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Background Note for the EAN Annual Conference 2017

Title: Regional Integration – Opportunities for Namibia

Date: 12 July 2017, 08h00 to 14h00

Venue: Safari Court Hotel & Conference Centre

Background

The southern African region is home to the oldest, existing customs union, the Southern African Customs Union (SACU). The region has also a long tradition of security and economic cooperation dating back to the struggles against apartheid, colonialism and minority rule. The Frontline States consisted of three southern African states – Botswana, Zambia and Tanzania - that were joined by Angola and Mozambique and a few years later by Zimbabwe when these states achieved Independence. Realising the need for closer economic cooperation, they formed the Southern African Development Coordination Conference in April 1980. Two years after Namibia's Independence in 1990, Windhoek saw the signing of the treaty and declaration that established the Southern African Development Community to replace SADCC. Its membership has grown from initially 11 member states to currently 15 member states with the application of Burundi and Comoros pending.

Furthermore, there are more regional economic groupings in part overlapping with memberships of SADC and SACU, most importantly the East African Community (Burundi, Kenya, Rwanda, Tanzania and Uganda) and the Common Market for Eastern and Southern Africa (Comesa) of which a number of SADC Member States are also members. The overlapping membership has often been blamed for the slow progress in deepening regional integration within SADC and hence resulted in negotiations towards the establishment of the Tripartite – Free Trade Area (T-FTA) comprising of Comesa, EAC and SADC. This initiative has, however, in the meantime been overtaken by negotiations towards the establishment of a continent-wide FTA including all African countries. It is envisaged that the agreement for the establishment of the C-FTA will be signed in December 2017.

These initiatives as well as applications of African countries for membership in existing regional economic groups not only in southern Africa, but e.g. also in west Africa where Mauritania, Morocco and Tunisia seek membership of the Economic Community of West African States (ECOWAS), are clear indications that regional integration remains attractive for African countries and remains on their political agenda, despite the U-turn in large economies such as the USA and UK towards more inward-looking, nationalistic policies.

For a small country such as Namibia, not only in terms of population, but more so in terms of purchasing power because of a highly skewed distribution of wealth and income, regional integration can offer easier access to larger markets and hence offer economies of scale in the production of goods and services. Since

the Fourth National Development Plan launched in 2012, Namibia has invested heavily in transport infrastructure in order to achieve her ambition of becoming the logistics hub in southern Africa. Deeper regional integration in form of harmonisation of standards and procedures, but also through the establishment of communication structures and decision-making platforms would provide the necessary regional support for this ambition. The current weak economic performance of the south African economy and the political leadership vacuum clearly indicates that Namibia needs to diversify her economic links in the region in order to lessen the dependency on South Africa, but also in search of opportunities in other neighbouring countries and beyond. Furthermore, recent unilateral decisions by neighbouring countries such as South Africa's ban on the importation of livestock and Zambia's impoundment of Namibian trucks have highlighted the need for closer consultation and coordination of domestic policies that impact on regional development. In addition, Namibia's Growth at Home strategy promotes the creation of value chains. Regional and global value chains, however, require seamless cross-border movements of goods and services. Deeper regional integration in form of harmonisation of regulations and standards will go a long way in supporting cross-border value chains.

In Namibia, we have often focused too much on the South African economy and neglected other neighbouring economies. This became evident when the drop of oil prices resulted in a substantial slow-down of the Angolan economy, which spilled over into the Namibian economy when the demand for Namibian goods and services declined. We have therefore invited Mr Francisco Paulo from the Catholic University of Angola to shed more light on the current state and the possible path over the next couple of years of the Angolan economy.

Furthermore, although there are quite a number of initiatives regarding the creation of larger economic blocs, deepening integration within existing blocs and reviewing existing arrangements such as SACU, little information is shared in the Namibian media. We have therefore invited Ms. Trudi Hartzenberg from the Trade Law Centre in Stellenbosch / South Africa to provide an update on the state of regional and continental economic integration.

Ms. Ndiitah Nghipondoka-Robiati from the National Trade Forum is an expert in international trade and regional integration. She has worked at the Agricultural Trade Forum before being appointed as the CEO of the Namibia Trade Forum and has deep inside into the challenges, but also the opportunities for Namibia from regional integration. She is therefore going to talk about opportunities in particular, but not only with Angola.

The Minister of Finance, Hon. Calle Schlettwein, has worked almost one and a half decades in the Ministry of Finance in various senior positions with a short stint as Minister of Trade and Industry in between. He is therefore very familiar with the challenges of SACU, since the Ministry of Finance leads the negotiations and with other regional integration schemes led by the then Ministry of Trade and Industry. The Hon. Minister of Finance will deliver the keynote address.

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