difficulties at the border as one of the key barriers to doing business in the Region. Many SADC Member States are landlocked, with imports and exports having to cross several borders making trade facilitation a key factor in their economic competitiveness.

HOW WILL THE IMPLEMENTATION OF THE FTA BE MONITORED? HOW CAN BUSINESS SEEK REDRESS?

SADC is establishing a Trade Monitoring and Compliance Mechanism (TMCM) for monitoring the implementation of the FTA, with a specific mechanism for identifying and eliminating non tariff barriers. This mechanism has the potential to facilitate movement of goods and will lead to increased trade. Its effectiveness is, however, dependent on the full and active participation of the business community. It is business that trades across borders and business must therefore take the lead in identifying problems, allerting the structures that have been created in order to find solutions.

HOW WILL MY PRODUCTS BENEFIT FROM TRADE PREFERENCES IN THE SADC MARKET?

To determine whether a product originates in the Region and therefore benefits from duty free access to the SADC market, "Rules of Origin" have been agreed by Member States.

The great majority of goods that originate in SADC Member States qualify for duty free access into the regional market. For many goods it is straightforward to determine the country of origin. For example, goods that are wholly produced in a country, or which use only imported inputs to rear or grow agricultural products will count as originating within SADC. Things become more complicated once goods include parts that are imported or are in part produced in another country. A product specific Rule will apply based on content of originating material or the level of processing. Simple processes such as packaging do not qualify for preferential treatment.

To benefit from SADC trade preferences, exporters must obtain confirmation of origin through a Certificate of Origin.

WHAT WILL BE THE POSITIVE IMPACT OF THE SADC FREE TRADE AREA?

Freeing trade in the region will create a larger market, releasing the potential for trade, economic growth and employment creation. The private sector and other stakeholders have been widely canvassed on how the SADC FTA will affect them and they expect to see:

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

By increasing competition the FTA will bring down prices allowing households to stretch their budgets further. Companies will also be able to source inputs more cheaply making them more competitive on world markets.

WILL THE FTA GIVE US FAIR TRADE?

Free trade makes business more efficient and competitive and so increases growth over the longer term. However, for many countries there are sectors that are "sensitive" and require protection from surges in import competition, for example to preserve employment in disadvantaged regions or vulnerable communities. The FTA therefore allows a Member State, in consultation with other Member States, to manage trade by introducing temporary protection to safeguard an industry or promote the development of an infant industry.

Also by introducing regional standards which set minimum requirements in terms of, for example, specification or design for a product to be legally traded consumers can be assured that lower prices will not come at the cost of poorer quality.

WHERE CAN I GET MORE INFORMATION ON THE FTA?

To find out more about the SADC Free Trade Area, please enquire from your Ministry of Trade, Chambers of Commerce and/or Business Associations or visit the SADC Website www.sadc.int.

FTA
FREE TRADE AREA

Guaranteeing free movement of goods:
- No tariffs
- NTBs eliminated
- Easy cross-border trade

Facilitating trade in the SADC Community:
- Support to importers/exporters
- Reducing costs of trading

Creating a larger market for SADC business:
- Growing from US$360 billion to US$431 billion
- Value chains across the region
- Lowering input costs

Delivering value to the households:
- Prices reduced through competition
- Increased employment opportunities

FTA
FREE TRADE AREA
Growth, Development and Wealth Creation

SADC FREE TRADE AREA

WHY SADC?

Independence, security, regional solidarity and the fight against apartheid were the original motives for the Southern African Development Coordination Conference (SADCC). Today the Southern African Development Community's (SADC) main goal is to pursue a common regional integration agenda premised on political, economic and trade interests. The SADC Free Trade Area (FTA) is the first key milestone towards this goal. By August 2008, twelve of the fourteen SADC Member States will have established an FTA. The SADC FTA creates a regional market worth US$360 billion with a total population of 170 million and includes economies growing by up to 7% a year. Angola and DR Congo are set to join the FTA adding a further US$71 billion and 77 million people to the SADC market.

IS THE SADC FTA A REALITY?

Implementation of the SADC FTA began in 2000 following the signing of the SADC Protocol on Trade in 1996. The liberalization of tariffs has taken place at different rates. In general the more developed countries have reduced tariffs faster. Botswana, Lesotho, Namibia, South Africa and Swaziland removed most tariffs in 2000. Middle income countries such as Mauritius have gradually reduced their tariffs each year between 2000 and 2008. For least developed countries such as Mozambique and Zambia tariff reductions have generally been introduced during the later part of the phase down period. Angola and DR Congo are also expected to join the FTA.

From January 2008, when SADC attained the status of an FTA, producers and consumers do not pay import tariffs on an estimated 85% of all trade in Community goods in the initial 12 countries.

The SADC regional integration programme includes the establishment of the FTA by 2008, a Customs Union by 2010, a Common Market by 2015, a Monetary Union by 2016 and a Single Currency by 2018.

FTA
FREE TRADE AREA

WHAT IS AN FTA?

A Free Trade Area (FTA) is created when a group of countries eliminate tariffs and non tariff barriers on substantially all trade amongst them. Each Member State maintains its own tariffs on non members.

A Customs Union is established when a group of countries form a single customs territory where there is a free trade area and a common external tariff applies to non members.

A Free Trade Area is a first step towards deeper regional integration.

The SADC FTA is either already facilitating the movement of goods or shortly going to do so through:

- Harmonizing customs procedures and customs classifications;
- Increased customs co-operation;
- Reducing costs by introducing a single, standardized document (Single Administrative Document) for customs clearance throughout the Region;
- Establishing "one stop" border posts which should cut the time spent at the border. Currently there are pilot schemes/programmes at the border of Mozambique and Zimbabwe (Forbes - Machipanda), South Africa and Mozambique (Lebombo Ressano Garcia) and Zimbabwe and Zambia (Chirundu); and
- Making transshipment easier by enabling a single declaration and single bond to be used when transporting goods across several borders within the Community.

WHAT CAN BUSINESS EXPECT TO PAY OR NOT PAY IN AN FTA?

Removing Tariff Barriers to Regional Trade

An import tariff (also called a duty) is a customs tax paid when a product is imported into a country. It usually takes the form of a percentage tax based on the value of the imported goods.

For example, if a tariff on fruit juice is set at 25%, an importer of US$1,000 worth of fruit juice would have to pay to customs US$250. Import tariffs increase consumer prices and tend to reduce the level of trade.

...What about Non Tariff Barriers (NTBs)

A Non Tariff Barrier (NTB) is any measure that impedes international trade other than tariffs. NTBs can be put in place for the purpose of restricting trade, such as import quota or export restrictions, but they can also be the result of, for example, measures to ensure traded food products do not jeopardize the health of consumers.

SADC Member States have agreed to eliminate all NTBs and not impose any new ones, except where necessary on such grounds as health and safety, public morals and national security. The removal of import and export restrictions has proved challenging, and is complicated by the fact that often NTBs result from policies that are not intended to restrict imports. For example, an outbreak of Foot and Mouth Disease will result in restrictions on the export of animals, meat and meat products from the area affected. While imposing a ban on imports, these restrictions are necessary to ensure food safety and limit the spread of the disease.

Time and again, the private sector and other stakeholders have identified delays and

SADC FREE TRADE AREA