0	3.3
Mining & quarrying	7.2	6.4	6.8	6.5	6.5	6.7	7.2	8.9	8.9
Manufacturing	13.5	13.6	13.5	13.5	13.5	13.5	12.6	12.8	13.2
Water, electricity, and gas	2.7	2.8	2.9	2.9	2.9	2.9	3.1	3.0	3.1
Construction	4.2	4.2	4.0	3.8	3.7	3.6	3.1	2.9	2.9

<sup>1</sup> See Annexes to this report on Botswana, Namibia, and South Africa. For Eswatini, see World Food Programme (2020), *Eswatini Annual Country Report 2020 – Country Strategic Plan 2020-2024*. Viewed at: <https://docs.wfp.org/api/documents/WFP-0000125459/download/>; and for Lesotho, see World Food Programme, *Lesotho*. Viewed at: <https://www.wfp.org/countries/lesotho>.

<sup>2</sup> World Bank (2022), *Inequality in Southern Africa: An Assessment of the Southern African Customs Union*. Viewed at: <https://documents1.worldbank.org/curated/en/099125303072236903/pdf/P1649270c02a1f06b0a3ae02e57ead7a82.pdf>.

<sup>3</sup> World Bank (2022), *Inequality in Southern Africa: An Assessment of the Southern African Customs Union*.

<sup>4</sup> IMF (2022), *Botswana: Staff Report for the Article IV Consultation*, IMF Country Report No. 22/247. Viewed at: <https://www.imf.org/en/Publications/CR/Issues/2022/07/25/Botswana-2022-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-521327#:~:text=This%202022%20Article%20IV%20Consultation,its%20pre%2Dpandemic%20output%20level>.



	2014	2015	2016	2017	2018	2019	2020	2021	2022
Services	69.9	70.4	70.0	70.4	70.7	71.0	71.0	69.4	68.6
Exports of goods and services (USD billion)	127.6	110	105.7	118.6	127.1	119.9	104.3	146.1	153.1
Imports of goods and services (USD billion)	137.0	119.4	106.5	116.5	127.6	121.6	94.4	125	148.3
Trade in goods and services (% of GDP)	63.6	60.7	59.7	56.4	57.5	56.7	53.7	59.1	67.7

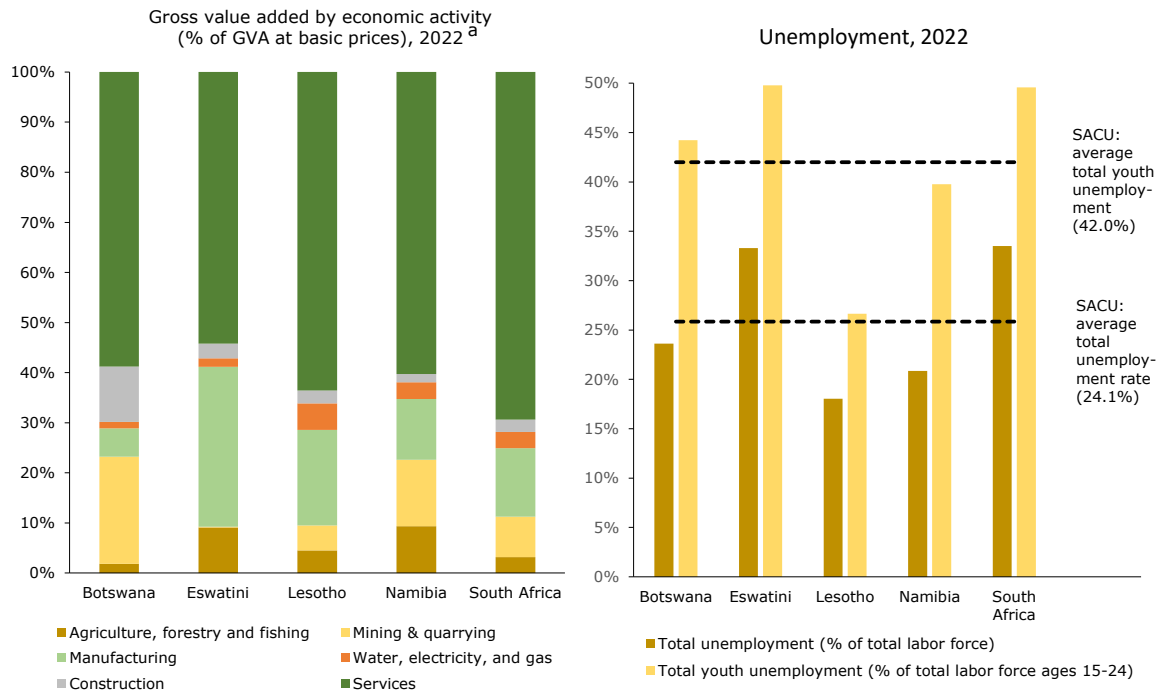
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a Figures from the World Bank's World Development Indicators.

b Eswatini is not taken into account in the calculations for the period 2020-22.

Source: World Bank, Databank. Viewed at: <https://databank.worldbank.org/home>; Statistics Botswana, *Statistical Publications*. Viewed at: <https://www.statsbots.org/bw/latest-publications>; Bank of Botswana, *Botswana Economic and Financial Statistics – May 2023*. Viewed at: <https://www.bankofbotswana.bw/publications>; Lesotho Bureau of Statistics. Viewed at: <https://www.bos.gov.ls>; Namibia Statistics Agency, *Publications*. Viewed at: <https://nsa.nsa.org.na/publications/>; Bank of Namibia, *Balance of Payments*. Viewed at: <https://www.bon.com.na/Economic-information/Statistical-information/Balance-of-payments.aspx>; Bureau of Statistics, South Africa, *Statistical Publications*. Viewed at: <https://www.statssa.gov.za/>; South African Reserve Bank, *Full Quarterly Bulletin – No. 308 – June 2023*. Viewed at: <https://www.resbank.co.za/en/home/publications/publication-detail-pages/quarterly-bulletins/quarterly-bulletin-publications/2023/FullQuarterlyBulletinNo307March2023>; African Development Bank (2021), *African Statistical Yearbook*; and IMF, IMF Data, Balance of Payments. Viewed at: <https://data.imf.org/>; and information provided by the authorities.

**Chart 1.1 SACU GVA by economic activity (% of GVA at basic current prices), and unemployment situation, 2022**

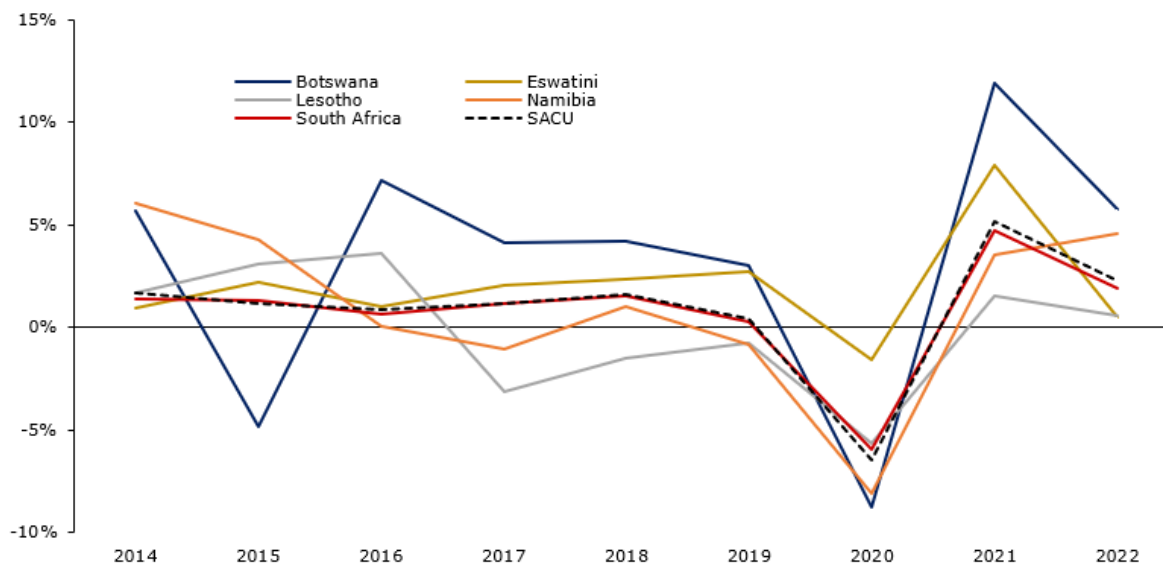


a Eswatini figures refer to 2019.

Source: WTO Secretariat calculations, based on the information from Statistics Botswana, Central Bank of Eswatini, Lesotho Bureau of Statistics, Namibia Statistics Agency, South African Reserve Bank, Statistics South Africa; and World Bank, Databank. Viewed at: <https://databank.worldbank.org/home>.

## 1.2 Recent economic developments

1.4. Dominated by South Africa (Annex 5), SACU economies collectively grew by 1.2% annually from 2014 to 2022 (Table 1.1). At the country level, Botswana's growth rates were more volatile than those in the other SACU members, and bounced back more robustly in 2021 from the COVID-19 pandemic (Chart 1.2).

**Chart 1.2 Real GDP growth (annual %), 2014-22**

Source: WTO Secretariat calculations, based on Statistics Botswana, Central Bank of Eswatini, Lesotho Bureau of Statistics, Namibia Statistics Agency, South African Reserve Bank, and World Bank Databank. Viewed at: <https://databank.worldbank.org/>.

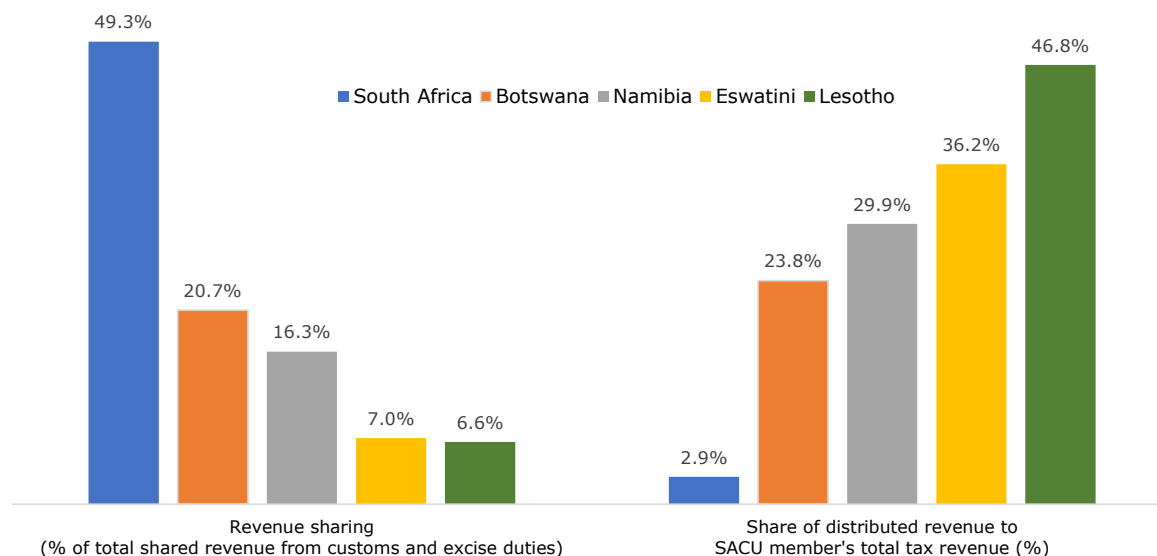
1.5. Monetary policy within SACU remains largely led by South Africa. SACU members (except Botswana) participate in the Common Monetary Area (CMA)<sup>5</sup>, which provides for free capital movement (with limited exceptions<sup>6</sup>) within the zone. Eswatini, Lesotho, and Namibia may access South Africa's capital and money markets. Their currencies (i.e. the lilangeni for Eswatini, the loti of Lesotho, and the Namibia dollar) are pegged to the South African rand at par. The rand is legal tender and circulates in the three countries.

1.6. Botswana pegs its currency (pula) to a basket of currencies including the rand (Annex 1). In practice, the effective implementation of monetary policy and its implications for macroeconomic stability in the other four SACU economies depend, to a large extent, on the policies pursued by the South African Reserve Bank (SARB).

1.7. There is no formal harmonization of fiscal policies in SACU. Under the revenue-sharing arrangement, revenues from customs and excise duties (which have been harmonized at the regional level) are pooled in a common fund and distributed to SACU members according to a formula (Main Report, Section 2.2.2). In FY2021/22, these constituted a major source of revenue for the four economies (23.8%-46.8% of their total tax revenue at the country level), although they represented only 2.9% of South Africa's tax revenue (Chart 1.3).

<sup>5</sup> WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

<sup>6</sup> Exceptions include those to safeguard domestic prudential requirements, as indicated in the provisions on exchange control.

**Chart 1.3 SACU members' revenue shares, FY2021/22**

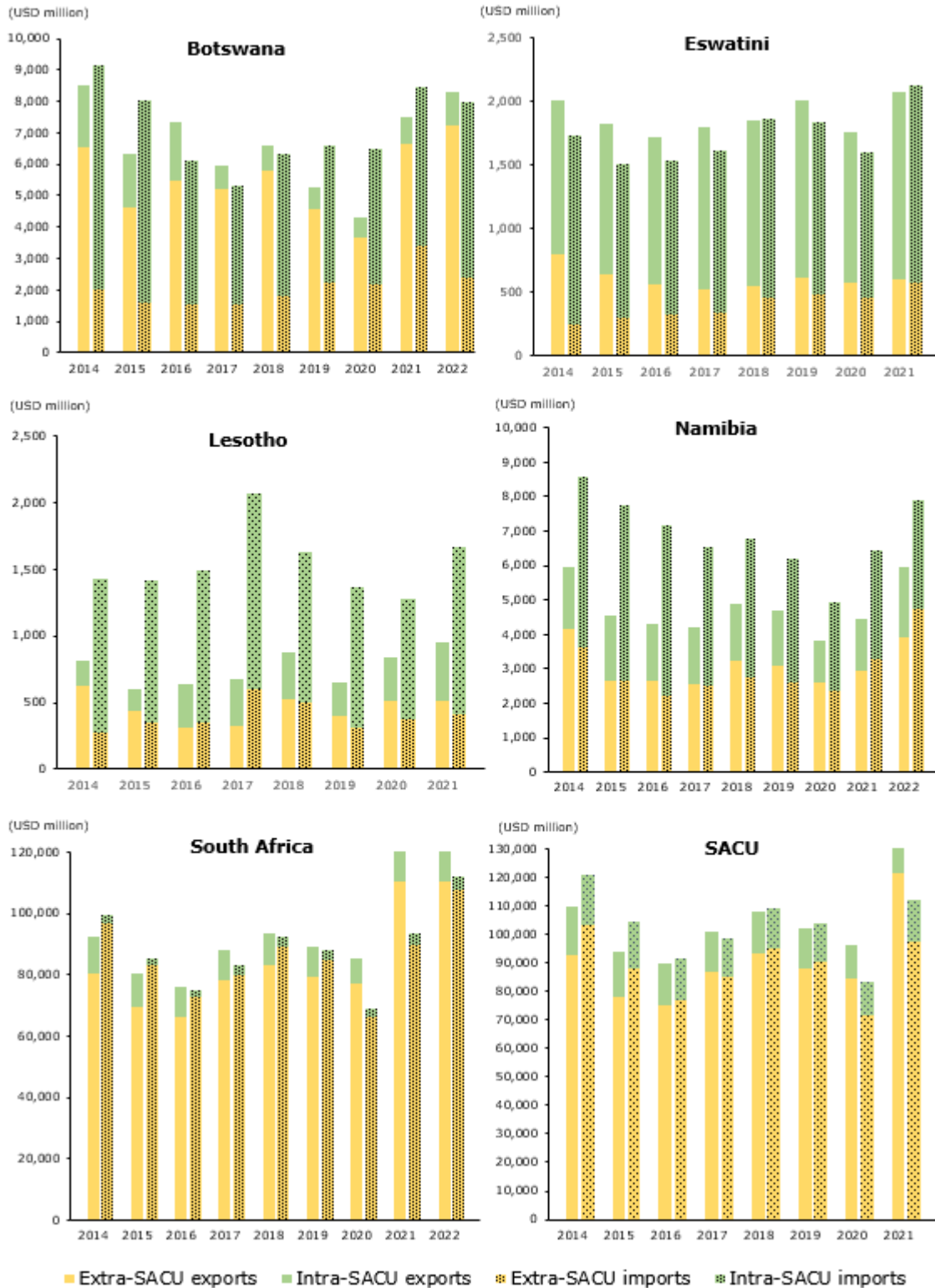
Source: Bank of Botswana, *Botswana Economic and Financial Statistics*, February 2023; Central Bank of Eswatini, *Quarterly Review Reports*, December 2021 and December 2022; Central Bank of Lesotho, *Macroeconomic Statistics*; Republic of Namibia Ministry of Finance and Public Enterprises, *Estimates of Revenue, Income & Expenditure, 2022/23-2024/25*, March 2022; South African Reserve Bank, *Full Quarterly Bulletin – No. 307, March 2023*; and SACU Secretariat, *Annual Report 2022*.

### 1.3 Trade and investment performance

1.8. SACU's aggregate trade in goods and services as a percentage of its GDP declined from 63.6% in 2014 to 53.7% in 2020 due to the pandemic, and then recovered to 59.2% in 2021 and 67.7% in 2022 (Table 1.1). In 2020, SACU's trade deficit changed to a surplus, which continued in 2021 and 2022, reflecting mainly a robust recovery in exports (Table 1.1). This might be related to the increased demand and higher international prices for minerals. Lesotho and Namibia each had a trade deficit over the review period, while Botswana, Eswatini, and South Africa posted a deficit for some years and a surplus for others (Chart 1.4).

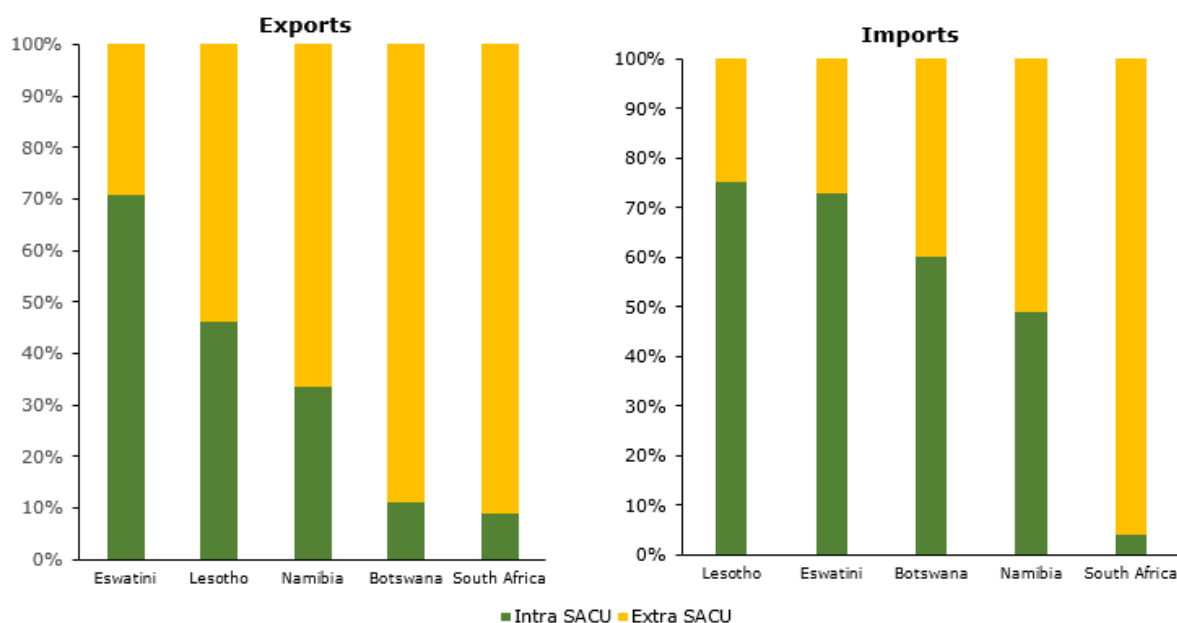
1.9. The level of intra-SACU trade, both imports and exports, declined slightly over the review period (Chart 1.4). SACU members sourced 13.3% of their total imports in the region in 2021 (down from 14.5% in 2014), and supplied to each other 11% of their total exports (down from 15.7% in 2014). Significant disparities between members remain. Eswatini and Lesotho depend more on intra-SACU trade than the other members (Chart 1.5). The combined shares of the other SACU members in South Africa's total trade are less significant than South Africa's share in their total trade (Chart 1.5); this reflects greater diversification of South Africa's import sources and export markets, and the relatively narrow export baskets of the other four SACU members.

**Chart 1.4 Intra- and extra-SACU trade of goods, 2014-22**



Note: The left bar shows export figures; the right shows import figures. Year 2022 trade data for Eswatini and Lesotho are not available.

Source: WTO Secretariat calculations, based on UN Comtrade database and data provided by the authorities.

**Chart 1.5 Intra- and extra-SACU trade in goods, 2021**

Source: WTO Secretariat calculations, based on UN Comtrade database and data provided by the authorities.

1.10. The EU-27 is the largest market for SACU exports, and the largest supplier of its imports (Tables A1.1 and A1.2). At the country level, China is the largest export market, followed by the United States, Germany, the United Kingdom, and Japan (Table A1.1). China is also the largest single source of imports into SACU, followed by Germany, the United States, India, and the Kingdom of Saudi Arabia (Table A1.2). SACU's main export products are precious stones and metals; mineral products; base metals and products; transport equipment; and machinery and electrical equipment (Table A1.3). Its imports consist mainly of machinery and electrical equipment; mineral products (mainly fuel); chemicals and products thereof; transport equipment; and base metals and articles thereof (Table A1.4).

1.11. The significance and relevance of SACU's RTAs to exports by SACU members vary. For example, SACU's preference utilization rates under its RTAs with the European Union and with the United States are relatively high. In 2021, 92.9% of SACU's exports entered the EU market duty-free under the EPA with the European Union, and 90.4% entered the US market duty-free under the African Growth and Opportunity Act (AGOA) and GSP schemes (Table 1.2). Botswana's preference utilization rate is the lowest. In fact, close to 100% of its exports enter both the EU and US markets at the MFN duty-free level; this might have resulted from the lack of product diversification and the nature of the goods. Eswatini's preference utilization rate is relatively high.

**Table 1.2 EU and US imports from SACU by tariff regime, 2021 and 2022**

	SACU	Botswana	Eswatini	Lesotho	Namibia	South Africa
<b>EU imports from SACU by tariff regime, 2021 (EUR million)</b>						
Total	24,181.0	1,077.6	71.0	219.7	1,291.7	21,520.9
MFN duty-free	14,052.9	1,074.7	3.1	215.1	892.5	11,867.6
MFN dutiable (no preferential rate)	733.1	0.1	0.1	0.0	18.0	715.0
Preference eligible, but entering MFN dutiable	670.9	1.6	1.5	0.7	10.6	656.6
Preference used	8,724.0	1.2	66.4	3.9	370.7	8,281.7
Memo:						
MFN duty-free (percentage of total imports)	58.1%	99.7%	4.3%	97.9%	69.1%	55.1%
Preference utilization <sup>a</sup>	92.9%	42.9%	97.9%	85.7%	97.2%	92.7%
<b>US imports from SACU by tariff regime, 2022 (USD million)</b>						
Total	15,406.2	487.5	22.6	372.1	236.5	14,287.5
MFN duty-free	11,046.7	487.1	2.2	104.5	224.7	10,228.2

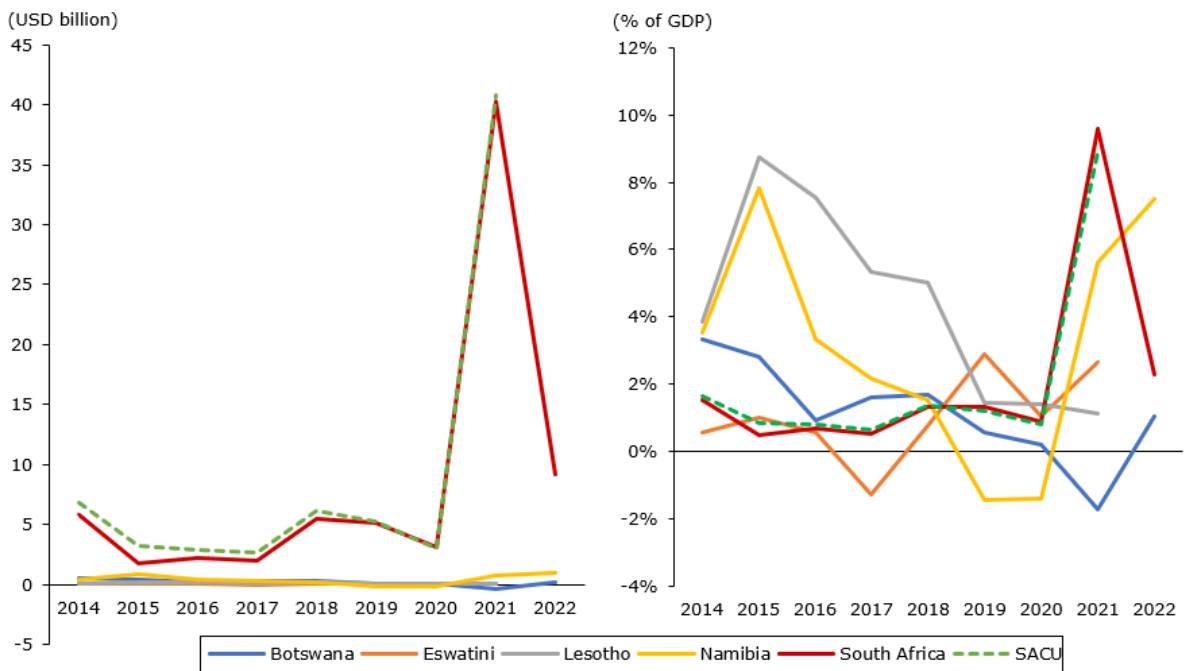
	SACU	Botswana	Eswatini	Lesotho	Namibia	South Africa
MFN dutiable (no preferential rate)	38.2	0.0	0.0	0.0	0.1	38.1
Preference eligible, but entering MFN dutiable	413.9	0.2	2.6	7.9	2.3	400.9
Preference used:						
AGOA	3,299.0	0.0	17.7	259.7	6.3	3,015.3
GSP	601.1	0.0	0.0	0.0	3.2	597.9
Memo:						
MFN duty-free (percentage of total imports)	71.7%	99.9%	9.7%	28.1%	95.0%	71.6%
Preference utilization <sup>a</sup>	90.4%	1.6%	87.4%	97.0%	80.4%	90.0%
Civil aircraft	7.3	0.2	0.0	0.0	0.0	7.2

a The preference utilization rate is calculated by dividing "preference used" by the sum of "preference used" and "preference eligible but entering MFN dutiable".

Source: WTO Secretariat calculations, based on Eurostat. Viewed at: <https://ec.europa.eu/eurostat/comext/newxtweb/>; USITC database. Viewed at: <https://dataweb.usitc.gov/>; and WTO IDB.

1.12. Foreign direct investment (FDI) inflows into SACU members have been on an upward trend over the review period (Chart 1.6). The peak of FDI inflows in 2021 was mainly due to a single intra-firm financial transaction in South Africa in the second half of the year.<sup>7</sup>

**Chart 1.6 Foreign direct investment, 2014-22**



Note: Overall SACU figures are calculated by dividing the aggregate FDI inflow by aggregate GDP. 2022 FDI data for Eswatini and Lesotho are not available.

Source: UNCTAD Stat. Viewed at: <https://unctadstat.unctad.org/EN>; Statistics Botswana; Bank of Namibia; and South African Reserve Bank.

<sup>7</sup> UNCTAD (2022), *World Investment Report 2022*. Viewed at: [https://unctad.org/system/files/official-document/wir2022\\_overview\\_en.pdf](https://unctad.org/system/files/official-document/wir2022_overview_en.pdf).

## 2 COMMON REGIME

### 2.1 Overview

2.1. The Southern African Customs Union (SACU) continues to operate based on its 2002 Agreement, as most recently amended in April 2013.<sup>8</sup> The SACU Agreement so far covers trade in goods only. Under the Agreement, the five SACU members have harmonized almost all aspects of their customs regime, including the common external tariff (Section 3.3).

2.2. SACU's objectives are set out in Article 2 of the 2002 Agreement and relate to facilitating trade; ensuring equitable trade benefits; promoting fair competition; increasing investment; enhancing economic development, diversification, industrialization, and competitiveness of members; promoting members' integration into the global economy; ensuring equitable revenue-sharing from duties levied; and developing common strategies. The SACU Agreement also has provisions on, *inter alia*, cooperation in the enforcement of competition laws and regulations and harmonization of product standards and technical regulations. In 2012, the SACU Council of Ministers approved the inclusion of trade in services as one of the priority areas in the SACU Work Programme. While a Technical Committee on Trade in Services was subsequently established to undertake a situational analysis of the services sector and trade in services in SACU, this initiative has not advanced. This notwithstanding, SACU members agreed to advance trade in services negotiations in the context of the Southern African Development Community (SADC) Protocol on Services to which all SACU members are signatories (Section 2.4.7).

2.3. At the Fourth SACU Ministerial Council Retreat in September 2020, SACU members agreed on a refocused Work Programme with industrialization as an overarching objective; this streamlines the 2010 SACU Work Programme<sup>9</sup> to focus on areas that could deliver immediate, positive results.<sup>10</sup>

2.4. SACU has now adopted its Strategic Plan for the period 2022-27; this incorporates the objectives of the refocused Work Programme and sets out the orientation of SACU's work over the next five years.<sup>11</sup> It sets out strategic pillars to guide actions by SACU over this period with a view to positioning it as an industrial, investment, manufacturing, and innovation hub for the African continent and globally. These are (i) industrialization, export, and investment promotion; (ii) trade facilitation and logistics; (iii) implementation and leveraging of the African Continental Free Trade Area (AfCFTA); (iv) trade relations/unified engagement with third parties; (v) finance and resource mobilization; and (vi) effectiveness of SACU institutions. The pillars are based on the horizontal foundations of governance and accountability, and SACU institutional arrangements.

2.5. As indicated in the SACU Strategic Plan 2022-27, some of the achievements in implementing the SACU Work Programme since 2020 have included (i) identifying priority sectors for the development of regional value chains as well as agreeing on a vision for these sectors (agro-processing industries (such as leather and leather products, fruits and vegetables, meat and meat products); textiles and clothing; and cosmetics and essential oils) and public policy interventions to support them; (ii) steps to improve the determination of revenue shares from the common revenue pool (Section 2.2.2), through better and more harmonized data collection; (iii) various trade facilitation initiatives including the development of a SACU customs policy, an annex to the SACU Agreement, 2002 on Mutual Administrative Assistance, the development of a Single Administrative Document for customs declarations, improved connections between customs management systems, and implementation of national AEO compliance programmes; (iv) the adoption of rules of procedure for the SACU Summit (see below); (v) unified engagement in the various RTAs that have recently entered into force, including the development of systems to manage

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<sup>8</sup> The 2002 SACU Agreement was notified to the WTO under Article XXIV of the GATT 1994 and was considered by Members at the Committee on Regional Trade Agreements (CRTA) on 20 April 2009. WTO document WT/REG231/2/Rev.1, 24 April 2009. The 2013 amendments institutionalized the SACU Summit.

<sup>9</sup> The 2010 Work Programme set the following priorities: focusing on regional industrial development policy; reviewing the revenue-sharing arrangement; facilitating trade; developing SACU institutions; ensuring unified engagement in trade negotiations; and strengthening the capacity of the Secretariat. In 2013, cooperating in trade in services was added as an additional priority.

<sup>10</sup> This marks a shift from earlier efforts to develop regional industrial policy; this was deemed unfeasible due to the different sizes of the SACU economies.

<sup>11</sup> SACU *Strategic Plan 2022-2027*. Viewed at: <https://www.sacu.int/docs/publications/2022/SACU-Strategic-Plan-Final-Digital.pdf>.

tariff quotas under some of these RTAs (Section 2.4); and (vi) the implementation of several initiatives to strengthen the capacity of the SACU Secretariat.<sup>12</sup>

2.6. A Sub-Committee on Financing for Industrialization has been established to consider and identify financial resource requirements and propose options for funding industrialization, including the regional value chain projects and infrastructure development in SACU. In addition, the SACU Trade Facilitation and Logistics Programme was adopted in April 2021 to support the industrialization and trade agenda in SACU (Section 3.1).

## 2.2 Southern African Customs Union (SACU)

### 2.2.1 Institutional structure

2.7. SACU's institutional framework did not change during the review period (Table 2.1). The Tariff Board has not yet been established and its work continues to be undertaken on an interim basis by South Africa's International Trade Administration Commission (ITAC), with the South African Trade Minister remaining the decision-making authority on customs tariffs and trade remedies (Sections 3.3 and 3.3.7). Reportedly, the establishment of the Tariff Board will be considered during the mid-term review of the SACU Strategic Plan (2022-2027). The Tribunal as provided for in Article 13 of the SACU Agreement has also not yet been established. In this regard, the authorities note that there have been no disputes regarding the interpretation or application of the Agreement among the SACU members since the last review period that would necessitate the application of Article 13 of the Agreement.

**Table 2.1 SACU institutions, 2023**

Institution	Mandate
Summit of Heads of State or Government	Provides political and strategic direction to SACU, receives reports on the work of the Council of Ministers. Meets once per year and may hold extraordinary meetings.
Council of Ministers	Decision-making on the overall policy direction and functioning of SACU institutions, including formulation of policy mandates, procedures, and guidelines for SACU institutions.
Customs Union Commission	Responsible for implementing the SACU Agreement, overseeing the management of the common revenue pool (Section 2.2.2), and supervising the work of the SACU Secretariat.
SACU Secretariat	Responsible for the day-to-day administration of the SACU Agreement, including implementing decisions of the Summit, Council, and Commission. It provides technical support for SACU initiatives.
Tariff Board	Once established, it will be responsible for making recommendations to the Council of Ministers on customs tariffs and related issues, such as anti-dumping, countervailing and safeguard measures on goods imported from outside the Common Customs Area, and rebates, refunds, or duty drawback, based on Council directives.
Technical Liaison Committees (TLCs)	Assist and advise the Commission. There are five TLCs in the areas of agriculture, customs, trade and industry, transport, and finance.
<i>Ad hoc</i> Tribunal	Once established, it will be responsible for settling disputes on the interpretation or application of the SACU Agreement.

Source: WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

### 2.2.2 Common revenue pool (CRP) and revenue-sharing formula

2.8. The SACU CRP and the revenue-sharing formula are governed by Articles 32 to 37 of, and Annex A to, the 2002 SACU Agreement. All customs, excise, and additional duties collected in the Common Customs Area are paid into the CRP. The CRP account is held and managed by South Africa.

2.9. The formula for sharing revenue among SACU members has not changed since the previous Review. It has three components: (i) the customs component is allocated based on intra-SACU imports; (ii) the excise component is allocated based on each country's share of SACU's GDP; and (iii) the development component, which is fixed at 15% of total excise revenue, is distributed

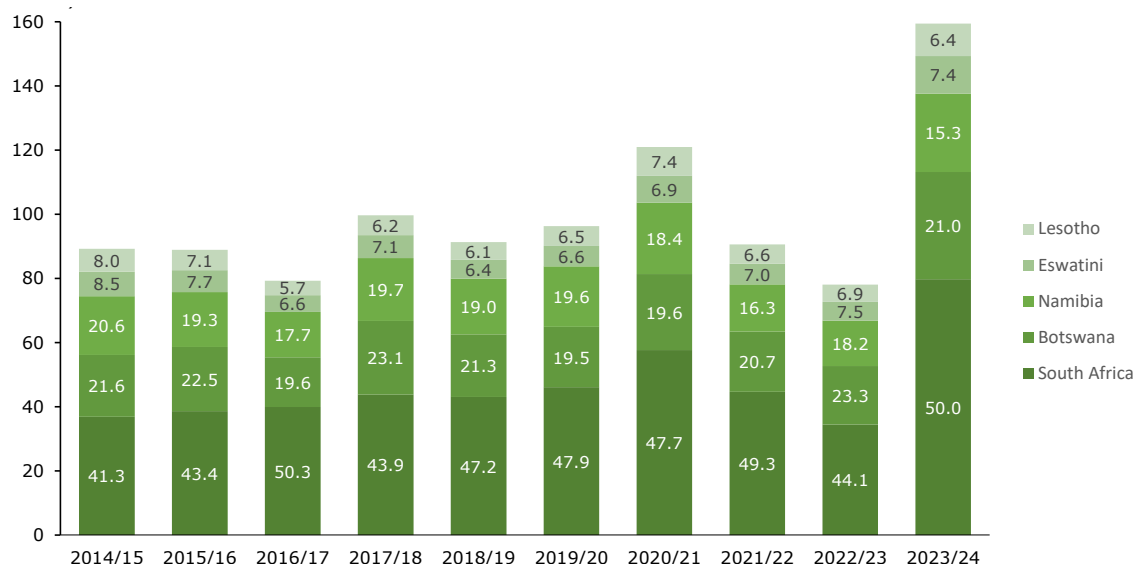
<sup>12</sup> SACU *Strategic Plan 2022-2027*. Viewed at: <https://www.sacu.int/docs/publications/2022/SACU-Strategic-Plan-Final-Digital.pdf>.



according to the reverse of each country's GDP per capita.<sup>13</sup> Chart 2.1 shows the revenue accruing to each SACU member over the review period. A review of the revenue-sharing agreement was launched in 2011 and there has been limited progress to date. It is planned to include the review of the revenue-sharing formula within the mid-term review of the SACU Strategic Plan 2022-2027.

**Chart 2.1 SACU members' revenue shares: FY2014/15-FY2023/24**

(ZAR billion)



Note: The figures in the bar represent the percentage of total SACU shared revenues.

Source: Information provided by the authorities.

### 2.3 Participation in the WTO

2.10. All SACU members are WTO Members in their individual capacities and accord at least MFN treatment to all WTO Members. Lesotho is designated by the United Nations as a "least developed country (LDC)" and, thus, is eligible for the WTO's Enhanced Integrated Framework (EIF). None of the SACU Members have either joined or requested to be an observer to any of the WTO plurilateral agreements.

2.11. Over the review period, only South Africa has been active in WTO dispute settlement. It requested consultations with the European Union on measures concerning the importation of citrus fruit on 27 July 2022.<sup>14</sup> It also reserved its right to participate as a third party in several cases.<sup>15</sup>

2.12. SACU members continue to fulfil their notification obligations at the WTO with varying degrees of regularity (see Annexes).

### 2.4 Regional trade agreements

2.13. Pursuant to Article 31 of the 2002 SACU Agreement, no SACU member can negotiate or amend a trade agreement without consent from the other members. An annex establishing a Common Negotiating Mechanism (CNM) has not yet entered into force.<sup>16</sup> This notwithstanding, SACU members are allowed to maintain pre-existing RTAs. In this regard, Eswatini participates in

<sup>13</sup> WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

<sup>14</sup> WTO document WT/DS613/1, G/L/1430, and G/SPS/GEN/2056, 29 July 2022.

<sup>15</sup> *Canada – Measures Governing the Sale of Wine in Grocery Stores (second complaint)* (WT/DS531); *Canada – Measures Governing the Sale of Wine* (WT/DS537); *United States – Certain Measures on Steel and Aluminium Products* (WT/DS544, WT/DS547, WT/DS548, WT/DS550, WT/DS551, WT/DS552, WT/DS554, WT/DS556, WT/DS564); *Canada – Additional Duties on Certain Products from the United States* (WT/DS557); *China – Additional Duties on Certain Products from the United States* (WT/DS558); and *European Union – Additional Duties on Certain Products from the United States* (WT/DS559).

<sup>16</sup> WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

the Common Market for Eastern and Southern Africa (COMESA) (Annex 2), Botswana has bilateral trade agreements with Malawi and Zimbabwe (Annex 1), and Namibia has a bilateral trade agreement with Zimbabwe (Annex 4).

2.14. SACU members participate in the AfCFTA and SADC. They have been implementing the EPA with the United Kingdom together with Mozambique; the EPA with the European Union together with Mozambique; and RTAs with the Southern Common Market (Mercosur), and with the European Free Trade Association (EFTA). All of these agreements except for those with EFTA and SADC (under the Trade Protocol) entered into force over this joint SACU review period. Key features of these agreements are summarized in subsections 2.4.1 to 2.4.6.

2.15. The Tripartite Free Trade Area (TFTA) between the SADC, COMESA, and the East African Community (EAC) was signed on 10 June 2015.<sup>17</sup> All SACU members are parties to this Agreement through their membership in SADC. However, the Agreement is not yet in force pending the required ratification by three additional members, and the fact that negotiations under the AfCFTA have progressed more rapidly.<sup>18</sup> Specific objectives of the Agreement include progressive elimination of tariffs and non-tariff barriers to trade in goods and liberalization of trade in services through a phased approach. Phase I is focused on the three pillars of market integration, industrial development, and infrastructure development. The pillars on industrial and infrastructure development have not progressed much due to lack of financing. In terms of market integration, the focus has been on trade in goods.<sup>19</sup> Work in this area has been concluded except exchange of tariff offers and finalization of rules of origin on automobiles and clothing and textile products.<sup>20</sup> A Draft Tripartite Agreement on Movement of Businesspersons has also been concluded, and as of June 2023 it was undergoing legal scrubbing. Phase II involves negotiations of protocols on trade in services and trade-related matters (including competition policy, cross-border investment, trade and development, and intellectual property rights (IPRs)). A draft Tripartite Protocol on Competition Policy has been concluded and is undergoing legal scrubbing, while work on trade in services and other trade-related areas is still in the initial stages.

2.16. Negotiations on a partial scope RTA between SACU and India resumed in 2020. They originally started in 2007 but have been stalled for some time. A review of the modalities for the negotiations are ongoing.<sup>21</sup>

#### **2.4.1 SACU-Mozambique-United Kingdom EPA**

2.17. The RTA between SACU, Mozambique, and the United Kingdom (SACUM-UK EPA) entered into force on 1 January 2021.<sup>22</sup> It enabled trade to flow uninterrupted after the departure of the United Kingdom from the European Union. Most of the provisions from the EPA between the European Union, SACU, and Mozambique (Section 2.4.3) were largely transposed into the SACUM-UK EPA. The main changes were in (i) tariff quotas, where new shares were calculated based on historical trade and annual increases of the quotas; (ii) rules of origin involving inputs from the European Union into products traded between the United Kingdom and SACUM; (iii) the built-in agenda on issues to be considered post-entry into force (Article 117) such as updates of tariff schedules in Annexes I, II, and III to HS17 nomenclature; disciplines on export taxes; multilateral safeguards extension; review of cumulation limitations among SACU members and with Mozambique; scope and volume of the automatic derogations provided in Article 43(10) and (11) of Protocol 1; (iv) transitional arrangements as listed in Article 118, including the continuation of the

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<sup>17</sup> Agreement Establishing a Tripartite Free Trade Area Among the Common Market for Eastern and Southern Africa, the East African Community, and the Southern African Development Community. Viewed at: <https://www.ceja.ch/images/CEJA/DOCS/Bibliotheque/Legislation/Africaine/Textes%20Regionaux/DB/DB1.pdf>.

<sup>18</sup> As indicated by the authorities, the original plan was for the TFTA to act as a launching pad for the AfCFTA. However, the latter has evolved at a faster pace.

<sup>19</sup> This work includes elimination of customs duties and related matters such as trade remedies, customs cooperation, transit facilitation, non-tariff barriers, technical barriers to trade, sanitary and phytosanitary measures, dispute settlement, and rules of origin.

<sup>20</sup> Tariff negotiations took a differentiated approach whereby only States with no RTAs were to negotiate tariff reductions. In this case, SACU members were to engage with the EAC and other countries that are not party to the SADC FTA. The SACU-EAC bilateral negotiations were completed in 2019 but not implemented.

<sup>21</sup> SACU, *Annual Report 2021*. Viewed at: [https://www.sacu.int/docs/reports\\_annual/2022/SACU-Annual-Report-2021-Final.pdf](https://www.sacu.int/docs/reports_annual/2022/SACU-Annual-Report-2021-Final.pdf).

<sup>22</sup> The RTA was notified to the WTO's CRTA on 8 January 2021. WTO document WT/REG443/N/1, 21 January 2021.

current safeguard on imports of poultry; (v) geographic indications (GIs); and (vi) enhanced cooperation on TBT and SPS matters.

2.18. The SACUM-UK EPA has provisions on, *inter alia*, trade and sustainable development, including labour and environment aspects; cooperation on development, customs, trade facilitation, fiscal adjustment, protection of IPRs, public procurement, competition, and tax governance; trade in goods, including rules of origin, trade remedies, specific provisions on safeguard measures for industrial goods, agricultural products, food security considerations, transitional safeguards, infant industry safeguards; good practices on customs legislation and procedures; technical assistance for customs administrations; TBT and SPS disciplines beyond the respective WTO agreements; current payments and capital movement exemption from restrictions; dispute avoidance and settlement procedures, including consultations and mediation; general exemptions beyond Article XX of GATT; a Joint Council between the parties to oversee and monitor the implementation of the EPA; and trade and development disciplines.

#### **2.4.2 Agreement Establishing the African Continental Free Trade Area (AfCFTA)**

2.19. The AfCFTA was approved by the African Union's Heads of States and Governments in January 2012.<sup>23</sup> The Agreement entered into force on 30 May 2019 once the requisite 24 member States (including all 5 SACU members) deposited their instruments of ratification.<sup>24</sup> Trading under the AfCFTA started on 1 January 2021 for some parties (although not SACU members (see below)). The Agreement brings together the 55 countries of the African Union including the continent's 8 regional economic communities (RECs) and Customs Unions.<sup>25</sup> The notification of AfCFTA to the WTO was pending as of April 2023.

2.20. AfCFTA's general objectives, as contained in Article 3 of the Agreement, include creating a single market for goods and services, facilitated by the movement of persons to deepen the economic integration within the African continent; contributing to the movement of capital and natural resources and facilitating investments; laying the foundations for a Continental Customs Union; sustainable and inclusive socio-economic development, gender equality, and structural transformation; enhancing parties' competitiveness; promoting industrial development; resolving the challenges of multiple and overlapping memberships; and expediting the regional and continental integration process.

2.21. Six protocols are part of the agreement establishing the AfCFTA. They cover (i) trade in goods; (ii) trade in services; (iii) rules and procedures on the settlement of disputes; (iv) investment; (v) IPRs; and (vi) competition policy. Two additional protocols were added in 2020 on Digital Trade and on Women and Youth in Trade. Two new committees – one on IPRs and one on investment – were set up in 2021. The protocols on IPRs, competition, and investment were finalized and adopted in February 2023. As of June 2023, work was ongoing in the areas of women and youth and digital trade. The AfCFTA's Dispute Settlement Body and Appellate Body were established in 2021.<sup>26</sup>

2.22. In February 2023, SACU submitted to the AfCFTA Secretariat and the AfCFTA Council of Ministers its common tariff offer covering 90% of its tariff lines.<sup>27</sup> It was technically verified in May 2023 to ensure compliance with the agreed modalities for tariff liberalization. As of June 2023, SACU members were awaiting the consideration and the adoption by the AfCFTA institutions. Once

<sup>23</sup> African Union, *Agreement Establishing the African Continental Free Trade Area*. Viewed at: <https://au-afcfta.org/wp-content/uploads/2022/06/AfCFTA-Agreement-Legally-scrubbed-signed-16-May-2018.pdf>.

<sup>24</sup> As at March 2023, 54 member States had signed the AfCFTA Agreement and 46 had deposited their instruments of ratification.

<sup>25</sup> AfCFTA, *About the AfCFTA*. Viewed at: <https://au-afcfta.org/about/>.

<sup>26</sup> The establishment of the Dispute Settlement Mechanism is provided for in Article 20 of the AfCFTA Agreement. The Agreement further indicates that the Mechanism will be administered by the Dispute Settlement Body, established under Article 5 of the Protocol on Rules and Procedures on the Settlement of Disputes.

<sup>27</sup> As indicated by the authorities, regarding the remaining 10% of tariff lines, 3% of all tariff lines are to be excluded from liberalization (although a sector cannot be excluded entirely) and the other 7% of all tariff lines on so-called "sensitive products" are to be phased in over a 10-to-13-year period. As of June 2023, this phase of negotiations had not yet started.

approved by the Council of Ministers for provisional implementation, SACU will be able to trade preferentially with the other AfCFTA State Parties that have implemented their approved tariff offers.

2.23. The Protocol on Trade in Services outlines the mandate for the negotiations at the AfCFTA. The first phase of the services negotiations is still ongoing and covers five priority services sectors: (i) business; (ii) communication; (iii) financial; (iv) tourism; and (v) transport. Work on the additional services sectors is planned for the second phase once the negotiations on the five sectors have been completed. SACU members negotiate trade in services commitments as individual member States.

2.24. The Agreement has five operational instruments that have been or are in the process of being developed: (i) an AfCFTA e-tariff book, which is in the process of being developed, and will enable easy access for users to tariff concessions schedules<sup>28</sup>; (ii) a mechanism for traders to report online specific trade obstacles encountered in moving goods and services across borders, which has been fully operational since January 2020<sup>29</sup>; (iii) a Pan-African Payments and Settlement System designed to enable efficient, low-cost, and secure financial transactions across African borders, which should be fully operational by end-2025<sup>30</sup>; (iv) an AfCFTA Adjustment Fund to support state parties and their private-sector operators to adjust to a more open and integrated trading environment<sup>31</sup>; and (v) an Automotive Fund, financed by Afreximbank, to support African investments in the automotive value chain and to provide consumer financing (loans) and insurance products.<sup>32</sup>

#### 2.4.3 EPA between the European Union and its member States and the SADC EPA States

2.25. Under the SADC, SACU members and Mozambique signed an EPA with the EU in June 2016. The Agreement does not cover all SADC members.<sup>33</sup> It entered into force on a provisional basis on 10 October 2016 between the European Union and the five SACU members (Botswana, Eswatini, Lesotho, Namibia, and South Africa), and in February 2018 between the European Union and Mozambique.<sup>34</sup> This EPA replaces the trade chapter of the Trade, Development and Cooperation Agreement between the European Union and South Africa. The Agreement was notified to the WTO under Article XXIV of the GATT 1994 and considered by Members at the CRTA on 18 November 2020.<sup>35</sup>

2.26. Upon entry into force of the Agreement, the European Union granted duty-free access to 98.5% of its total tariff lines on imports from Mozambique and all SACU Members except South Africa; the remaining tariff lines are still subject to import duties by the European Union. Reportedly, the level of market access granted by the European Union under the Agreement is equivalent to the access it provides under the European Union's Everything But Arms programme. For South Africa, the European Union is undertaking phased tariff liberalization over a transition

<sup>28</sup> AfCFTA, *E-tariff Book*. Viewed at: <https://etariff.au-afcfta.org>.

<sup>29</sup> The reporting mechanism was viewed at: <https://www.tradebarriers.africa>.

<sup>30</sup> Pan-African Payment and Settlement System. Viewed at: <https://papss.com>.

<sup>31</sup> As indicated by the authorities, the Adjustment Fund consists of a Base Fund, a General Fund, and a Credit Fund, which will work together to support African countries and the private sector in their adjustment process. The Base Fund will consist of contributions from State Parties, grants, and technical assistance funds to address tariff revenue losses as tariffs are progressively eliminated. It will also support countries to implement various provisions of the AfCFTA Agreement, its Protocols, and Annexes. The General Fund will mobilize concessional funding, while the Credit Fund will mobilize commercial funding to support both the public and private sectors, enabling them to adjust and take advantage of the opportunities created by the AfCFTA.

<sup>32</sup> AfCFTA, *The Automotive Fund*. Viewed at: <https://au-afcfta.org/operational-instruments/the-automotive-fund>. According to the authorities, this fund is operational.

<sup>33</sup> Other SADC members are part of or are negotiating EPAs with the European Union as part of other regional groups.

<sup>34</sup> European Commission, *EPA SADC - Southern African Development Community*. Viewed at: <https://trade.ec.europa.eu/access-to-markets/en/content/epa-sadc-southern-african-development-community>. Article 113(4) of the EPA provides that the Agreement shall be applied provisionally between the European Union and a SADC EPA state 10 days after either the receipt of notification of provisional application from the European Union or of ratification or provisional application from that SADC EPA State, whichever is the later. All the SADC EPA States deposited their instruments of ratification, whereas the European Union notified provisional application of the EPA. The EPA will be considered as having entered into force provisionally until all EU member States have deposited their respective instruments of ratification of the EPA.

<sup>35</sup> The Factual Presentation on this Agreement prepared for the CRTA meeting can be found in WTO document WT/REG381/1/Rev.1, 27 November 2020.

period ending in 2025; at that date, 401 of the European Union's tariff lines (i.e. 4.3% of the total) will remain subject to duties on imports from South Africa. The European Union liberalized its minimum entry price system for imports of fruits and vegetables for SACU members and Mozambique but not for South Africa.<sup>36</sup>

2.27. Tariff liberalization by SACU members is implemented over a transitional period ending in 2025. At the end of the transition period, 13.9% of the total lines in SACU's tariff schedule will remain dutiable for imports from the European Union. For Mozambique, the transition period for tariff liberalization is 2028, at which point 44.5% of tariff lines will remain dutiable to imports from the European Union.

2.28. The agreement provides for negotiations on trade in services; these have already been started by Botswana, Lesotho, Mozambique, and Eswatini, and by the European Union<sup>37</sup>; however, reportedly no meaningful progress had been made as of June 2023.

2.29. The EPA includes provisions on (i) trade and sustainable development, covering labour and environment aspects; (ii) cooperation in the areas of development, customs, trade facilitation, fiscal adjustment, protection of IPRs, public procurement, competition, tax governance, and investment; (iii) trade in goods, including rules of origin, trade remedies, specific provisions on safeguard measures for industrial goods, agricultural products, food security considerations, transitional safeguards, and infant industry safeguards; (iv) good practices on customs legislation and procedures; (v) technical assistance for customs administrations; (vi) TBT and SPS disciplines that go beyond the respective WTO agreements; (vii) current payments and capital movement exemption from restrictions; (viii) dispute avoidance and settlement procedures; (viii) general exemptions beyond Article XX of the GATT; and (ix) the establishment of a Joint Council between the parties to oversee and monitor the EPA's implementation.<sup>38</sup>

#### **2.4.4 Preferential Trade Agreement between Mercosur and SACU**

2.30. The RTA between Mercosur and SACU was signed by the parties in 2008 and 2009, respectively, and entered into force on 1 April 2016.<sup>39</sup> The Agreement was notified to the WTO under paragraph 4(a) of the Enabling Clause and was considered by the WTO Committee on Trade and Development based on a factual presentation prepared by the WTO Secretariat.<sup>40</sup>

2.31. The Agreement aims to promote trade between the parties in selected products by granting preference margins of 10%, 25%, 50%, and 100% for tariff lines covered by the respective parties. Mercosur offer covered 1,064 product lines and SACU's 1,052 product lines, both at the HS 6-digit level using the 2007 nomenclature. This is seen as a first step towards creating an RTA between the two regional groups. These tariff lines mainly cover chemicals, textiles, steel, plastic, automotive products, electronics, capital goods, and agricultural products. The tariff reductions and elimination took effect upon entry into force of the Agreement. The Agreement comprises a main text and seven annexes. The main text sets out the principles, legal provisions, and procedures for the relations under the Agreement. It also establishes a Joint Administration Committee (JAC) to manage the administration of the Agreement. Annexes cover Mercosur and SACU tariff concessions, general rules of origin, trade remedies, dispute settlement, sanitary and phytosanitary measures, and cooperation on Customs Administration. A factual presentation on this Agreement was issued by the WTO Committee on Trade and Development in 2019.<sup>41</sup>

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<sup>36</sup> As indicated by the authorities, the entry price system establishes a minimum price threshold above which the price of imported produce should remain and applies to 15 kinds of fresh fruits and vegetables.

<sup>37</sup> WTO document WT/REG381/1/Rev.1, 27 November 2020.

<sup>38</sup> WTO document WT/REG381/1/Rev.1, 27 November 2020.

<sup>39</sup> The parties to Mercosur are Argentina, Brazil, Paraguay, and Uruguay.

<sup>40</sup> The Agreement was notified to the WTO Committee on Trade and Development in 2017, WTO document WT/COMTD/N/55, 20 July 2017. The Factual Presentation is contained in WTO document WT/COMTD/RTA11/1, 7 November 2019.

<sup>41</sup> WTO document WT/COMTD/RTA11/1, 7 November 2019.

#### 2.4.5 FTA between the EFTA States and the SACU States

2.32. The RTA between SACU and EFTA entered into force on 1 May 2008. It was notified to the WTO in 2008 under Article XXIV of GATT 1994<sup>42</sup>, and was considered by the CRTA in 2010 based on a WTO Secretariat factual presentation.<sup>43</sup> The Agreement covers trade in non-agricultural products, including fish and other marine products, and processed agricultural products. Trade in basic agricultural products is governed by bilateral agreements between SACU and the respective EFTA member States. Upon entry into force of the Agreement, EFTA states granted SACU members duty-free entry for all non-agricultural goods. SACU parties completed their phased liberalization process in 2017.

2.33. The Agreement contains provisions on, *inter alia*, mutual assistance in customs matters; IP protection and progressive harmonization of the legal framework, with a provision for a review after five years; cooperation and information exchange in the area of government procurement as well as an agreement to discuss further liberalization within five years; and provisions on future liberalization of trade in services and investment. In accordance with Article 38 of the FTA, the Parties agreed to review the Agreement in November 2016. The review focuses on improved market access on processed agricultural products and basic agricultural products, and covers Customs and origin matters to improve and harmonize rules and procedures. The review also includes new areas such as trade facilitation and trade and sustainable development (TSD). The negotiations on the review of the FTA are still ongoing.

#### 2.4.6 SADC protocols on trade in goods and services

2.34. All SACU members are signatories to the SADC Protocol on Trade (in goods), which entered into force in 2001.<sup>44</sup> SACU members completed their tariff liberalization process under the Protocol in 2007, and the SADC Free Trade Area was launched in 2008.<sup>45</sup> Fourteen of the 16 SADC members are part of the Free Trade Area, while Angola and the Democratic Republic of the Congo remain outside.<sup>46</sup>

2.35. A SADC Protocol on Trade in Services entered into force on 13 January 2022 having been ratified by 11 out of the 16 members.<sup>47</sup> The Protocol has been notified to the WTO.<sup>48</sup> Sector-specific commitments have been scheduled by the parties, using a positive list approach in four services sectors (communication, financial, tourism, and transport services) (Table 2.2). The schedules of specific commitments differ for each SACU member. Horizontal commitments apply to, *inter alia*, measures affecting the entry and temporary stay of certain categories of natural persons and/or requirements related to the establishment of foreign-owned or joint venture companies. MFN exemptions are maintained by Eswatini for financial services and road transportation.

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<sup>42</sup> WTO document WT/REG256/N/1, 3 November 2008.

<sup>43</sup> WTO document WT/REG256/1/Rev.1, 24 March 2010.

<sup>44</sup> SADC was notified to the WTO under Article XXIV of the GATT 1994, and was considered by Members at the CRTA on 15 and 16 May 2007. The text of the SADC Protocol on Trade was viewed at: [https://www.sadc.int/sites/default/files/2021-11/Protocol\\_on\\_Trade1996.pdf](https://www.sadc.int/sites/default/files/2021-11/Protocol_on_Trade1996.pdf).

<sup>45</sup> The launch of the SADC Free Trade Area followed a phased programme of tariff reductions that commenced in 2001 and resulted in the attainment of minimum conditions for the Free Trade Area, namely that 85% of intra-regional trade among the partner states attained zero duty. For SACU members, this process was completed in January 2007. While the minimum conditions were met, maximum tariff liberalization was only attained in January 2012, when the tariff phase-down process for sensitive products was completed.

<sup>46</sup> As at mid-2023, Angola had ratified the Protocol but not yet submitted its scheduled of tariff concessions. SADC members are Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, and Zimbabwe.

<sup>47</sup> SADC (2022), "SADC Protocol on Trade in Services Enters into Force", 27 January. Viewed at: <https://www.sadc.int/latest-news/sadc-protocol-trade-services-enters-force>.

<sup>48</sup> WTO document S/C/N/1108, 14 September 2022.

**Table 2.2 Subsectors subject to SACU member specific commitments under the SADC Protocol on Trade in Services**

	Botswana	Eswatini	Lesotho	Namibia	South Africa
<b>Communication services</b>					
Courier services	X		X		X
Telecommunication services	X		X	X	X
Audiovisual services		X	X		
<b>Financial services</b>					
Insurance and insurance-related services	X	X	X	X	X
Banking and other financial services		X	X	X	X
<b>Tourism and related services</b>					
Hotels and restaurants (including catering)	X	X	X	X	X
Travel agencies and tour operators' services	X	X	X	X	X
Tourist guide services	X	X	X		X
<b>Transport services</b>					
Air transport services	X	X	X	X	X
Space transport					X
Rail transport services	X				X
Road transport services	X	X	X	X	X
Pipeline transport					X
Services auxiliary to all modes of transport			X	X	X

Note: This table includes the subsectors for which specific commitments have been taken. However, it does not cover the level of commitments taken (i.e. the extent of limitations on market access and national treatment).

Source: Final lists of specific commitments under the SADC Protocol on Trade in Services. Not available online.

## 2.5 Preferential trade agreements

2.36. SACU members continue to be eligible for several non-reciprocal preferences under the Generalized System of Preferences (GSP) schemes of developed countries and of some developing countries. Lesotho is, in addition, eligible for various unilateral preferences schemes granted to LDCs (Table 2.3).

2.37. All SACU members continue to be eligible for trade preferences under the United States' African Growth and Opportunity Act (AGOA) initiative. Eswatini's eligibility was terminated in 2014, due to issues related to worker rights, but it was reinstated in 2017.<sup>49</sup> AGOA has been extended until 30 September 2025.

**Table 2.3 SACU members' eligibility for unilateral preferences, 2023**

Provider (scheme)	Botswana	Eswatini	Lesotho	Namibia	South Africa
<b>General GSP schemes</b>					
Armenia	X	X	X	X	X
Australia	X	X	X	X	
Canada		X	X	X	
European Union			X		
Iceland			X		
Japan	X	X	X	X	X
Kazakhstan	X	X	X	X	X
Kyrgyz Republic	X	X	X	X	X
New Zealand	X	X	X	X	
Norway	X	X	X	X	X
Russian Federation	X	X	X	X	X
Türkiye			X		
United Kingdom			X		
United States	X	X	X	X	X
<b>Africa-specific GSP schemes</b>					
United States (AGOA)	X	X	X	X	X

<sup>49</sup> More information available in WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

Provider (scheme)	Botswana	Eswatini	Lesotho	Namibia	South Africa
<b>Schemes for LDCs</b>					
Chile			X		
China			X		
European Union			X		
India			X		
Korea, Rep. of			X		
Montenegro			X		
Morocco			X		
Chinese Taipei			X		
Tajikistan			X		
Thailand			X		

Source: WTO Preferential Trade Arrangements database. Viewed at: <http://ptadb.wto.org/default.aspx>.



### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Customs procedures and valuation

3.1. Customs procedures in Southern African Customs Union (SACU) members have not yet been fully harmonized. The authorities state that over the review period, SACU members have been implementing the SACU Customs Policy<sup>50</sup> through the Customs Modernisation Programme (CMP). The CMP focuses on, *inter alia*, modernization of customs legislation, the Authorised Economic Operator (AEO) Programme, risk management and its enforcement, IT connectivity, and transport and logistics programmes.

3.2. On customs and excise duties, Article 22 of the Southern African Customs Union Agreement of 2002 (SACU Agreement) requires the application of similar legislation within the Customs Union. Against this background, a customs control bill (regulating the import and export of goods) and a customs duty bill (regulating the levying, payment, and recovery of customs duties) were published in the Government Gazette in South Africa in 2014. The two bills, together with South Africa's Customs and Excise Act, are used as models by the other SACU members to develop their national laws. In this regard, a new Customs Act and a new Excise Act were enacted in 2018 in Botswana, and in Eswatini a review of its Customs Act is ongoing following a major amendment to enable alignment with the region. In Lesotho, a Customs amendment bill was submitted to the Parliament while in Namibia a Customs and Excise amendment bill is in the process of being reviewed. According to the authorities, the Customs Acts implemented by SACU members are similar and are all aligned to international best practices such as the World Customs Organization's (WCO) revised Kyoto Convention.

3.3. Progress made under the Customs legislative framework also includes the development and implementation of Annex E to the SACU Agreement on Mutual Administrative Assistance in March 2017, and the development of a regional arrangement to facilitate the automatic exchange of customs information in SACU. According to the authorities, in December 2022, this regional arrangement replaced the bilateral arrangements that the revenue service authorities in Botswana, Eswatini, Lesotho, and Namibia have signed with the South African Revenue Service (SARS).

3.4. The revenue service authorities also developed a regional arrangement for the Mutual Recognition of Customs Accreditation Programmes, aligned with the WCO SAFE Framework of Standards and the SACU Regional AEO Programme.<sup>51</sup> This is to facilitate mutual recognition of AEOs within the common customs area. On 31 May 2023, SACU members signed a mutual recognition agreement to recognize each other's traders with the status of an AEO.<sup>52</sup> The authorities state that, as of mid-June 2023, a total of 176 traders were accredited under the AEO Compliance Programme.

3.5. The Risk Management and Compliance Strategy developed at the regional level is used to support implementation of the AEO Programme. SACU is also implementing joint customs enforcement operations, with a view to preventing the entry and circulation of illegal trade.<sup>53</sup>

3.6. Regarding IT connectivity of Customs processes, the SACU Secretariat developed an IT Connectivity Utility Block (named "Your export is my entry") in 2014, and initiated a SACU Unique Consignment Reference (UCR) number and structure in 2015. The revenue authorities of Botswana, Eswatini, Lesotho, and Namibia have started exchanging export information in real time with South Africa.<sup>54</sup> Currently, the rate of UCR matching between South Africa and Botswana remains below 50%, while the matching rates between South Africa and Eswatini, Lesotho, and Namibia stand above 70%.

<sup>50</sup> SACU, *SACU Customs Policy*. Viewed at: <https://www.sacu.int/docs/policy/2012/customspolicy.pdf>.

<sup>51</sup> Before FY 2021/22, the AEO Programme was called the Preferred Trader Programme (PTP).

<sup>52</sup> SACU (2023), "SACU Members Sign Mutual Recognition Agreement", 31 May. Viewed at: <https://www.sacu.int/docs/pr/2023/SACU-AEO-Media-Release.pdf>.

<sup>53</sup> SACU (2020), *Southern African Customs Union Insights: A 15 Years Journey from 2004-2019*. Between 2012 and 2018, three joint operations were conducted, targeting tobacco and tobacco products, alcohol, and textiles and clothing. These operations detected illegal trade transactions with a potential revenue loss of ZAR 309 million, 266 undervalued transactions, 71 misdeclarations, 14 arrests for smuggling cigarettes and tobacco, and seizures of 9,400 cigarette master cases and 40,000 litres of undenatured alcohol.

<sup>54</sup> SARS (2022), *Annual Report 2021/22*. Viewed at: <https://www.sars.gov.za/wp-content/uploads/Docs/StratAnnualPerfplans/SARS-AR-27-Annual-Report-2021-2022.pdf>.

3.7. The SACU Council of Ministers adopted a Trade Facilitation and Logistics Programme on 21 April 2021. The authorities indicate that the SACU CMP is to migrate to this Programme, which includes harmonization of behind-border administrative measures, formalities, documentary requirements, procedures, charges and fees in the areas of standards, SPS, and other non-tariff barriers, as well as the following projects:

- a. Trade Digitalization and Digital Transformation Project: supporting migration from paper-based and manual transactions to paperless cross-border transactions; streamlining processes for the issuance of permits and licences for imports, exports, and transit goods; and streamlining procedures across all government agencies to facilitate trade.
- b. Infrastructure Development Project: including building one-stop border posts, developing single windows and regional cargo conveyance decontamination centres, restoring roads and border infrastructure at key commercial border posts, and setting up biometric data systems such as facial recognition and cargo monitoring and tracking systems.

3.8. The authorities identified key reasons behind the delayed harmonization of the customs procedures as the lack of common regional systems to manage cross-border trade flows, limited collaboration, administrative inefficiencies, inadequate soft and hard infrastructure, and lack of regional performance measurement systems.<sup>55</sup> Eswatini, Lesotho, and Namibia use ASYCUDA systems, while South Africa uses the Interfront Customs and Border Management Solution (ICBS) system, and Botswana uses a customized web application developed by Crimsonlogic Pte Ltd.

3.9. There have been no significant changes to the customs valuation regime since 2014. According to the authorities, the regime derives from the WTO Agreement on Customs Valuation. The primary valuation method is the transaction value. If the transaction value cannot be ascertained at the time of entry, the customs value will be assessed following alternative valuation methods, i.e. the identical goods method, the similar goods method, the deductive method, the computed method, the fall-back method.<sup>56</sup>

### 3.2 Rules of origin

3.10. SACU members have both non-preferential and preferential rules of origin. The non-preferential rules of origin are set in each member's Customs Act, modelled on South Africa's Act. A good is considered as having been produced or manufactured in any particular territory if at least 25% (or other percentage as determined by the Commissioner for Customs) of its production cost is represented by materials produced and labour performed in that territory, and if the last process in its production or manufacture has taken place in that territory.

3.11. Preferential rules of origin are applied by all SACU members under the SADC Protocol on Trade; the EPA between the SADC EPA Group (comprising the five SACU members, Mozambique), and the European Union; the FTA between the European Free Trade Association (EFTA) States and SACU members; the SACU-Mercosur Preferential Trade Agreement; the FTA signed by SACU and Mozambique with the United Kingdom; and the African Continental Free Trade Agreement (AfCFTA) (not yet effective). The origin criteria in general require the entire production of goods, or their substantial transformation that is subject to various criteria.

3.12. Preferential rules of origin are also applied under individual SACU members' bilateral trade agreements (see Annexes).

### 3.3 Tariffs and other charges

3.13. Pending the establishment of a Tariff Board at the regional level, South Africa's International Trade Administration Commission (ITAC) was mandated by the SACU Council of Ministers to handle tariff and trade remedies applications on behalf of SACU. In 2013, Botswana established its national

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<sup>55</sup> Presentation made by the SACU Secretariat during the first regional TPR workshop, Windhoek, September 2022.

<sup>56</sup> Customs Duty Act, No. 30 of 2014, *Government Gazette* (2014), No. 37821, 10 July. Viewed at: [https://www.gov.za/sites/default/files/gcis\\_document/201409/37821gon552act30of2014.pdf](https://www.gov.za/sites/default/files/gcis_document/201409/37821gon552act30of2014.pdf).

body – the Botswana Trade Commission (BOTC); however, the BOTC is not yet involved in setting SACU CET. Eswatini, Lesotho, and Namibia are in the process of establishing their national bodies.

### 3.3.1 Applied MFN tariffs

3.14. The 2023 tariff is based on HS22. It contains 8,420 lines at the HS 8-digit level, of which 318 (3.8%) carry non-*ad valorem* duties, i.e. specific (2 types), mixed (2 types), and formula duties (Table 3.1).

**Table 3.1 MFN tariff distribution by type of duty, 2023**

	Number of tariff lines
<b>Total</b>	<b>8,420<sup>a</sup></b>
<i>Ad valorem</i> duty	8,102 <sup>a</sup>
Duty free	4,519 <sup>a</sup>
Non- <i>ad valorem</i> duties	318
Specific duties	182
Type 1 (e.g. 8 cents/kg)	166
Type 2 (they are changed following developments in prices on the basis of a recommended pricing formula) <sup>b</sup>	16 <sup>c</sup>
Mixed duties	131
Type 1 (e.g. 40% or 240 cents/kg)	91
Type 2 (e.g. 450 cents/kg with a maximum of 96%)	40
Formula duties <sup>d</sup> , they apply to:	5
Corn flour (HS 19019010)	10% or 55 cents/kg less 90%
Other tomatoes prepared or preserved otherwise than by vinegar or acetic acid (HS 20021090)	110 cents/kg less 80% with a maximum of 37%
Cherries, drained or glacé (HS 20060030)	20% or 215 cents/kg less 80%
Tobacco, not stemmed or stripped (HS 24011000)	860 cents/kg less 85%, with a maximum of 44%
Tobacco, partly or wholly stemmed or stripped (HS 24012000)	15% or 860 cents/kg less 85%

a These numbers are based on HS Chapters 01-97. The authorities indicate that the number of total tariff lines is 8,453, of which 8,135 carry *ad valorem* duties, and 4,542 are duty free. Their numbers are different as they include tariff codes under Chapters 98-99.

b Type 2 specific duties are referred to by SARS as "variable formula tariffs", and apply to selected agricultural products.

c Eleven of the 16 lines are currently duty free.

d Formula duties combine a reference price, and a formula that makes the duty inversely proportional to the import price.

Source: WTO Secretariat calculations based on tariff information from SARS.

3.15. Two types of specific duties are applied. Type 1 is expressed in rands per unit (kilo, litre, etc.). It applies to, *inter alia*, fish and fish products, alcoholic beverages, vegetables, and nut products. Type 2 specific duties are identical to those of Type 1, except that they are changed on the basis of a difference between the moving average of an international settlement price and an established domestic price. They apply to maize, wheat, and sugar. Mixed duties apply to meat, dairy products, footwear, and fish products. Formula duties remain on five categories of products: corn flour, other tomatoes, cherries, and two types of tobacco. Formula duties aim at ensuring that import prices be at least equal (i.e. higher or equal) to the reference price set by the authorities for each category of product. The ultimate objective is to protect local industries against lower international prices. As their name indicates, formula duties are based on a formula that makes them inversely proportional to import prices.<sup>57</sup>

3.16. The simple average applied MFN tariff rate is 8.5% in 2023, slightly up from 8.3% in 2015 (Table 3.2). The slight increase may reflect a nomenclature change. In fact, the 2015 tariff schedule was based on HS12 nomenclature, and the number of tariff lines was 7,426. The move to the HS22 nomenclature increased the number of lines of the 2023 tariff to 8,420. Tariff rate dispersion reduced slightly, with the coefficient of variation down from 1.7 in 2015 to 1.5 in 2023.

<sup>57</sup> See WTO (1998), WT/TPR/S/34, 6 April 1998, for further details.

**Table 3.2 Structure of SACU applied MFN tariffs, 2015 and 2023**

	MFN applied		Final bound <sup>a</sup>				
	2015	2023	BWA	LSO	NAM	SWZ	ZAF
Bound tariff lines (% of all tariff lines)	n.a.	n.a.	94.6	100.0	94.6	94.6	94.6
Simple average tariff rate	8.3	8.5	19.5	79.5	19.9	19.9	19.9
Agricultural products (WTO definition)	9.9	10.1	38.5	198.3	40.5	40.6	40.4
Non-agricultural products (WTO definition)	8.0	8.2	15.9	60.1	15.9	15.9	15.9
Duty-free tariff lines (% of all tariff lines)	55.7	53.8	13.2	0.0	13.3	13.3	13.3
Simple average rate of dutiable lines only	18.9	18.5	22.7	79.5	23.1	23.1	23.1
Tariff quotas (% of all tariff lines)	n.a.	n.a.	0.0	0.0	0.0	0.0	5.8 <sup>e</sup>
Non- <i>ad valorem</i> tariffs (% of all tariff lines)	3.8	3.6	0.0	0.0	0.0	0.0	0.0
Non- <i>ad valorem</i> tariffs with no AVEs (% of tariff lines)	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Domestic tariff peaks (% of all tariff lines) <sup>b</sup>	9.9	6.8	3.3	0.0	3.7	3.8	3.7
International tariff peaks (% of all tariff lines) <sup>c</sup>	21.4	21.9	39.9	100.0	39.8	39.9	39.8
Coefficient of variation	1.7	1.5	1.3	0.6	1.3	1.3	1.3
Nuisance applied rates (% of all tariff lines) <sup>d</sup>	1.4	1.3	0.0	0.0	0.0	0.0	0.0

n.a. Not applicable.

a Final bound rates are based on the CTS schedule in HS17 nomenclature. Due to different HS nomenclatures between 2023 applied and final bound tariff schedules, the figures are not strictly comparable.

b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

c International tariff peaks are defined as those exceeding 15%.

d Nuisance rates are those greater than zero, but less than or equal to 2%.

e South Africa notified to the WTO that it continues to apply tariff quotas on 53 types of agricultural products (Annex 5).

Note: The 2015 and 2023 tariffs consist of 7,426 (HS12) and 8,420 (HS22) lines, respectively, at the 8-digit tariff line level.

2015 and 2023 *ad valorem* equivalents (AVEs) were estimated based on 2014 and 2022

South African import data (at the 8-digit tariff line level), respectively.

In case of unavailability, the *ad valorem* part of the tariff is used for mixed duties.

BWA: Botswana; LSO: Lesotho; NAM: Namibia; SWZ: Eswatini; and ZAF: South Africa.

Source: WTO Secretariat calculations based on tariff information from SARS; and WTO, CTS database.

3.17. Duty-free tariff lines account for more than half of the total (53.8% in 2023, down from 55.7% in 2015). Products subject to tariffs higher than 50% include some poultry meat, cheddar and gouda, pineapples, and worn clothing (Table 3.3). The highest *ad valorem* rate (95%) applies mainly to some dairy products; the highest *ad valorem* equivalent (AVE) (532.3%) applies to some worn textile articles.

**Table 3.3 Product items with more than 50% tariff rates**

Tariff line	Product description	Duty rate (%)
02071290	Meat and edible offal, of poultry, not cut in pieces, frozen	82
02071491	Whole bird cut in half	62
02071493	Leg quarters	62
02071495	Wings	62
02071496	Breasts	62
02071497	Thighs	62
02071498	Drumsticks	62
02071499	Other	62
04069011	Cheddar	500 cents/kg with a maximum of 95%
04069021	Gouda	500 cents/kg with a maximum of 95%
20082000	Pineapples, prepared or preserved	55
63090013	Worn clothing and other worn articles: worn overcoats, car-coats, raincoats, anoraks, ski-jackets, duffle coats, mantles, three-quarter coats, greatcoats, hooded caps, trench coats, gabardines, padded waistcoats and parkas	60% or 2,500 cents/kg <sup>a</sup>
63090017	Other worn clothing	60% or 2,500 cents/kg <sup>b</sup>

a The corresponding AVE is estimated at 191.2%.

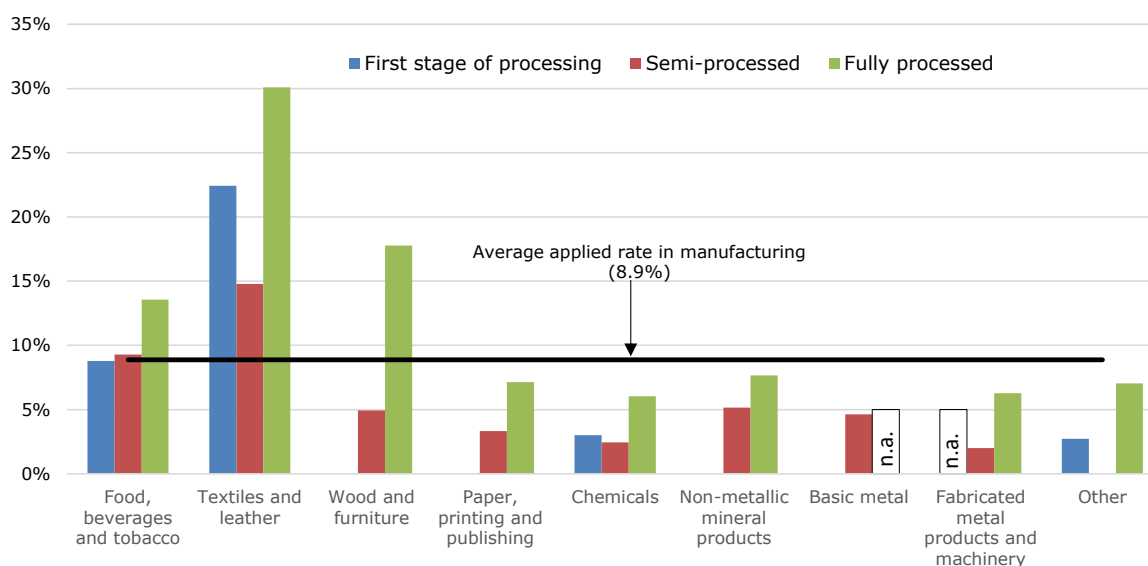
b The corresponding AVE is estimated at 532.2%.

Source: WTO Secretariat calculations based on tariff information from South African Revenue Service (SARS).

3.18. The ISIC sector with the highest tariff protection is manufacturing (8.9%, up from 8.7% in 2015), followed by agriculture (3.7%, slightly up from 3.5% in 2015), and mining and quarrying (0.1%, same as in 2015) (Table A3.1). Agriculture (WTO definition) has the highest average tariff protection at 10.1% (9.6% in 2015), against 8.2% (8.0% in 2015) for non-agricultural products.

3.19. In 2023, aggregate tariff figures display positive escalation throughout the stages of production from raw materials, with an average tariff rate of 4.9%, to semi-finished products (5.6%), to fully processed products on which tariffs average 10.7% (Table A3.1). Further disaggregation of the tariff at ISIC (Revision 2) 2-digit level shows positive escalation mainly in industries such as food, beverages, and tobacco; paper, printing, and publishing; non-metallic mineral products; and metal products. All the other industries show mixed escalation (Table A3.1 and Chart 3.1).

**Chart 3.1 Tariff escalation by 2-digit ISIC industry, 2023**



n.a. Not applicable.

Source: WTO Secretariat calculations based on tariff information from SARS.

### 3.3.2 Bindings

3.20. Tariff bindings by SACU members remain the same as at the time of the previous Review in 2015. Lesotho has bound 100% of its tariff lines, while other SACU members bind more than 90% (Table 3.2). As all tariff bindings are *ad valorem*, the imposition of non-*ad valorem* duties does not ensure compliance by SACU members with their binding commitments since fluctuations of import prices may result in higher applied rates than the corresponding bound levels (Table 3.4). Tariff quotas were included in the commitments made by South Africa and apply to imports of selected agricultural products (Annex 5).

3.21. Lesotho bound other duties and charges (ODCs) on all tariff lines at zero; Botswana, Eswatini, Namibia, and South Africa bound them for all tariff lines at zero, with the exception of 50 tariff lines (at the HS 8-digit level) that have higher bound rates.

**Table 3.4 Tariff lines where the applied MFN rates might be higher than their bound levels, 2023**

Tariff code	Product description	SACU applied MFN rates		Bound rates (%)
		As reported	AVEs <sup>a</sup> (%)	
<b>Botswana, Eswatini, Namibia, and South Africa</b>				
04069011/ 04069021 <sup>b</sup>	Cheddar	500 cents/kg with a maximum of 95%	95 <sup>c</sup>	20
12119020	Other, basil, borage, hyssop, mint, rosemary, rue and sage, neither ground nor crushed	0.45 cents/kg	0.01	0
12119030	Other, basil, borage, hyssop, mint, rosemary, rue and sage, ground or crushed	4 cents/kg	0.1	0
16010090	Sausages and similar products, of meat, meat offal, blood or insects (other than paté de foie gras and foie gras, containing insects, mortadella bologna)	40% or 240 cents/kg	40.0	37/60 <sup>d</sup>
19059010	Gluten bread	3.6 cents/kg with a maximum of 25%	0.1	0
20060040	Sweet corn ( <i>Zea mays</i> var. <i>saccharata</i> )	30% or 7.25 cents/kg	30	22
22021010	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured: in sealed containers holding 2.5 li or less	4.36 cents/L	0.3	0
22021090	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured: in sealed containers holding more than 2.5 litres	3.3 cents/L	0.4	0
73181526	Socket screws	30.0%		15
73202010	Helical springs: With a wire diameter of more than 1.32 mm but not exceeding 2.43 mm	30.0%		15/30 <sup>e</sup>
84212330	Oil or petrol-filters for internal combustion engines: suitable for use with motor vehicle engines (including motorcycle engines)	16.0%		15/30 <sup>f</sup>
84502010	Machines, each of a dry linen capacity exceeding 10 kg: not fully automatic, with built-in centrifugal drier	30.0%		0
85285290	Other monitors, capable of directly connecting to and designed for use with an automatic data processing machine	25.0%		0/30 <sup>g</sup>

Tariff code	Product description	SACU applied MFN rates		Bound rates (%)
		As reported	AVEs <sup>a</sup> (%)	
<b>Lesotho</b>				
63090013	Worn overcoats, car-coats, raincoats, anoraks, ski-jackets, duffle coats, mantles, three-quarter coats, greatcoats, hooded caps, trench coats, gabardines, padded waistcoats and parkas	60% or 2,500 cents/kg	191.2	60
63090017	Other worn clothing	60% or 2,500 cents/kg	532.2	60

- a AVEs were estimated based on 2022 South African import data at the HS 8-digit level.
- b This only applies to Botswana. The bound rate applied by Eswatini, Namibia, and South Africa is 95%.
- c The *ad valorem* part is used for mixed duty rates if no AVEs could be estimated.
- d Tariffs are bound at 37% on other sausages and similar products of meat (other than paté de foie gras and foie gras). The applied tariff on these products is higher than the corresponding bound level.
- e Tariffs are bound at 15% on locomotives, railway rolling-stock, motor cycles, furniture, upholstery, mattresses, and stationary engines or factory machinery, except other vehicles. The applied tariff on these products is higher than the corresponding bound level.
- f Tariffs are bound at 15% on oil or petrol-filters suitable for use with motorcycle engines. The applied tariff on these products is higher than the corresponding bound level.
- g Tariffs are bound at zero on a kind solely or principally used in an automatic data processing system. The applied tariff on these products is higher than the corresponding bound level.

Source: WTO Secretariat calculations based on tariff information from SARS; and WTO, CTS database.

### 3.3.3 Tariff preferences

3.22. Preferential tariffs apply under RTAs concluded by SACU, and by individual SACU members (Table A3.2). The simple average tariff rate on imports from SADC countries is the lowest (0.1%), with 99.8% of tariff lines duty free. This is followed by the RTAs with the European Union and the United Kingdom (average tariff rate of 2.4%, with 86.2% of tariff lines duty free), and with EFTA States (average rate of 3.5%, with 77.4% tariff lines duty free).

3.23. Under the SADC Protocol on Trade, all SACU members grant duty-free access to imports from the other members. When goods imported from countries with which SACU members individually maintain preferential agreements are exported to another SACU member (not party to the agreement), the normal import duty is charged.

3.24. Preferential tariff quotas, all on agricultural products, are maintained under:

- The EPA between the European Union and its member States and the SADC EPA States, and cover 17 tariff lines;
- The FTA between EFTA States and SACU, and cover 5 lines on some meat and cheese;
- The Preferential Trade Agreement between Mercosur and SACU, and cover 4 lines for products originating from Paraguay and 2 originating from Uruguay; and
- The SACU-Mozambique-United Kingdom EPA, and cover 16 lines.

3.25. Information on tariff quota allocation is contained in the Schedule 1 to the Customs and Excise Act, 1964 (Tariff Book).<sup>58</sup> The allocation system under preferential agreements is different from that under the MFN regime, and the allocation systems for preferential tariff quotas are agreement-specific. This makes the regime quite complicated. For instance, Annex II, Section B, paragraph 9 of the Agreements with the EU and the UK respectively provide for administration of the related tariff quotas.

<sup>58</sup> SARS online information, *Schedules to the Customs and Excise Act, 1964*. Viewed at: <https://www.sars.gov.za/legal-counsel/primary-legislation/schedules-to-the-customs-and-excise-act-1964/>.

### 3.3.4 Excise duties

3.26. The regimes on excise duties (including the rates and products covered) are harmonized within SACU. They may be specific or *ad valorem*, and are applied at the same rate on imported and domestically produced goods. Specific duties apply to prepared foodstuffs, alcoholic beverages and spirits, tobacco products, petroleum products, and products of the chemical or allied industries. *Ad valorem* duties are levied on perfumes and certain electronic apparatuses (Table A3.3). Formula excise duties remain in place for motor vehicles and their components.

3.27. During the review period, excise duties on most items were increased. The products subject to excise duties remain more or less the same, except that food preparations (HS tariff line 2106), products containing tobacco (2404), mixtures containing halogenated derivatives of methane/ethane/propane (3827), automated data processing machines and units thereof (8471), and articles for funfair, table, or parlour games (9504) were added to the list.

### 3.3.5 VAT

3.28. Value added tax (VAT) is not harmonized within SACU, and each SACU member sets its own VAT (country Annexes). The VAT bases and rates differ from one member to another (country Annexes).

### 3.3.6 Duty and tax concessions and exemptions

3.29. According to Articles 20 and 21 of the SACU Agreement, SACU members are required to apply identical rebates, refunds<sup>59</sup>, or drawbacks<sup>60</sup> of customs duties and excise duties on imported goods.<sup>61</sup> In practice, these rebates, refunds, and drawbacks are specified in Schedule Nos. 3 to 6 of South Africa's Customs and Excise Act.<sup>62</sup> In particular, Schedules No. 3, No. 4, and No. 6 list goods that qualify for rebates, while Schedule No. 5 lists goods that qualify for drawback (Table 3.5). The majority of goods are fully rebated, while a few are partially rebated.

**Table 3.5 Rebates, refunds, and drawbacks**

Schedule	Description
<b>Rebates and refunds</b>	
Schedule 3	Industrial rebates of all customs duties, excise duties, and levies with the exception of VAT. They are granted to businesses registered with customs authorities for their imported raw materials from outside SACU region.
Part 1	Goods used in the manufacture for home use.
Part 2	Goods used in the manufacture for export.
Schedule 4	General rebates of all customs duties, excise duties, and levies, including VAT. They cover manufacturing industries, and are granted to businesses registered with customs authorities for their imported raw materials that cannot be obtained within the region. Once these raw materials become available locally, the rebate ceases. Under Item No. 470.03, specific rebates are granted to imported raw materials used in the manufacture for export. Gautrain Rapid Rail Link project is also listed here.
Schedule 6	Rebates and refunds of excise duties on excisable products. They are granted to registered importers of excisable products to manufacture other excisable products, and to licensed warehouses for manufacture purposes. The goods must be subsequently exported.

<sup>59</sup> A rebate is a full remission or partial reduction of import duties, subject to the importer's compliance to specific conditions set out in the Act, at the time of import. Refunds are paid in respect of duty or levy overpaid, or where goods are exported in the same condition as they are imported. SARS (2021), *Customs External Policy: Refunds and Drawbacks*. Viewed at: <https://www.sars.gov.za/wp-content/uploads/Ops/Policies/SC-DT-C-13-Refunds-and-Drawbacks-External-Policy.pdf>.

<sup>60</sup> Drawbacks are paid in respect of specified materials used in the manufacture, processing, and packing of goods that are subsequently exported. SARS (2021), *Customs External Policy: Refunds and Drawbacks*.

<sup>61</sup> SACU Agreement, as amended on 12 April 2013. Viewed at: <https://www.sacu.int/docs/agreements/2017/SACU-Agreement.pdf>.

<sup>62</sup> SARS, *Schedules to the Customs and Excise Act, 1964*. Viewed at: <https://www.sars.gov.za/legal-counsel/primary-legislation/schedules-to-the-customs-and-excise-act-1964/>.



Schedule	Description
<b>Drawbacks and refunds</b>	
Schedule 5	Specific drawbacks and refunds of customs duties and levies. They are granted on imported raw materials used in the manufacture for exports.

Source: SARS, *Schedules to the Customs and Excise Act, 1964*. Viewed at: <https://www.sars.gov.za/legal-counsel/primary-legislation/schedules-to-the-customs-and-excise-act-1964/>.

3.30. In addition, there are some country-specific rebate programmes, such as the one for the Gautrain Rapid Rail Link project only used by South Africa.

### 3.3.7 Contingency trade remedies

3.31. There have been no significant changes to the legal and institutional framework on contingency trade remedies in SACU.<sup>63</sup> SACU members apply anti-dumping, countervailing, or safeguard measures imposed by South Africa upon recommendation by ITAC and approval by the South African Minister of Trade and Industry. The Trade Remedies Unit of ITAC investigates applications for anti-dumping, countervailing, and safeguard actions.

3.32. Relevant legislation includes South Africa's International Trade Administration Act, No. 71 of 2002; the Customs and Excise Act, No. 91 of 1964, as amended; the Anti-Dumping Regulations of 14 November 2003; the Countervailing Regulations of 30 March 2005; and the International Trade Administration Commission Safeguard Regulations of 8 July 2005. At the regional level, there have been no changes to the contingency trade remedies legislative or institutional framework since 2014.

#### 3.3.7.1 Anti-dumping and countervailing measures

3.33. The procedures on anti-dumping and countervailing investigations remain the same as at the time of the previous Review.<sup>64</sup>

3.34. Between 2014 and 2022, South Africa initiated 25 anti-dumping investigations, including 13 in 2021.<sup>65</sup> It notified to the WTO that, as of 31 December 2022, 40 anti-dumping measures in the form of duties were in force on 19 types of products, including some types of glass products (unframed glass mirrors, float and flat glass, and clear float glass), wire ropes, stainless steel sinks, PET, PVC rigid, pasta, and frozen bone-in chicken portions.<sup>66</sup> Three of these measures were extensions of existing measures beyond their sunset period. The anti-dumping actions mostly affected products originating in China (9) and India (3).

3.35. During the review period, South Africa terminated its anti-dumping measures on:

- Ropes and cables from China, Germany, the Republic of Korea, and the United Kingdom, in April 2014;
- Tall oil fatty acid from Sweden, in December 2014;
- Welded link steel chain from China, in May 2015;
- Staple polyester fibre from China, in July 2015;
- Blankets from China and Türkiye, in April 2016;
- Bolts and nuts of iron or steel from China, in August 2016;
- Paper-insulated lead-covered electric cable from India, in September 2016;
- Solar glass from Indonesia, in October 2017;
- Fully threaded screws with hexagon heads from China, in May 2018; and

<sup>63</sup> WTO documents WT/TPR/S/324/Rev.1, 5 February 2016.

<sup>64</sup> WTO documents WT/TPR/S/324/Rev.1, 5 February 2016; and WT/TPR/S/222/Rev.1, 14 December 2009.

<sup>65</sup> WTO, *Anti-dumping: Anti-dumping Initiations: by Reporting Member*. Viewed at: [https://www.wto.org/english/tratop\\_e/adp\\_e/adp\\_e.htm](https://www.wto.org/english/tratop_e/adp_e/adp_e.htm).

<sup>66</sup> WTO document G/ADP/N/377/ZAF, 14 April 2023.

- Frozen potato chips from Belgium and the Netherlands, in July 2021.<sup>67</sup>

3.36. During the review period (from 2014 to December 2022), SACU members notified to the WTO Committee on Subsidies and Countervailing Measures that they have not taken any countervailing duty actions.<sup>68</sup> Rather, the countervailing measures on the imports of ropes and cables of iron or steel, not electrically insulated, of a diameter exceeding 8 mm, and standard wire of iron or steel not electrically insulated of a diameter exceeding 8 mm, from India, were terminated on 14 April 2014, at the request of the applicant.<sup>69</sup>

### 3.3.7.2 Safeguard measures

3.37. The procedures on the investigation and application of safeguard measures remain the same as at the time of the previous Review.<sup>70</sup> During the review period, South Africa submitted notifications to the WTO regarding the safeguard investigations initiated, provisional and final measures adopted, measures extended, and investigations terminated (Table A3.4).

3.38. In September 2018, SACU adopted a bilateral safeguard measure on frozen chicken cuts from the European Union in the form of increased import duties. This safeguard measure expired in March 2022.<sup>71</sup> This measure had also been applied under the SACUM-UK agreement<sup>72</sup>, and was also terminated.

3.39. Botswana, Eswatini, Namibia, and South Africa have reserved the right to take special safeguard (SSG) actions under Article 5 of the WTO Agreement on Agriculture. South Africa notified to the WTO that it did not invoke this Article during the review period.<sup>73</sup>

<sup>67</sup> WTO documents G/ADP/N/259/ZAF, 27 August 2014; G/ADP/N/265/ZAF, 17 February 2015; G/ADP/N/280/ZAF, 25 January 2016; G/ADP/N/286/ZAF, 7 September 2016; G/ADP/N/294/ZAF, 13 March 2017; G/ADP/N/308/ZAF, 14 February 2018; G/ADP/N/314/ZAF, 26 July 2018; and G/ADP/N/364/ZAF, 9 May 2022.

<sup>68</sup> WTO documents G/SCM/N/274/ZAF, 27 August 2014; G/SCM/N/281/Add.1, 24 April 2015; G/SCM/N/289/Add.1, 22 October 2015; G/SCM/N/298/Add.1, 22 April 2016; G/SCM/N/305/Add.1, 21 October 2016; G/SCM/N/313/Add.1, 21 April 2017; G/SCM/N/321/Add.1, 23 October 2017; G/SCM/N/328/Add.1, 20 April 2018; G/SCM/N/334/Add.1, 19 October 2018; G/SCM/N/342/Add.1, 24 April 2019; G/SCM/N/349/Add.1, 15 November 2019; G/SCM/N/356/Add.1, 04 May 2020; G/SCM/N/363/Add.1, 14 October 2020; G/SCM/N/371/Add.1, 15 April 2021; G/SCM/N/392/Add.1, 13 October 2022; and G/SCM/N/399/Add.1, 20 April 2023.

<sup>69</sup> WTO document G/SCM/N/274/ZAF, 27 August 2014.

<sup>70</sup> WTO document WT/TPR/S/324/Rev.1, 5 February 2016.

<sup>71</sup> European Commission (2022), "Panel Rules in Favour of EU on Southern African Customs Union's Safeguard on EU Poultry Cuts", 3 August. Viewed at: [https://policy.trade.ec.europa.eu/news/panel-rules-favour-eu-southern-african-customs-unions-safeguard-eu-poultry-cuts-2022-08-03\\_en](https://policy.trade.ec.europa.eu/news/panel-rules-favour-eu-southern-african-customs-unions-safeguard-eu-poultry-cuts-2022-08-03_en).

<sup>72</sup> UK Government, *Guidance: Trade with Southern African Customs Union Member States and Mozambique (SACUM)*. Viewed at: <https://www.gov.uk/guidance/summary-of-the-sacum-uk-economic-partnership-agreement-epa>.

<sup>73</sup> WTO documents G/AG/N/ZAF/84, 7 September 2015; and G/AG/N/ZAF/97-101, 10 May 2021.

## 4 APPENDIX TABLES

Table A1.1 Extra-SACU merchandise exports by destination, 2014-21

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total exports (USD billion)</b>	<b>92.6</b>	<b>77.9</b>	<b>75.3</b>	<b>86.8</b>	<b>93.4</b>	<b>88.0</b>	<b>84.4</b>	<b>121.3</b>
	(% of total)							
<b>Americas</b>	<b>11.1</b>	<b>11.3</b>	<b>10.7</b>	<b>10.1</b>	<b>9.4</b>	<b>9.4</b>	<b>10.5</b>	<b>12.5</b>
United States	7.8	8.5	8.1	8.3	7.5	7.7	8.9	11.1
Other America	3.3	2.8	2.6	1.8	1.9	1.7	1.6	1.4
<b>Europe</b>	<b>27.1</b>	<b>28.7</b>	<b>29.1</b>	<b>27.4</b>	<b>29.0</b>	<b>29.4</b>	<b>28.5</b>	<b>29.4</b>
EU-27	19.2	20.1	21.3	20.9	21.5	22.2	21.6	21.3
Germany	4.7	6.5	7.2	6.8	7.2	8.2	7.7	7.8
Belgium	5.3	4.9	5.1	4.6	4.7	4.8	4.5	4.7
Netherlands	3.4	2.7	2.7	3.3	3.5	3.5	4.1	3.6
Spain	1.4	1.5	1.5	1.7	1.8	1.6	1.4	1.4
Italy	1.4	1.6	1.7	1.5	1.3	1.0	0.9	1.0
France	1.1	1.1	1.2	1.2	1.2	1.0	0.7	0.8
EFTA	3.1	3.4	2.6	1.6	1.5	1.3	1.3	0.9
Switzerland	2.7	2.9	2.3	1.4	1.3	1.1	1.0	0.7
Other Europe	4.7	5.2	5.1	4.8	6.0	5.8	5.7	7.3
United Kingdom	3.9	4.4	4.5	4.1	5.3	5.4	5.1	6.8
<b>Commonwealth of Independent States (CIS)<sup>a</sup></b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>
<b>Africa</b>	<b>18.3</b>	<b>18.0</b>	<b>17.2</b>	<b>16.3</b>	<b>16.7</b>	<b>16.8</b>	<b>15.1</b>	<b>13.6</b>
Mozambique	3.4	3.1	3.2	3.4	3.5	4.3	3.8	3.7
Zimbabwe	2.7	2.7	2.8	2.5	2.6	2.3	2.7	2.5
Zambia	3.2	3.3	3.3	2.9	2.9	2.7	2.4	2.2
Democratic Republic of the Congo	1.5	1.5	1.2	1.2	1.6	1.4	1.1	1.1
<b>Middle East</b>	<b>4.4</b>	<b>4.2</b>	<b>5.0</b>	<b>5.5</b>	<b>5.2</b>	<b>4.8</b>	<b>4.4</b>	<b>4.9</b>
United Arab Emirates	2.0	2.0	3.0	3.5	3.3	3.2	3.1	3.6
<b>Asia</b>	<b>30.6</b>	<b>29.6</b>	<b>30.3</b>	<b>33.0</b>	<b>32.2</b>	<b>32.6</b>	<b>31.7</b>	<b>32.7</b>
China	9.8	9.8	9.4	10.3	9.7	11.6	12.4	11.8
Japan	5.3	5.2	4.6	4.8	4.8	4.9	4.5	6.8
Other Asia	15.6	14.7	16.3	17.9	17.7	16.0	14.7	14.0
India	5.3	5.1	5.8	6.1	6.2	5.9	4.9	4.5
Hong Kong, China	2.3	2.4	2.6	2.2	2.0	2.0	2.0	2.3
Korea, Republic of	2.0	1.4	1.8	2.3	2.0	1.7	1.7	1.8
Pakistan	0.4	0.4	0.5	1.0	1.0	1.0	0.9	1.0
Singapore	1.4	1.0	1.2	1.2	1.1	1.0	1.0	0.8
Australia	0.9	1.1	1.0	1.1	1.0	0.9	0.9	0.7
<b>Other</b>	<b>8.1</b>	<b>7.7</b>	<b>7.2</b>	<b>7.2</b>	<b>7.0</b>	<b>6.5</b>	<b>9.4</b>	<b>6.6</b>
Memo:								
EU-28	23.2	24.5	25.8	25.0	26.8	27.6	26.7	28.1

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on UN Comtrade database and data provided by the authorities.

**Table A1.2 Extra SACU merchandise imports by origin, 2014-21**

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total imports (USD billion)</b>	<b>103.2</b>	<b>87.9</b>	<b>77.0</b>	<b>84.9</b>	<b>94.9</b>	<b>90.3</b>	<b>71.8</b>	<b>97.3</b>
	(% of total)							
<b>Americas</b>	<b>11.4</b>	<b>11.9</b>	<b>12.4</b>	<b>11.5</b>	<b>10.5</b>	<b>10.9</b>	<b>10.6</b>	<b>10.9</b>
United States	6.8	7.1	6.8	6.8	6.1	6.8	6.5	7.0
Other America	4.6	4.9	5.6	4.7	4.4	4.1	4.0	3.9
Brazil	1.3	1.6	1.8	1.9	1.6	1.3	1.5	1.4
<b>Europe</b>	<b>30.2</b>	<b>32.0</b>	<b>33.9</b>	<b>33.5</b>	<b>31.0</b>	<b>32.7</b>	<b>32.3</b>	<b>30.4</b>
EU-27	25.0	26.8	28.6	28.5	25.9	27.2	27.1	25.8
Germany	10.0	11.2	11.8	11.4	9.8	9.8	8.9	7.9
Italy	2.7	2.7	2.6	2.7	2.8	2.6	2.5	2.7
Belgium	1.4	1.4	1.3	1.2	1.3	1.3	2.0	2.7
France	2.2	2.3	3.0	2.5	2.3	2.5	2.4	2.2
Netherlands	1.5	1.5	1.7	1.5	1.3	1.3	1.4	1.7
Spain	1.7	1.7	1.8	1.9	1.6	1.9	2.2	1.7
EFTA	1.1	1.2	1.5	1.1	1.1	1.2	1.7	1.4
Switzerland	0.9	1.1	1.0	1.0	0.9	1.0	1.6	1.3
Other Europe	4.1	4.1	3.8	4.0	4.0	4.3	3.5	3.2
United Kingdom	3.3	3.2	3.0	3.1	3.2	3.4	2.5	2.1
<b>Commonwealth of Independent States (CIS)<sup>a</sup></b>	<b>0.5</b>	<b>0.7</b>	<b>0.4</b>	<b>0.5</b>	<b>0.7</b>	<b>0.8</b>	<b>1.0</b>	<b>0.9</b>
<b>Africa</b>	<b>10.7</b>	<b>8.3</b>	<b>7.6</b>	<b>6.7</b>	<b>9.0</b>	<b>8.2</b>	<b>6.5</b>	<b>5.9</b>
Nigeria	5.0	3.4	2.7	2.0	4.0	4.0	3.0	2.3
<b>Middle East</b>	<b>10.4</b>	<b>6.6</b>	<b>7.0</b>	<b>8.2</b>	<b>9.8</b>	<b>8.6</b>	<b>7.7</b>	<b>9.9</b>
Saudi Arabia, Kingdom of	6.9	3.1	3.7	4.6	5.7	4.1	3.8	4.3
United Arab Emirates	1.4	1.3	1.5	1.6	1.7	2.5	2.2	2.4
Oman	0.5	0.5	0.5	0.7	1.2	1.1	1.0	2.1
<b>Asia</b>	<b>36.3</b>	<b>40.0</b>	<b>38.1</b>	<b>38.9</b>	<b>37.8</b>	<b>38.1</b>	<b>40.5</b>	<b>41.0</b>
China	15.5	18.7	18.3	18.9	18.8	18.7	20.9	20.8
Japan	3.8	3.7	3.5	3.5	3.2	3.3	2.9	2.9
Other Asia	17.1	17.7	16.3	16.5	15.9	16.1	16.8	17.3
India	4.5	5.0	4.4	4.9	4.4	5.2	5.4	6.0
Thailand	2.3	2.4	2.8	2.9	3.1	3.0	3.0	3.1
Australia	1.1	1.1	1.0	1.2	1.4	1.2	1.1	1.2
Korea, Republic of	2.0	1.5	1.4	1.2	1.1	1.0	1.0	1.2
Viet Nam	1.0	1.5	1.6	1.2	1.0	1.1	1.2	1.1
Malaysia	1.0	1.0	1.0	1.0	1.1	1.0	1.1	1.1
Indonesia	0.8	0.8	0.9	0.9	0.8	0.8	0.9	1.0
<b>Other</b>	<b>0.6</b>	<b>0.5</b>	<b>0.6</b>	<b>0.8</b>	<b>1.2</b>	<b>0.8</b>	<b>1.4</b>	<b>1.0</b>
Memo:								
EU-28	28.3	30.0	31.6	31.5	29.1	30.6	29.6	27.9

a Commonwealth of Independent States, including certain associate and former member States.

Source: WTO Secretariat calculations, based on UN Comtrade database and data provided by the authorities.

**Table A1.3 Extra SACU merchandise exports by HS section/chapter/subheading, 2014-21**

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total exports (USD billion)</b>	<b>92.6</b>	<b>77.9</b>	<b>75.3</b>	<b>86.8</b>	<b>93.4</b>	<b>88.0</b>	<b>84.4</b>	<b>121.3</b>
	(% of total)							
1-Live animals and products	1.7	1.8	2.0	1.7	1.7	1.7	1.7	1.4
2-Vegetable products	4.2	4.6	4.8	5.0	5.0	4.9	6.0	4.9
HS 08 Edible fruit and nuts; peel of citrus fruit or melons	3.0	3.7	3.8	3.9	3.9	3.9	4.5	3.6
3-Fats and oils	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2
4-Prepared food, beverages and tobacco	3.6	3.7	3.5	3.2	3.3	3.4	3.3	2.5
5-Mineral products	22.3	19.8	20.0	24.8	23.0	24.3	23.3	23.5
HS 26 Ores, slag and ash	13.7	11.3	11.3	13.7	13.3	15.8	16.0	15.6
HS 2601 Iron ores and concentrates	7.5	5.3	4.8	5.5	4.6	6.6	7.2	8.1
HS 2602 Manganese ores and concentrates	1.8	1.5	1.9	2.9	3.8	3.6	2.9	2.3
HS 27 Mineral fuels	8.2	8.1	8.3	10.7	9.1	8.0	6.9	7.5
6-Chemicals and products thereof	5.6	6.1	5.6	5.7	5.7	5.8	6.1	5.9
7-Plastics and rubber	1.8	1.6	1.6	1.6	1.7	1.7	1.6	1.3
8-Raw hides and skins; leather, fur skins and articles thereof	0.5	0.5	0.4	0.4	0.3	0.2	0.2	0.2
9-Wood, cork, straw	0.4	0.5	0.5	0.5	0.5	0.5	0.4	0.4
10-Pulp of wood; paper and paperboard	1.5	1.8	1.8	1.7	1.6	1.2	1.5	1.1
11-Textiles and textile articles	1.1	1.2	1.3	1.3	1.4	1.2	1.1	1.0
12-Footwear, headgear, etc.	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
13-Articles of stone, plaster, cement	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.3
14-Precious stones and metals	23.8	22.8	24.1	22.1	23.5	22.6	27.5	32.9
HS 71 Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coins	23.8	22.8	24.1	22.1	23.5	22.6	27.5	32.9
HS 7110 Platinum, unwrought or in semi-manufactured forms, or in powder form	7.0	8.7	8.0	7.6	8.4	9.4	12.7	19.1
15-Base metals and articles thereof	13.1	13.0	11.9	11.7	12.1	11.1	9.2	9.2
HS 72 Iron and steel	7.5	6.9	6.8	6.7	6.5	5.9	4.6	5.0
16-Machinery, electrical equipment	8.2	8.3	7.6	6.7	6.7	6.7	6.4	5.7
HS 84 Machinery and mechanical appliances; parts thereof	6.2	6.2	5.8	5.2	5.3	5.3	5.1	4.7
17-Transport equipment	9.9	11.7	12.0	11.1	11.4	12.8	9.9	8.7
HS 87 Vehicles	8.1	10.4	10.9	10.2	10.7	12.0	9.2	8.1
18-Precision equipment	0.6	0.7	0.7	0.5	0.5	0.5	0.5	0.4
19-Arms and ammunition	0.2	0.4	0.4	0.3	0.3	0.1	0.0	0.1
20-Miscellaneous manufactured articles	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.2
21-Works of art, etc.	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other	0.1	0.3	0.3	0.5	0.3	0.2	0.3	0.1

Source: WTO Secretariat calculations, based on UN Comtrade database and data provided by the authorities.

**Table A1.4 Extra SACU merchandise imports by HS section/chapter/subheading, 2014-21**

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total imports (USD billion)</b>	<b>103.2</b>	<b>87.9</b>	<b>77.0</b>	<b>84.9</b>	<b>94.9</b>	<b>90.3</b>	<b>71.8</b>	<b>97.3</b>
	(% of total)							
1-Live animals and products	0.9	1.1	1.2	1.4	1.4	1.3	1.4	1.3
2-Vegetable products	1.8	2.2	3.0	2.1	1.9	2.0	2.7	2.0
3-Fats and oils	0.7	0.7	0.9	0.9	0.7	0.7	1.0	0.9
4-Prepared food, beverages and tobacco	2.3	2.5	2.7	2.9	2.7	2.7	2.8	2.6
5-Mineral products	23.5	16.6	14.9	16.3	19.7	18.2	15.2	17.6
HS 27 Mineral fuels	22.8	15.7	14.1	15.2	18.8	17.3	14.1	16.7
HS 2710 Petroleum oils and oils obtained from bituminous minerals, other than crude	6.0	5.8	4.3	5.9	5.6	5.8	5.7	9.5
HS 2709 Petroleum oils and oils obtained from bituminous minerals, crude	15.7	8.8	8.5	7.6	11.5	9.9	7.1	5.5
6-Chemicals and products thereof	8.8	9.9	10.1	10.5	10.5	10.2	12.6	12.1
HS 30 Pharmaceutical products	2.1	2.6	2.8	2.9	2.8	2.9	3.7	3.4
7-Plastics and rubber	3.8	4.1	4.4	4.4	4.5	4.3	4.4	4.6
HS 39 Plastics and articles thereof	2.5	2.8	3.0	3.0	3.0	2.8	2.9	3.1
8-Raw hides and skins; leather, fur skins and articles thereof	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2
9-Wood, cork, straw	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3
10-Pulp of wood; paper and paperboard	1.4	1.5	1.6	1.8	2.5	2.7	2.9	2.7
11-Textiles and textile articles	3.0	3.6	3.7	3.5	3.5	3.5	4.3	3.5
12-Footwear, headgear, etc.	1.0	1.2	1.3	1.2	1.1	1.1	1.1	1.0
13-Articles of stone, plaster, cement	1.0	1.2	1.2	1.1	1.2	1.2	1.1	1.1
14-Precious stones and metals	2.3	1.6	1.6	1.9	2.0	2.1	2.6	3.3
15-Base metals and articles thereof	4.7	5.9	5.3	5.2	4.8	5.0	5.1	6.1
16-Machinery, electrical equipment	22.9	24.8	24.4	23.3	21.7	22.3	23.1	21.1
HS 84 Machinery and mechanical appliances; parts thereof	13.4	13.8	13.7	13.2	12.5	12.7	13.1	12.0
17-Transport equipment	10.5	10.8	10.0	10.1	8.8	9.3	7.5	7.6
HS 87 Vehicles	8.2	8.4	7.7	8.4	7.6	8.0	6.7	6.9
18-Precision equipment	2.4	2.7	2.9	2.7	2.6	2.7	3.0	2.5
19-Arms and ammunition	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
20-Miscellaneous manufactured articles	1.6	1.8	1.8	1.7	1.7	1.7	1.5	1.5
21-Works of art, etc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	6.3	7.1	7.9	8.0	7.8	8.2	7.1	7.7

Source: WTO Secretariat calculations, based on UN Comtrade database and data provided by the authorities.

**Table A3.1 SACU applied MFN tariff summary, 2023**

	Number of lines	Simple average (%)	Tariff range (%)	Share of duty-free lines (%)	Share of non-ad valorem lines (%)	CoV <sup>a</sup>
Total	8,420	8.5	0-532.3	53.8	3.6	1.5
HS 01-24	1,516	9.8	0-95	41.4	17.0	1.3
HS 25-97	6,904	8.2	0-532.3	56.5	0.7	1.6
By WTO category						
WTO agricultural products	1,219	10.1	0-95	39.2	14.6	1.3
Animals and products thereof	155	17.0	0-82	50.3	36.8	1.2
Dairy products	42	9.7	0-95	31.0	69.0	2.1
Fruit, vegetables, and plants	342	9.4	0-55	31.9	8.8	1.0
Coffee and tea	35	8.2	0-25	42.9	20.0	1.2
Cereals and preparations	164	8.0	0-40	38.4	12.2	1.2
Oils seeds, fats, oil and their products	132	7.9	0-20	18.2	0.0	0.5
Sugars and confectionery	19	7.5	0-37	63.2	26.3	1.5
Beverages, spirits and tobacco	127	19.9	0-45	4.7	22.8	0.7
Cotton	7	4.8	0-15	57.1	14.3	1.4
Other agricultural products, n.e.s.	196	3.4	0-25	78.6	0.0	2.1
WTO non-agricultural products	7,201	8.2	0-532.3	56.3	1.8	1.6
Fish and fishery products	389	7.1	0-30	55.8	20.6	1.6
Minerals and metals	1,288	6.2	0-30	53.4	0.2	1.2
Chemicals and photographic supplies	1,621	2.7	0-30	78.8	0.2	2.1
Wood, pulp, paper and furniture	534	9.0	0-45	47.6	0.0	1.1
Textiles	786	16.6	0-532.3	21.5	0.5	1.3
Clothing	264	40.7	0-45	3.0	0.0	0.2
Leather, rubber, footwear and travel goods	272	14.3	0-43	34.9	9.9	0.9
Non-electric machinery	703	3.0	0-30	80.4	0.0	2.2
Electric machinery	466	5.9	0-25	57.7	0.0	1.3
Transport equipment	344	11.0	0-30	43.0	0.0	1.0
Non-agricultural products, n.e.s.	506	5.2	0-30	69.2	0.0	1.5
Petroleum	28	2.2	0-15	42.9	42.9	2.3
By ISIC sector						
ISIC 1 – Agriculture, hunting and fishing	494	3.7	0-44	69.4	3.2	1.9
ISIC 2 – Mining	103	0.1	0-10	99.0	0.0	10.1
ISIC 3 – Manufacturing	7,822	8.9	0-532.3	52.2	3.7	1.5
ISIC 4 – Electrical energy	1	0.0	0.0	100.0	0.0	0.0
By stage of processing						
First stage of processing	974	4.9	0-532.3	70.6	2.2	4.0
Semi-processed products	2,613	5.6	0-30	60.9	0.9	1.4
Fully processed products	4,833	10.7	0-95	46.6	5.4	1.2
By HS section						
01 Live animals and products	507	9.8	0-95	60.2	19.7	1.6
02 Vegetable products	452	6.7	0-35	45.6	4.9	1.2
03 Fats and oils	96	7.8	0-10	21.9	0.0	0.5
04 Prepared food, beverages and tobacco	461	13.3	0-55	20.6	29.3	1.0
05 Mineral products	188	1.4	0-20	82.4	7.4	3.1
06 Chemicals and products thereof	1,389	1.8	0-20	86.0	0.3	2.7
07 Plastics, rubber, and articles thereof	474	7.6	0-43	45.4	0.0	1.1
08 Raw hides and skins, leather, and its products	92	11.1	0-30	45.7	0.0	1.1
09 Wood and articles of wood	195	7.8	0-30	46.7	0.0	1.1
10 Pulp of wood, paper and paperboard	211	3.5	0-20	75.4	0.0	1.9
11 Textiles and textile articles	996	22.9	0-532.3	18.1	0.5	1.0
12 Footwear, headgear, etc.	105	22.7	0-30	15.2	25.7	0.5
13 Articles of stone, plaster, cement	233	7.7	0-30	39.1	0.0	0.9
14 Precious stones and metals, pearls	64	4.0	0-20	79.7	0.0	2.0
15 Base metals and articles thereof	837	7.4	0-30	44.9	0.0	1.1
16 Machinery, electrical equipment, etc.	1,177	4.0	0-30	72.2	0.0	1.8
17 Transport equipment	355	10.8	0-30	44.2	0.0	1.0
18 Precision equipment	220	0.9	0-20	94.1	0.0	4.0
19 Arms and ammunition	66	13.4	0-15	10.6	0.0	0.3
20 Miscellaneous manufactured articles	283	13.3	0-45	32.9	0.0	0.7
21 Works of art, etc.	19	0.0	0.0	100.0	0.0	0.0

a Coefficient of variation.

Note: Calculations of averages are based on the national 8-digit tariff-line level. Tariff schedule is based on HS22.

Source: WTO Secretariat calculations based on tariff information from SARS.

Table A3.2 Preferential tariff rates, 2023

	Simple average (%)						Share of duty-free lines (%)					
	Applied MFN	AfCFTA	EFTA	European Union and the United Kingdom	Mercosur <sup>a</sup>	SADC	Applied MFN	AfCFTA	EFTA	European Union and the United Kingdom	Mercosur <sup>a</sup>	SADC
<b>Total</b>	<b>8.5</b>	<b>7.7</b>	<b>3.5</b>	<b>2.4</b>	<b>8.2</b>	<b>0.1</b>	<b>53.8</b>	<b>54.2</b>	<b>77.4</b>	<b>86.2</b>	<b>54.5</b>	<b>99.8</b>
<b>By WTO category</b>												
<b>WTO agricultural products</b>	<b>10.1</b>	<b>9.2</b>	<b>8.2</b>	<b>2.0</b>	<b>9.8</b>	<b>0.1</b>	<b>39.2</b>	<b>39.2</b>	<b>51.3</b>	<b>91.8</b>	<b>41.2</b>	<b>99.6</b>
Animals and products thereof	17.0	16.8	16.7	10.9	17.0	0.0	50.3	50.3	51.6	65.8	50.3	100.0
Dairy products	9.7	8.9	9.5	8.9	9.7	0.0	31.0	31.0	33.3	40.5	31.0	100.0
Fruit, vegetables, and plants	9.4	8.6	8.2	0.0	9.1	0.0	31.9	31.9	39.2	100.0	36.0	100.0
Coffee and tea	8.2	6.7	4.4	0.0	8.2	0.0	42.9	42.9	71.4	100.0	45.7	100.0
Cereals and preparations	8.0	6.9	3.9	1.4	7.9	0.0	38.4	38.4	60.4	90.9	42.7	100.0
Oils seeds, fats, oil and their products	7.9	6.9	7.1	0.0	7.2	0.0	18.2	18.2	26.5	100.0	18.2	100.0
Sugars and confectionery	7.5	7.5	7.5	6.8	7.5	4.2	63.2	63.2	63.2	63.2	63.2	73.7
Beverages, spirits and tobacco	19.9	18.1	15.3	0.0	19.9	0.0	4.7	4.7	39.4	100.0	4.7	100.0
Cotton	4.8	3.8	4.8	0.0	4.8	0.0	57.1	57.1	57.1	100.0	57.1	100.0
Other agricultural products, n.e.s.	3.4	2.9	2.2	0.0	3.2	0.0	78.6	78.6	87.8	100.0	79.6	100.0
<b>WTO non-agricultural products</b>	<b>8.2</b>	<b>7.4</b>	<b>2.8</b>	<b>2.4</b>	<b>7.9</b>	<b>0.1</b>	<b>56.3</b>	<b>56.8</b>	<b>81.8</b>	<b>85.2</b>	<b>56.7</b>	<b>99.9</b>
Fish and fishery products	7.1	7.1	0.1	0.8	7.0	0.0	55.8	55.8	99.5	84.3	55.8	100.0
Minerals and metals	6.2	4.7	1.8	0.1	5.7	0.0	53.4	55.7	90.1	99.3	54.5	100.0
Chemicals and photographic supplies	2.7	2.3	0.0	0.0	2.6	0.0	78.8	79.0	99.7	99.7	79.6	100.0
Wood, pulp, paper and furniture	9.0	7.8	1.7	0.4	8.6	0.1	47.6	47.6	91.2	98.1	47.6	99.6
Textiles	16.6	15.9	6.9	8.7	16.5	0.9	21.5	21.5	37.3	38.0	21.5	99.4
Clothing	40.7	40.7	17.9	23.0	40.7	0.2	3.0	3.0	10.2	10.6	3.0	99.6
Leather, rubber, footwear and travel goods	14.3	13.4	6.1	5.8	14.3	0.0	34.9	34.9	66.2	68.4	34.9	100.0
Non-electric machinery	3.0	2.3	0.8	0.2	2.7	0.0	80.4	80.7	94.9	98.4	80.4	100.0
Electric machinery	5.9	4.7	1.1	0.0	5.2	0.0	57.7	57.7	92.7	99.6	58.2	100.0
Transport equipment	11.0	11.0	7.5	5.9	10.9	0.0	43.0	43.0	55.5	59.6	43.0	100.0
Non-agricultural products, n.e.s.	5.2	4.6	2.1	0.1	4.9	0.0	69.2	69.2	86.8	99.4	70.0	99.8
Petroleum	2.2	1.7	2.2	2.2	2.2	0.0	42.9	42.9	42.9	50.0	42.9	100.0

The AfCFTA has not been implemented yet. SACU's offer is under verification by the AfCFTA Secretariat.

- a Certain clothing items imported only from Paraguay and Uruguay are subject to preferential rates. These items refer to tariff codes 61032200, 61034210 (with a Mercosur rate of 36%, instead of the applied MFN rate of 40%), 61034220, 61034290, 61044200, and 61051000 (with a Mercosur rate of 40.5%, instead of the applied MFN rate of 45%). The MFN rates applied to these items are taken into account in the calculations.

Note: Calculations for averages are based on the national 8-digit tariff-line level. Tariff schedule is based on HS22.

Source: WTO Secretariat calculations based on tariff information from SARS.



Table A3.3 Excise duties, 2023

Tariff heading	Product description	Rates
<b>Specific excise duties</b>		
<b>Prepared foodstuffs</b>		
1901	Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing cocoa or containing less than 40% by mass of cocoa calculated on a totally defatted basis, not elsewhere specified or included; food preparations of goods of headings 04.01 to 04.04, not containing cocoa or containing less than 5% by mass of cocoa calculated on a totally defatted basis not elsewhere specified or included:	
	Preparations for making alcoholic beverages (excluding those of subheading 1901.90.20) as defined in Additional Note 2 to Chapter 19	ZAR 0.347/kg
	Traditional African beer powder as defined in Additional Note 1 to Chapter 19	ZAR 0.347/kg
<b>Beverages and spirits</b>		
2106	Food preparations not elsewhere specified or included:	
	Preparations for making alcoholic beverages as defined in Additional Note 1 to Chapter 21	ZAR 0.347/kg
2203	Beer made from malt:	
	Traditional African beer as defined in Additional Note 1 to Chapter 22	ZAR 0.0782/L
	Other	ZAR 121.41/L <sup>a</sup>
2204	Wine of fresh grapes, including fortified wines; grape must (excluding that of heading 20.09):	
	Sparkling wine	ZAR 16.52/L
	Unfortified wine	
	With an alcoholic strength of at least 4.5% by vol. but not exceeding 16.5% by vol.	ZAR 4.96/L
	Other	ZAR 245.15/L <sup>a</sup>
	Fortified wine	
	With an alcoholic strength of at least 15% by vol. but not exceeding 22% by vol.	ZAR 8.36/L
	Other	ZAR 245.15/L <sup>a</sup>
2205	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances:	
	Sparkling	ZAR 16.52/L
	Unfortified	
	With an alcoholic strength of at least 4.5% by vol. but not exceeding 15% by vol.	ZAR 4.96/L
	Other	ZAR 245.15/L <sup>a</sup>
	Fortified	
	With an alcoholic strength of at least 15% by vol. but not exceeding 22% by vol.	ZAR 8.36/L
	Other	ZAR 245.15/L <sup>a</sup>
2206	Other fermented beverages (e.g. cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included:	
	Sparkling fruit beverages and sparkling mead	ZAR 16.52/L
	Traditional African beer	ZAR 0.0782/L
	Other fermented beverages, unfortified	ZAR 121.41/L <sup>a</sup>
	Other fermented beverages, fortified	ZAR 98.06/L <sup>a</sup>
	Other	ZAR 245.15/L <sup>a</sup>
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher; ethyl alcohol and other spirits, denatured, of any strength:	ZAR 245.15/L <sup>a</sup>
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol.; spirits, liqueurs and other spirituous beverages:	
	Spirits obtained by distilling grape wine or grape marc:	
	Brandy as defined in Additional Note 7 to Chapter 22	ZAR 220.63/L <sup>a</sup>
	Other	ZAR 245.15/L <sup>a</sup>
	Whiskies	ZAR 245.15/L <sup>a</sup>
	Rum and other spirits obtained by distilling fermented sugarcane products	ZAR 245.15/L <sup>a</sup>
	Gin and Geneva	ZAR 245.15/L <sup>a</sup>
	Vodka	ZAR 245.15/L <sup>a</sup>
	Liqueurs and cordials	
	With an alcoholic strength by volume exceeding 15% by vol. but not exceeding 23% by vol.	ZAR 98.06/L <sup>a</sup>
	Other	ZAR 245.15/L <sup>a</sup>
<b>Tobacco products</b>		
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes:	
	Cigars, cheroots and cigarillos, containing tobacco	ZAR 4,823.22/kg net
	Cigarettes containing tobacco	ZAR 9.91/10 cigarettes

Tariff heading	Product description	Rates
	Cigars, cheroots and cigarillos of tobacco substitutes Cigarettes of tobacco substitutes	ZAR 4,823.22/kg net ZAR 9.91/ 10 cigarettes
2403	Other manufactured tobacco and manufactured tobacco substitutes; "homogenized" or "reconstituted" tobacco; tobacco extracts and essences: Smoking tobacco, whether or not containing tobacco substitutes in any proportions	ZAR 265.24/kg net
	Cigarette tobacco	ZAR 445.57/kg
	"Homogenized" or "reconstituted" tobacco	ZAR 929.33/kg
	Other:	
	Other cigarette tobacco substitutes	ZAR 445.57/kg
	Other pipe tobacco substitutes	ZAR 265.24/kg net
	Other	ZAR 929.33/kg
2404	Products containing tobacco, reconstituted tobacco, nicotine, or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body:	
	Containing tobacco or reconstituted tobacco:	
	Put up for retail sale in the form of sticks	ZAR 7.43/10 sticks
	Other	ZAR 929.33/kg
<b>Petroleum products</b>		
2710	Petroleum oils and oils obtained from bituminous minerals (excluding crude); preparations not elsewhere specified or included, containing by mass 70% or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations:	
	Light oils and preparations:	
	Petrol	ZAR 0.03909/L
	Aviation kerosene	Free
	Illuminating kerosene, marked	Free
	Illuminating kerosene, unmarked	ZAR 0.03817/L
	Distillate fuel	ZAR 0.03817/L
	Specified aliphatic hydrocarbon solvents, marked	free
	Specified aliphatic hydrocarbon solvents, unmarked	ZAR 0.03817/L
<b>Products of the chemical or allied industries</b>		
2903	Halogenated derivatives of hydrocarbons:	
	Carbon tetrachloride	ZAR 5/kg
	1,1,1-Trichloroethane (methyl chloroform)	ZAR 5/kg
	Bromochlorodifluoromethane, bromotrifluoromethane and dibromotetrafluoroethanes	ZAR 5/kg
	Trichlorofluoromethane	ZAR 5/kg
	Dichlorodifluoromethane	ZAR 5/kg
	Trichlorotrifluoroethanes	ZAR 5/kg
	Dichlorotetrafluoroethanes and chloropentafluoroethane	ZAR 5/kg
	Chlorotrifluoromethane	ZAR 5/kg
	Pentachlorofluoroethane	ZAR 5/kg
	Tetrachlorodifluoroethanes	ZAR 5/kg
	Heptachlorofluoropropanes	ZAR 5/kg
	Hexachlorodifluoropropanes	ZAR 5/kg
	Pentachlorotrifluoropropane	ZAR 5/kg
	Tetrachlorotetrafluoropropanes	ZAR 5/kg
	Trichloropentafluoropropanes	ZAR 5/kg
	Dichlorohexafluoropropanes	ZAR 5/kg
	Chloroheptafluoropropanes	ZAR 5/kg
3824	Prepared binders for foundry moulds or cores; chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries, not elsewhere specified or included	ZAR 5/kg
3827	Mixtures containing halogenated derivatives of methane, ethane, or propane, not elsewhere specified or included	ZAR 5/kg
3826	Biodiesel and mixtures thereof, not containing or containing less than 70% by mass of petroleum oils or oils obtained from bituminous minerals	ZAR 0.03817/L
<b>Ad valorem excise duties</b>		
3303	Perfumes and toilet waters: Other	9%
3304	Beauty or make-up preparations and preparations for the care of the skin (excluding medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations	7%
3604	Fireworks	9%
4303	Articles of apparel and clothing accessories and other articles of fur skin	9%
4304	Artificial fur and articles of apparel and clothing accessories	9%
8415	Air conditioning machines, comprising a motor-driven fan and elements for changing the temperature and humidity, including those machines in which the humidity cannot be separately regulated	9%

Tariff heading	Product description	Rates
8471	Automated data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included	9%
8517	Telephone sets, including telephones for cellular networks or for other wireless networks	9%
8518	Microphones, loudspeakers, amplifiers	9%
8519	Sound recording or reproducing apparatus	9%
8521	Video recording or reproducing apparatus	9%
8525	Television cameras, digital cameras and video camera recorders	9%
8527	Reception apparatus for radio-broadcasting	9%
8528	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television	9%
8702	Motor vehicles for the transport of 10 or more persons, including the driver	$((0.00003 \times A) - 0.75)\%$ with a maximum of 25% <sup>b</sup> $((0.00003 \times B) - 0.75)\%$ with a maximum of 25% <sup>c</sup>
8703	Motor cars and other motor vehicles specifically designed for the transport of persons (excluding those of heading 87.02), including station wagons and racing cars	$((0.00003 \times A) - 0.75)\%$ with a maximum of 25% <sup>b</sup> $((0.00003 \times B) - 0.75)\%$ with a maximum of 25% <sup>c</sup>
8704	Motor vehicles for the transport of goods	$((0.00003 \times A) - 0.75)\%$ with a maximum of 25% <sup>b</sup> $((0.00003 \times B) - 0.75)\%$ with a maximum of 25% <sup>c</sup>
8706	Chassis fitted with engines, for motor vehicles of headings 87.01 to 87.05	$((0.00003 \times A) - 0.75)\%$ with a maximum of 25% <sup>b</sup> $((0.00003 \times B) - 0.75)\%$ with a maximum of 25% <sup>c</sup>
8711	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without sidecars; sidecars	7% <sup>d</sup>
8903	Yachts and other vessels for pleasure or sports; rowing boats and canoes	9%
9302	Revolvers and pistols (excluding those of headings 93.03 and 93.04)	9%
9303	Other firearms and similar devices	9%
9304	Other arms	9%
9504	Articles for funfair, table or parlour games	9%
9506	Golf balls	9%

a Absolute alcohol.

b Vehicles manufactured in South Africa. "A" means the recommended retail price, exclusive of VAT, less 20%.

c Vehicles imported into South Africa. "B" means the value for the *ad valorem* excise duty on imported goods.

d Excise duties for HS 871150 and 87119030 are 9%.

Source: SARS, *Schedules to the Customs and Excise Act, 1964* (Tariff Book), Schedule 1, Part 2A and 2B. Viewed at: <https://www.sars.gov.za/wp-content/uploads/Legal/SCEA1964/Legal-LPrim-CE-Sch1P2A-Schedule-No-1-Part-2A.pdf>; and <https://www.sars.gov.za/wp-content/uploads/Legal/SCEA1964/LAPD-LPrim-Tariff-2012-06-Schedule-No-1-Part-2B.pdf>.

Table A3.4 Safeguard actions, 2014 - 20 July 2023

Date of initiation or termination of investigation, or beginning of SG measures	Goods	Measures	Notification to the WTO
5 July 2013	Frozen potato chips	Provisional safeguard duty: 61.42% from 5 July 2013 to 4 July 2014; and 40.92% and 20.45% in the following two years	G/SG/N/8/ZAF/2, G/SG/N/10/ZAF/2, G/SG/N/11/ZAF/2/Suppl.2, 16 December 2013
4 July 2014	Same as above	A definitive measure of 40.92% to 4 July 2015, and 20.45% from 5 July 2015 to 5 June 2016	G/SG/N/8/ZAF/2/Suppl.1, G/SG/N/10/ZAF/2/Suppl.1, G/SG/N/11/ZAF/2/Suppl.3, 18 August 2014
24 March 2016	Certain flat-rolled products of iron, non-alloy steel or other alloy steel	Initiation of investigation	G/SG/N/6/ZAF/4, 4 April 2016
24 July 2020	Same as above	Investigation into the extension of safeguard measures	G/SG/N/6/ZAF/4/Suppl.1, 3 August 2020
n.a.	Same as above	Not to impose provisional measures	G/SG/N/8/ZAF/3, 19 July 2016
Between June-July 2017, for 3 years	Same as above	A definitive measure of 12% on the imports	G/SG/N/8/ZAF/3/Suppl.1, G/SG/N/10/ZAF/3, G/SG/N/11/ZAF/3, 27 April 2017
11 August 2017, for 3 years	Same as above	A definitive measure of 12% on the imports	G/SG/N/8/ZAF/3/Suppl.2, G/SG/N/10/ZAF/3/Suppl.1, G/SG/N/11/ZAF/3/Suppl.1, 17 August 2017
29 July 2016	Flat-rolled products of iron or non-alloy steel, or other alloy steel but excluding stainless steel	Initiation of investigation	G/SG/N/6/ZAF/5, 1 August 2016
29 September 2017	Same as above	Terminated without measure	G/SG/N/9/ZAF/2, 6 October 2017
n.a.	Same as above	Not to impose a provisional payment	G/SG/N/8/ZAF/4, 7 November 2016
20 April 2018	Other screws fully threaded with hexagon heads made of steel, classifiable under tariff subheading 7318.15.39	Initiation of investigation	G/SG/N/6/ZAF/6, 24 April 2018
3 August 2018, for 200 days	Same as above	Provisional safeguard duty: <i>ad valorem</i> duty of 42.09%	G/SG/N/7/ZAF/3, G/SG/N/11/ZAF/4, 1 August 2018
3 August 2018-18 February 2019	Same as above	Provisional safeguard duty	G/SG/N/7/ZAF/3/Suppl.1, G/SG/N/11/ZAF/4/Suppl.1, 7 August 2018
Mid-February 2019, for 3 years	Same as above	A definitive measure of 50.54%	G/SG/N/8/ZAF/5, G/SG/N/10/ZAF/4, G/SG/N/11/ZAF/4/Suppl.2, 6 February 2019
15 February 2019	Same as above	A definitive measure of 50.54% and progressive liberalization within 3 years	G/SG/N/8/ZAF/5/Suppl.1, G/SG/N/10/ZAF/4/Suppl.1, 27 February 2019
3 August 2021-2 August 2024	Same as above	Decision to extend a safeguard measure	G/SG/N/8/ZAF/5/Suppl.2, G/SG/N/10/ZAF/4/Suppl.2, 29 June 2021
3 August 2021-2 August 2021	Same as above	Decision to extend a safeguard measure	G/SG/N/8/ZAF/5/Suppl.3, 3 August 2021
2 August 2021	Same as above	An <i>ad valorem</i> safeguard duty of 35.6%	G/SG/N/10/ZAF/4/Suppl.3, 4 August 2021
1 March 2019	Threaded fasteners of iron or steel: bolt ends & screw studs, screw studding and other hexagon nuts	Initiation of investigation	G/SG/N/6/ZAF/7, 4 March 2019
19 July 2019, for 200 days	Same as above	Provisional safeguard duty: <i>ad valorem</i> duty of 102.10%	G/SG/N/7/ZAF/4, G/SG/N/11/ZAF/5, 11 July 2019

Date of initiation or termination of investigation, or beginning of SG measures	Goods	Measures	Notification to the WTO
Between March 2020 and April 2020, for 3 years	Same as above	A definitive measure of 54.04%	G/SG/N/8/ZAF/6, G/SG/N/10/ZAF/5, G/SG/N/11/ZAF/5/Suppl.1, 10 February 2020
Between March 2020 and April 2020, for 3 years	Same as above	A definitive measure of 54.04%	G/SG/N/8/ZAF/6/Suppl.1, G/SG/N/10/ZAF/5/Suppl.1, G/SG/N/11/ZAF/5/Suppl.2, 2 September 2020
24 March 2023	Same as above	Initiation of investigation into the extension of safeguard measures	G/SG/N/6/ZAF/7/Suppl.1, 3 April 2023
Between 24 July 2023 and 23 July 2026	Same as above	Extension of the definitive measure	G/SG/N/8/ZAF/6/Suppl.2, G/SG/N/10/ZAF/5/Suppl.2, G/SG/N/11/ZAF/5/Suppl.5, 20 June 2023
15 May 2020	Bolts with hexagon heads of iron or steel	Initiation of investigation	G/SG/N/6/ZAF/8, 25 May 2020
2 October 2020, for 200 days	Same as above	Provisional safeguard duty: <i>ad valorem</i> duty of 31.8%	G/SG/N/7/ZAF/5, G/SG/N/11/ZAF/7, 16 September 2020
December 2021, for 3 years	Same as above	A definitive measure of 31.8%	G/SG/N/8/ZAF/9, G/SG/N/10/ZAF/7, G/SG/N/11/ZAF/7/Suppl.1, 9 November 2021
19 June 2020	U, I, H, L and T sections of iron or non-alloy steel	Initiation of investigation	G/SG/N/6/ZAF/9, 23 June 2020
n.a.	Same as above	The investigation be terminated	G/SG/N/8/ZAF/8, 9 November 2020
n.a.	Same as above	The investigation be terminated	G/SG/N/8/ZAF/8/Rev.1, 11 November 2020
17 September 2021	Same as above	Terminated without measure	G/SG/N/9/ZAF/3, 23 September 2021
<b>Other</b>			
Notification on amendment of developing country members			G/SG/N/11/ZAF/3/Suppl.2, 15 April 2019
Notification on amendment of developing country members			G/SG/N/11/ZAF/5/Suppl.3, 9 November 2021
Notification on amendment of developing country members			G/SG/N/11/ZAF/5/Suppl.4, 22 July 2022

n.a. Not applicable.

Source: South Africa's notifications to the WTO Committee on Safeguards.