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MINISTER OF INTERNATIONAL RELATIONS AND  
COOPERATION, TO THE NAMIBIA ECONOMIC  
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## **TOPIC: LEVERAGING REGIONAL AND CONTINENTAL INTEGRATION ECONOMIC GROWTH**

There is no doubt for Africa to prosper, to take its people out of poverty and bring about shared prosperity, integration is a must. In his speech to the inaugural of the Organisation of African Unity (OAU), in 1963, Kwame Nkrumah had this to say;

*“The fact is that although we have been cooperating and associating with one another in various fields of common endeavour even before colonial times, this has not given us the continental identity and the political and economic force which would help us to deal effectively with the complicated problems confronting us in Africa today.”*

For me this is telling us that unless Africa integrates it will not be possible to grow its economies and to bring about sustainable development. It is those ideals that led to the adoption of the Lagos Plan of Action for Economic Development and the Abuja Treaty that reorganised the Regional Economic Communities (RECs) as building blocks for continental economic integration.

Today, there are eight Regional Economic Communities on the Continent. Some of these Regional Economic Communities on the Continent have established Free Trade Area (FTA) and in the past few years, the EAC-COMESA-SADC Tripartite Free Trade Area that was established. The aim is to create bigger market competitiveness in trade and to attract investment locally, continentally and globally.

The Southern African Development Community (SADC) launched its FTA in 2010. Twelve 12 out of 15 Members States that have ratified and

implemented the SADC Protocols on trade, thus making them Members States of the FTA.

It has to be accepted that FTA are valuable for industrialisation and economic transformation, particularly by reducing the tariffs and non-tariff barriers to trade. Regional and continental integration is also important in the expansion of the market a factor in the areas of economic growth as it creates space for investment.

The large and faster growing economies of the World are characterised by the size of the population and land mass. The 50 States that make up the USA, the 15 Republics that made up the USSR are a good example, if those areas were treated as separate countries, those countries could not be the superpowers during the Cold War era. Today, China's 34 provinces, if they were separate countries, China could not become an emerging economic power supported by its own market of 1.386 billion people. Similarly, European countries had to establish the European Union with a common market and currency. Except the UK that kept the Pound. All these examples are underlining the influence of regional and continental integration in the economic growth.

In line with the Abuja Treaty, SADC member states have signed the protocol on trade in goods, protocol on trade in services and adopted the SADC industrialisation programme. All those instruments are aimed at the economic integration of the region with the aim of realising regional economic growth and to attract investments into the countries.

In implementing those SADC trade protocols, due to different levels of development of Member States, countries are grouped into three categories namely, Developed Countries (SACU members), Developing Countries (Mauritius and Zimbabwe) and the rest are classified as Least Developed Countries.

The expectations are clear. Participating Member States into FTA are to phase down trade tariffs between and among one another, but are free to levy their own external tariffs on imports from non-member countries. The implementation strategies are also clear with targets and time lines for each of the categories. Though due to some challenges faced in the implementation of those Protocols, (for example the deferent levels of development) some targets were not realised. However, it is important to note that a level of tariff reduction has been achieved.

In addition, SADC is a host to more than five Trans-frontier Conservation Areas that aimed to serve two purposes. One, to conserve the regional rich biodiversity both the fauna and flora. Second it is to promote tourism and import sectors of economy in the region. The Kavango, Zambezi Trans-frontier Conservation Area established in 2011, by a Treaty, is the largest conservation area covering 519,912 km<sup>2</sup> it has the largest contiguous of elephants in Africa and home to all other big five animals in continent.

The area is home to at least 3,000 species of plants, 100 of which are endemic to the sub-region and more than 600 bird species. The tourism potential of the area is not yet fully utilised. That means, there is room for more investment in tourism sector. The KAZA covers five countries, namely, Angola, Botswana, Namibia, Zambia and Zimbabwe. The Namibian component of KAZA plays a major role in providing migration routes for wildlife between Angola, Botswana and Zambia. I challenge investors to take the advantage of KAZA.

The challenges faced by SADC FTA are not impediments on Africa's resolve to the regional and continental integration. It is equal important to recognise that small economies such as that of Namibia has much to gain from regional and continental integration. The case in point is Namibia's members to the Southern Africa Custom's Union (SACU).

First, SACU presents a duty-free market size of about 61 million people and a combined GDP of about N\$4.384 trillion by 2015. By investing in Namibia, the investor has a duty-free market access to the entire SACU market. Thus, SACU offers unlimited access to a wider market for the export of their goods and to some degree services within which traders and investors can take advantage of economies of scale, Second, the SACU Agreement affords some policy space to BELN economies for domestic industrial development.

Third, the growth opportunities presented by SACU are further reinforced by financial and price stability benefits accruing from Namibia's membership in the Common Monetary Area (CMA). The Currency peg to the South African Rand (ZAR) does not only offer price stability, but also facilitates capital mobility within the CMA.

Forth, duty free and a tariff-free market access within the Customs Area allows for domestic participation in value chains an important stepping stone for regional integration beyond SACU.

In every situation, there are always challenges and those challenges can become a great concern if no efforts are made to address them. For that reason, to enable SACU to meet balanced economic benefits to its Member States, SACU is to look into the best way to address the uneven common external tariff that does not take into consideration the different levels of development across Member States.

In pursuing its Continental Integration Agenda as envisaged in the Abuja Treaty, at the 18<sup>th</sup> AU Assembly held in Addis Ababa, Ethiopia in January 2012, African Heads of State and Government adopted a decision to establish African Continental Free Trade Agreement (AfCFTA) by 2017. The same Assembly endorsed the Action Plan on boosting intra-Africa trade, which

identifies clusters. These are; trade policy, trade facilitation, Production capacity, Trade related infrastructure, Trade finance, trade information and Factor market integration.

The AfCFTA brings together 55 African countries with a combined population of more than one billion people and a combined GDP of more than USD 3.4 trillion. Furthermore, in July 2017, the Assembly adopted modalities for tariff negotiations with a high level ambition on tariff reduction for trade in goods. The goal is for 90% of tariff line to be cut to zero duty rates within five years for developing countries and within ten years for Least Developed Countries, (LDC) following a leaner-cut approach.

The remaining 10% has been designated as a sensitive. While 10% of the tariff lines will be excluded from trade liberalisation, and 7% will be liberalised over much longer period i.e. over ten years for developing countries and over 12 year for LDC. The Assembly further adopted modalities for trade in service negotiations, also aimed at liberalising intra-Africa trade in-services.

The AfCFTA entered into force on the 30<sup>th</sup> May 2019 upon ratification by 24 member States. Furthermore, AfCFTA was officially launched on the 7<sup>th</sup> July 2019, at the 12 Extraordinary AU Assembly held in Niamey, Niger.

The following instruments are in place for the operationalise phase of the AfCFTA:

- a. The agreed AfCFTA rules of origin.
- b. Dashboard of the of the AU Trade Observatory
- c. AfCFTA On-Line Negotiation Portal
- d. Pan-African Payments and Settlements System
- e. Continental Online Mechanism for Monitoring, Reporting and Elimination of Non-Tariff Barriers and
- f. AfCFTA Web-based and Mobile-based Application for Business.

Member States are expected to meet the following;

- a. The 90% of tariff lines offers are to be submitted to the Au Commission by January 2020,
- b. The negotiations of tariff reduction for the 7% are to be concluded by the January 2020 and negotiation results to be deposited with the AU Commission,
- c. Trading and tariff dismantling under the AfCFTA to commence in July 2020,
- d. Member States to conclude outstanding rules of origin negotiation.

The opportunities offered by AfCFTA are that investors in Africa will have access to a combined market of 1.2 billion people worth USD3.4 trillion. There will be an increase in intra-African trade, which is currently at a very low level base of 13% of total African trade. Furthermore, it will further bring about regional value chain towards industrialised Africa in line with AU Agenda 2063.

The prospect of the AfCFTA also raises the urgent need to improve the productive and manufacturing capacity as well as competitiveness of the domestic economy to better leverage regional integration opportunities.

For African countries including Namibia to take advantage of the AfCFTA, it is necessary to:-

- a. Develop and implement a national strategy for regional integration, with strategic goals and targets
- b. Develop and expand national productive and manufacturing capacity to expand volume and quality of tradable,
- c. Leveraging regional value chains in industries such as agribusiness, transport, tourism, services among others.
- d. Investing in relevant national infrastructure such as roads, railways, ports and institutions, trade creation and cross-border trade facilitation infrastructure such as the One-Stop Border Posts to facilitate regional integration objectives,

- e. addressing supply-side constraints and skills development to enhance national competitiveness, productivity and spearhead industrialization objectives,
- f. Encouraging private sector participation in Regional and Global Value Chains.

To conclude, regional and continental integration is the key to the realisation of Africa Agenda 2063. Agenda 2063 is Africa's blueprint developmental agenda that calls for Africa to become industrialised continent by 2063. The Agenda recognised the role the private sector should play in creating the Africa we want. Subsequently, as one of the flagship project to be implemented in the first ten years of Agenda 2063, by the decision of the Assembly, Private sector Forum has been established and thus far two Forum of the Private Sector have taken place. The purpose is for the Private Sector to share information and identify bankable projects for investments and to mobile finances. Agenda 2063 also identified the importance of human capital development with special focus on women and youth.

With coming into force of the AfCFTA avenues are open for Africa to effectively deal with complicated problems confronting Africa as alluded to by Kwame Nkrumah. I for one strongly believe that Africa including Namibia has everything it takes to eradicate poverty and bring about sustainable development and shared prosperity.

We have resources; we have policy instruments and human capacity. The only thing we have to work on is our attitude towards Africa development. Africa is open for investment. Africa is open to those who are ready to walk with us towards the realisation of Agenda 2063.

**I THANK YOU**