

## **Trade Policy Review of the Southern African Customs Union (First Session on 25 October 2023)**

### **Statement by Hong Kong, China**

- Thank you, Chair, and good morning to everyone.
- I would like to start by welcoming the delegation of the Southern African Customs Union (the SACU):
  - **Ambassador** Athaliah **MOLOKOMME** of Botswana,
  - **Principal Secretary** Siboniso N. **NKAMBULE** of Eswatini,
  - **Ambassador** Thabo **MATJAMA** of Lesotho,
  - **Deputy Minister** Verna **SINIMBO** of Namibia, and
  - **Director** Thembi **MLANGENI** of South Africa.
- Trade Policy Review is one of the three major functions of the WTO. It enables us to dive deep into the economic and regulatory regimes of our fellow members, including their compliance with WTO negotiated rules as well as the commitments they have made individually. This time, I am particularly indebted to the secretariat for the very comprehensive report of over 350 pages. It helps deepen and widen our understanding of the five SACU member states, which are at different stages of development.
- Thanks also goes to **Ambassador MANLEY**, the discussant, for giving his balanced and insightful perspective.

### **SACU & Hong Kong, China**

- The trade and economic relationship between Hong Kong, China and SACU is promising.
- In 2020, Hong Kong, China was among the top 10 trading partners of Lesotho and Botswana.
- In 2022, bilateral trade in goods between Hong Kong, China and the SACU as a whole amounted to US\$2.6 billion.

### **SACU and WTO**

- As fellow WTO members, we commend SACU member states'

commitments to the rules-based multilateral trading system.

- Specifically we note SACU members' progress in fulfilling their notification requirements at the WTO. For instance, despite its status as an LDC, Lesotho has recently made the new and full subsidy notification for 2023 pursuant to the Agreement on Subsidies and Countervailing Measures. We look forward to seeing other SACU member states following the suit of Lesotho to give their respective notifications as soon as practicable.
- Among other contributions made by the SACU member states to the WTO, a most noteworthy example is certainly the commitment of Ambassador MOLOKOMME of Botswana to take up the Chairmanship of the General Council (GC) this year. Ambassador, your able leadership and no-nonsense approach to shepherd the decision making process is simply impressive.

### **Trade Policy of SACU**

- With respect to the trade policy of SACU, Hong Kong, China has the following observations:
- First, on **trade facilitation**, as mentioned by Ambassador MATJAMA, we note that the SACU adopted in 2022 the Strategic Plan 2022-2027, which lists, among other things, "trade facilitation and logistics" as one of the five core pillars for development.
- Measures such as the SACU Trade Facilitation and Logistics Programme and the Customs Modernization Programme have been enhanced accordingly. We are pleased to note the positive results, including the development of a single customs declaration form as well as the regional frameworks for national Authorized Economic Operator Compliance programmes.
- On **services**, which remains the largest sector of the economies of the five SACU member states, accounting for about 70% of their GDP during the review period. It is encouraging to see that SACU countries have reviewed their legislations and introduced a number of regulatory changes to sectors like financial services, telecommunications services and transport services over the past years. It is encouraging because these changes are in the direction of liberalisation. Speaking from our own experience, we can say with certainty that government efforts in

services liberalisation will help unlock the untapped potentials and create more market opportunities. We congratulate the SACU on heading at the right direction.

- With respect to **trade in goods**, however, we see measures that can be made more facilitating. For **tariffs**, we observe that the simple average applied tariff rate of the SACU increased slightly from 8.3% in 2015 to 8.5% in 2023. Certain products are subject to tariffs higher than 50%, for example, poultry meat and worn clothing, with the highest rate of 95% applying to certain dairy products.
- Besides, we note from the Secretariat Report that various kinds of non-ad valorem duties have continued to apply, including specific duties, mixed duties and formula duties of different types. These duties have complicated the tariff structure of the SACU. We therefore encourage SACU to consider further liberalizing its tariff regime and converting non-ad valorem rates to ad valorem rates to enhance predictability.
- On **agriculture**, we noticed that during the review period the SACU member states have each introduced new initiatives to support their agricultural sectors.
- **Botswana** focused on improving food security and nutrition through improving access to productive resources.
- **Eswatini** provided public support mainly in areas like agricultural research and infrastructure enhancement.
- **Lesotho** provided support to horticulture projects in the context of its partial credit guarantee schemes.
- **Namibia** developed its own programme to stimulate production and market access for crops and livestock products from small and micro producers.
- **South Africa** introduced three agricultural related master plans to focus on expanding production and food security through training and support, creating diversified revenue streams for sugar producers and investing into the facilities for poultry producers.
- These efforts to improve the food security and livelihood of their citizens should be worthy reference for WTO members in similar situations.

Again, we encourage SACU members to provide timely notifications to the Committee on Agriculture to facilitate review by fellow Members, so that we could learn from your experience.

- We have put in a number of written questions about several services sectors and I would like to take the opportunity to thank the SACU for their informative answers we received this morning. We wish the SACU a fruitful and successful trade policy review.
- Finally, we just had a successful Senior Officials Meeting in the past two days. Riding on this, we look forward to creating another success at MC13 together with all Members, including SACU member states, and the GC Chair.

**Hong Kong Economic and Trade Office in Geneva**  
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