



GLOBAL  
TRADE  
ALERT

# Briefing on SACU's TPR: Evidence from the Global Trade Alert

---

Friends of Multilateralism Group  
Webinar 4 October 2023



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Economic Affairs SECO**

Simon J. Evenett, Professor of International  
Trade & Economic Development and Founder  
4 October 2023

**St.Gallen  
Endowment**  
for Prosperity through Trade

# Start at the End: Questions raised by the evidence in this presentation

- In what ways, if at all, have the high levels of unemployment and low rates of economic growth influenced SACU trade policy at all levels—unilateral, regional, and multilateral?
- To what extent has supply side underperformance accounted for the weak export volume performance of SACU? What factors are responsible for the stagnant import volumes into SACU?
- What accounts for the shift since the last TPR in sectors favoured by unilateral SACU commercial policy? Purely defensive interests or some other logic?
- Given few trading partners are responsible for most of the discrimination against SACU's exports, how can WTO tools be used to advance SACU's interests?



GLOBAL  
TRADE  
ALERT

# Setting the Scene: Economic Stagnation in SACU since last TPR

---

Friends of Multilateralism Group  
Webinar 4 October 2023



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Economic Affairs SECO**

Simon J. Evenett, Professor of International  
Trade & Economic Development and Founder  
4 October 2023

**St.Gallen  
Endowment**  
for Prosperity through Trade

# A summary of the factual observations in this section



- The overwhelming theme is one of stagnation—in terms of economic growth, job creation, market access, and exports.
- GDP per capita has not grown on the region since 2008.
- Unemployment is very high.
- Trade volumes have recovered from the COVID19 pandemic, but decreased since 2021. Services exports registered a substantial decrease.
- EU remains as the main import source in the region; China a distant second.

# Setting the scene | Development

## SACU's development trajectory since last TPR



Development metric	Amount	Observations
GDP (constant 2015 US\$)	\$396.3 billion [2022]	<b>Stagnation.</b> 11.0% growth over 2012-2022 period. Other African big economies grew much more – Kenya (54.7%) ; Nigeria (26.4%)
GDP per capita (constant 2015 US\$)	\$5776.6 [2022]	<b>Stagnation.</b> Bloc has not yet returned to pre-pandemic levels. Current level is as high as that in 2008.
Real Wage Growth (ILO)*	-9.6% [2021]	<b>Falling living standards.</b> Weighted average for the bloc plunged 18.2% since 2015. Even nominal growth has not been satisfactory (13.3%).
Unemployment Rate	28.6% [2022]	<b>Dreadful.</b> 5 p.p. higher than 2018. Lesotho, with the lowest rate of the group, has the 14th highest rate in the world. South Africa is 1 <sup>st</sup> .
CO2 emissions per capita (metric tons)	6.8 [2018]	<b>Decreasing.</b> A descending trajectory in comparison to 2014. It remains to be seen if this is a result of environmental policies or economic slowdown.
Gender Gap (% difference in earnings)	30.3% [2022]	<b>Progressing slowly.</b> Number represents the average of the group, which fell by 8% since 2018. South Africa's numbers reach 38.5%.

\*Eswatini's data was not available.

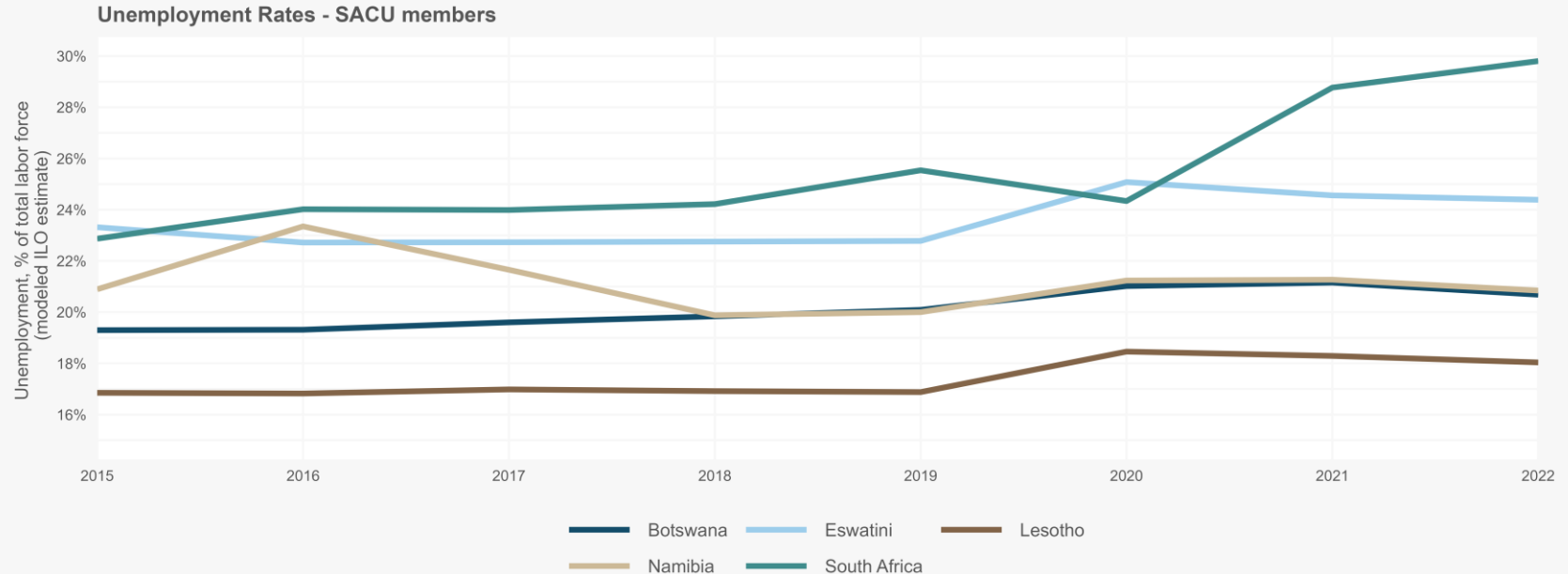
# Setting the scene | Trade Flows

## SACU's trade performance since last TPR



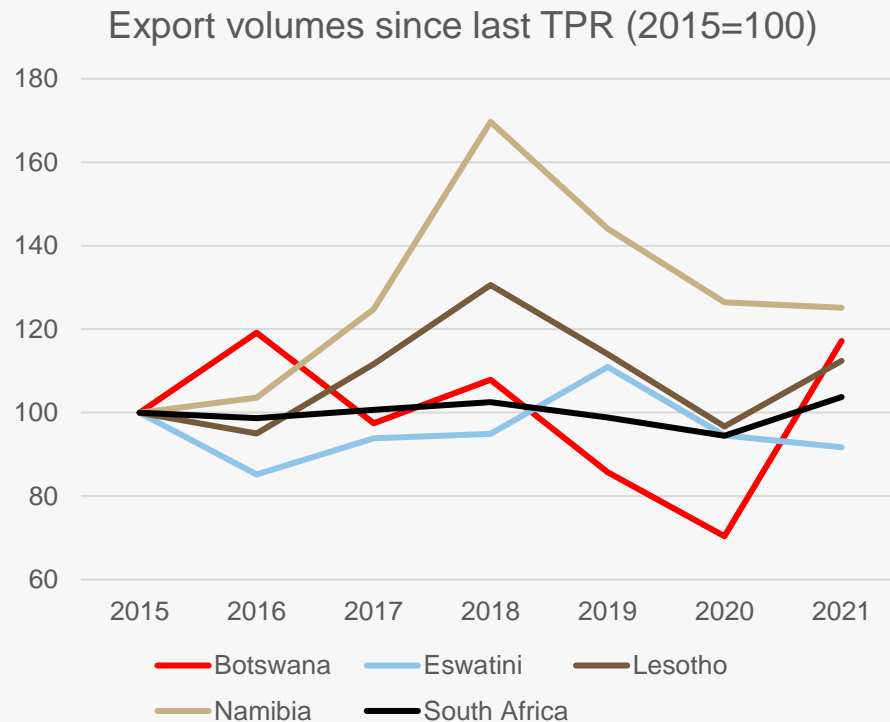
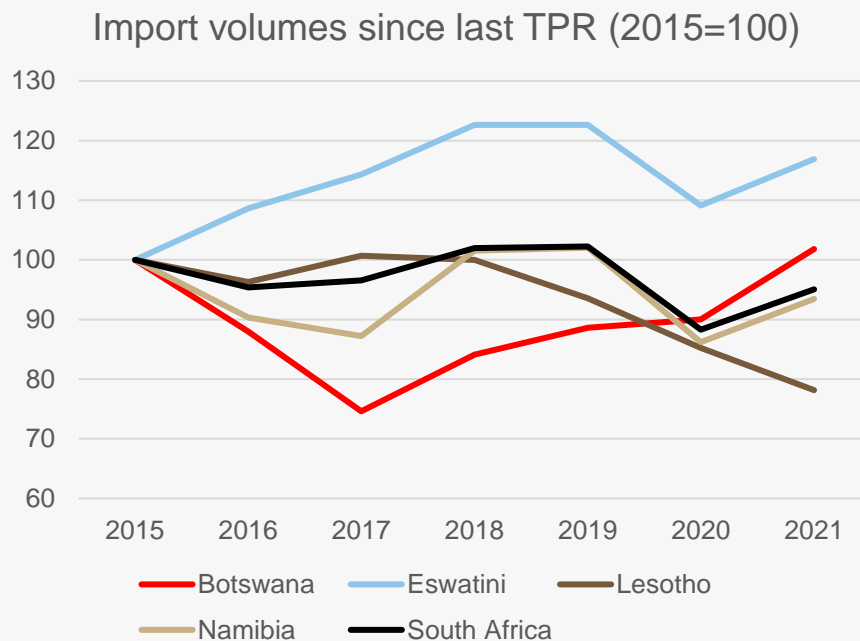
Trade metric	Amount	Observations
Extra-SACU Exports of Goods (USD)	\$142.3 billion [2022]	<b>Warning sign.</b> 30.6% increase since 2016, but 11.0% decrease in comparison to 2021 levels.
Extra-SACU Imports of Goods (USD)	\$127.2 billion [2022]	<b>Satisfactory.</b> 22.1% increase since last TPR, impressive considering the economic turmoil.
Main sources of SACU's goods imports	[2022]	EU-27 (29.6%), China (12.8%), India (8.2%)
Exports of Services (BoP, current USD)	\$0.96 billion [2021]	<b>Gains lost.</b> After a peak of \$1.73 billion in 2018, it fell by 44.5%. Since last TPR a decrease of almost a third (32.8%) is observed.
Imports of Services (BoP, current USD)	\$20.7 billion [2022]	<b>Rising.</b> 17.3% higher in comparison to 2016.

# Unusually high levels of unemployment in SACU since last TPR



Source: World Development Indicators

# Stagnation carries over to import volumes (market access) and export volumes







GLOBAL  
TRADE  
ALERT

# SACU's Trade Policy Stance Today

---

Friends of Multilateralism Group  
Webinar 4 October 2023



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Economic Affairs SECO**

Simon J. Evenett, Professor of International  
Trade & Economic Development and Founder  
4 October 2023

**St. Gallen  
Endowment**  
for Prosperity through Trade

# A summary of the factual observations in this section



- Nearly three-quarters of imports covered by WTO tariff obligations as opposed to the tariff provisions of regional trade agreements.
- Significant tariff binding overhang, allows for policy flexibility but creates trade policy uncertainty.
- More than twice as many trade distorting policies are now in effect than trade reforms.
- Most trade reforms are import tariff cuts; most trade distortions in force are either subsidies to local firms and tariff increases.
- The number of nations facing discriminatory SACU policies is limited too.

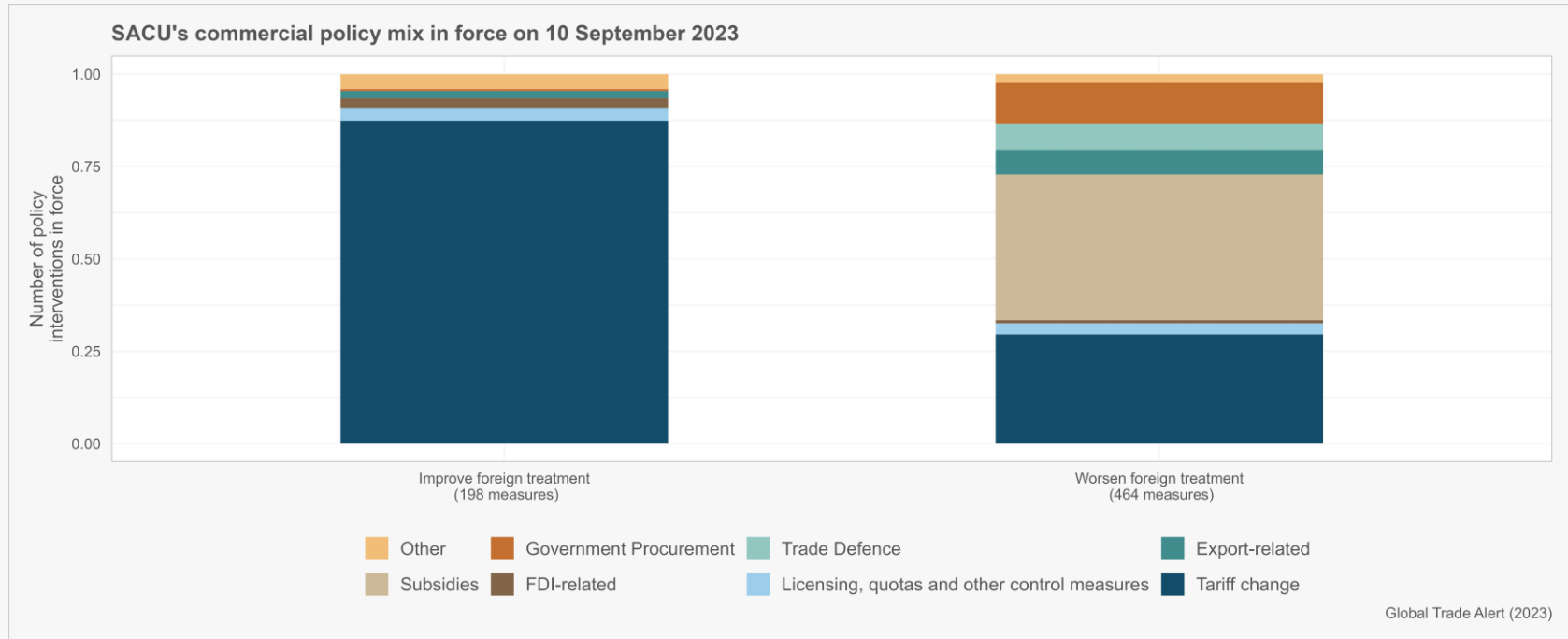
# Setting the scene | Trade Policy

## SACU's trade policy



Trade policy metric	Value	Observations
Share of exports to RTA partners (RTAs notified to WTO)   2021	19.7%	SACU has 47 trading partners in WTO-notified RTAs. 46 of them are WTO members.
Share of imports from RTA partners (RTAs notified to WTO)   2021	25.9%	
Trade Weighted Average Applied MFN Tariff Rate	6.1	
Trade Weighted Average Bound MFN Tariff Rate	22.5	
Average Weighted Tariff Water (NAMA)	16.4	Difference between bound and applied duties in NAMA
Share of duty-free products (Agricultural products)	17.8%	Very few bindings at zero tariffs.
Share of duty-free products (Non-agricultural products)	10.2%	
Binding Coverage (All)	95.0	Almost complete binding coverage.

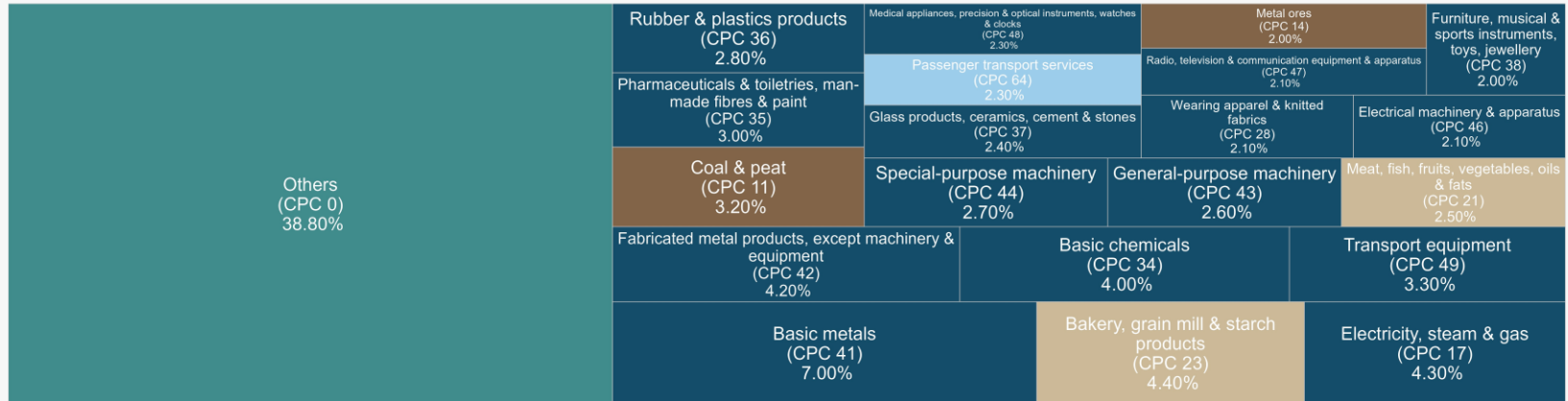
# Current state of play: 662 measures in force— 70% harm trading partners' interests



Note: Since November 2008 a total of 810 policy interventions by SACU have been recorded in the GTA database, of which 436 were tariff or trade defence measures. The WTO [TMDB](#) currently contains 171 goods-related actions and 13 service sector measures taken by SACU.

# 61.2% of the SACU's harmful measures are concentrated in 20 sectors

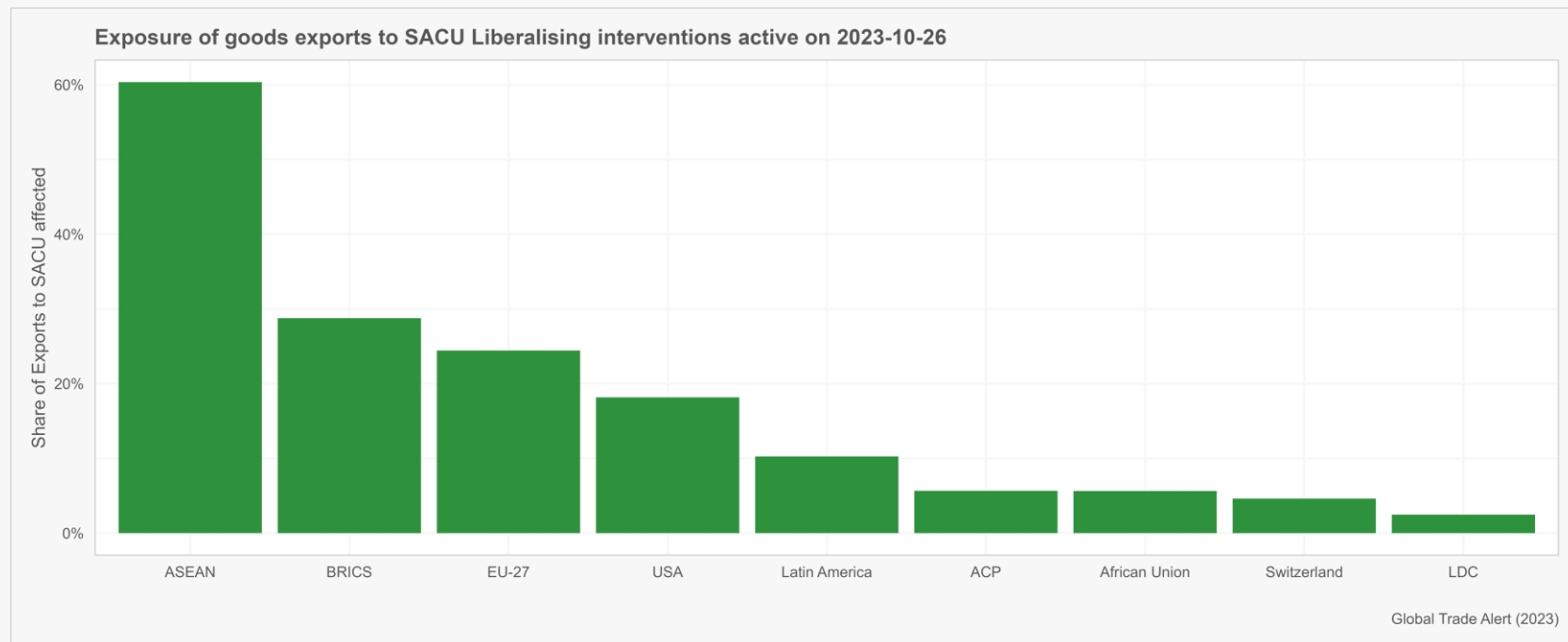
Most frequently affected sectors  
Top 20 CPC 2-digit Sectors



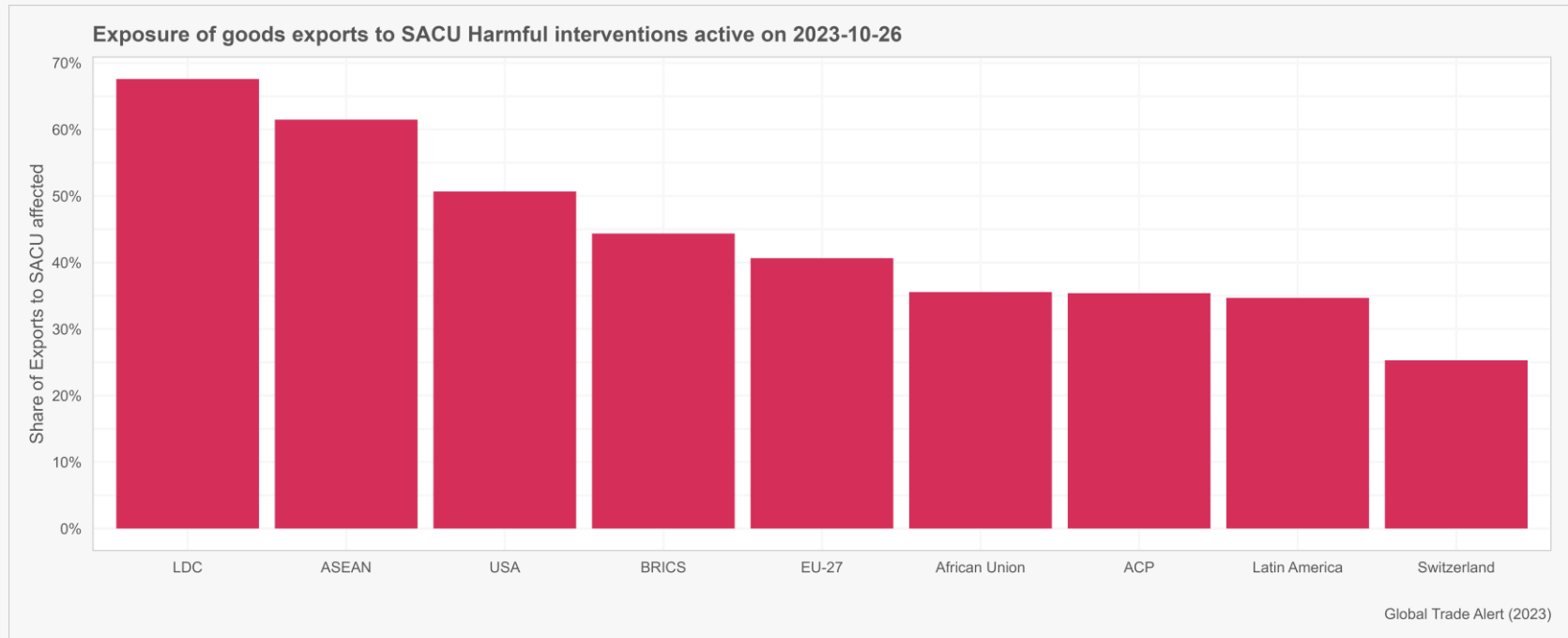
■ Commodities   
 ■ Food   
 ■ Manufacturing  
■ Others   
 ■ Services

Global Trade Alert (2023)

# ASEAN members saw greater exposure to SACU's trade reforms



# Market access at risk from current SACU's measures is especially high for LDCs





GLOBAL  
TRADE  
ALERT

# SACU's Trade Policy Evolution since its last TPR

---

Friends of Multilateralism Group  
Webinar 4 October 2023



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Economic Affairs SECO**

Simon J. Evenett, Professor of International  
Trade & Economic Development and Founder  
4 October 2023

**St. Gallen  
Endowment**  
for Prosperity through Trade



# A summary of the factual observations in this section



- As far as extra-SACU trade is concerned, there has been a steady increase in the shares of imports facing new trade distortions and new reforms since the last TPR.
  - No jump in import shares associated with the COVID-19 pandemic. The commercial playing field was being tilted towards local firms well before the pandemic.
- SACU's trade reforms largely take the form of tariff cuts—while its trade distortions are dominated by subsidies to import-competing firms.
- Half of imports from China face trade discrimination since last TPR.
- The sectors benefiting from protectionism have changed a lot since the last TPR. The range of products covered is limited too.

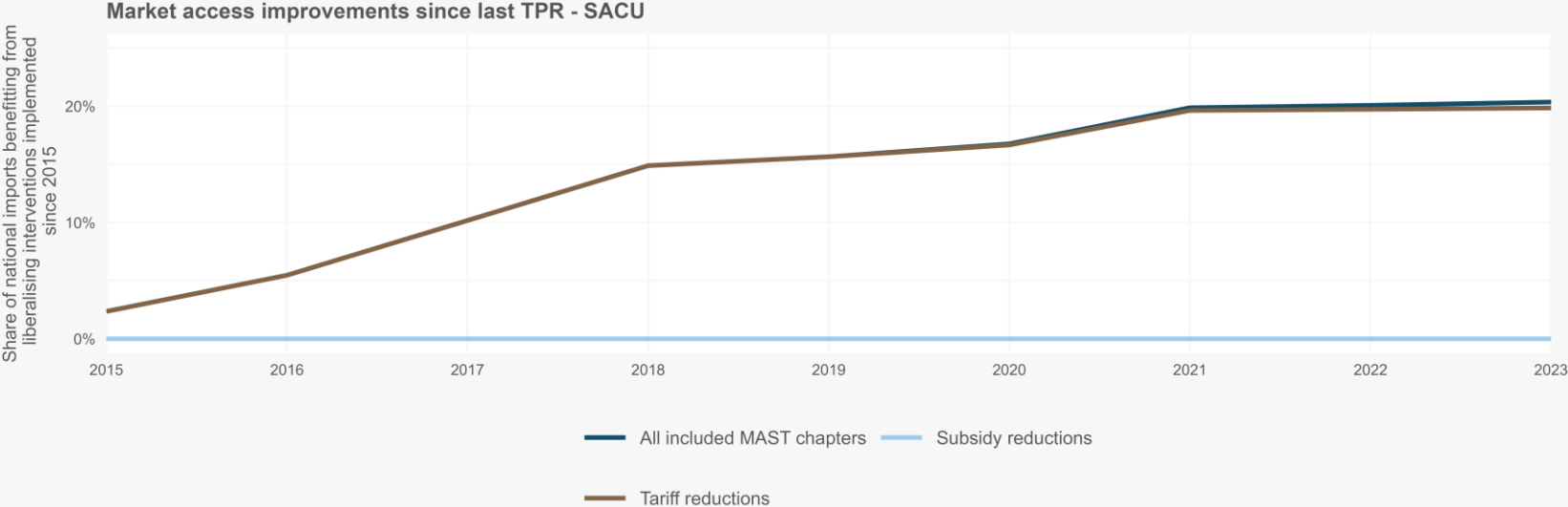
# Goods market access changes since the last TPR: scale of harmful measures > reforms

Major trade policy changes since last TPR - SACU



Global Trade Alert (2023)

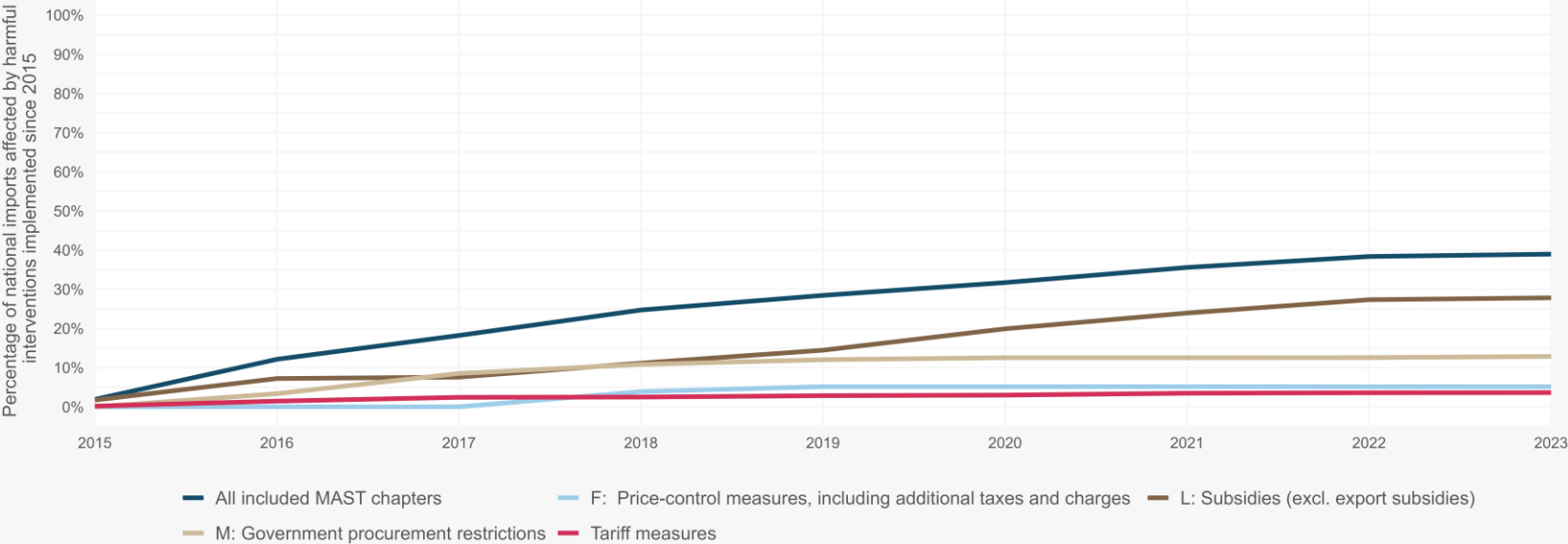
# Goods market access improvements: breakdown by classes of policy instrument



Global Trade Alert (2023)

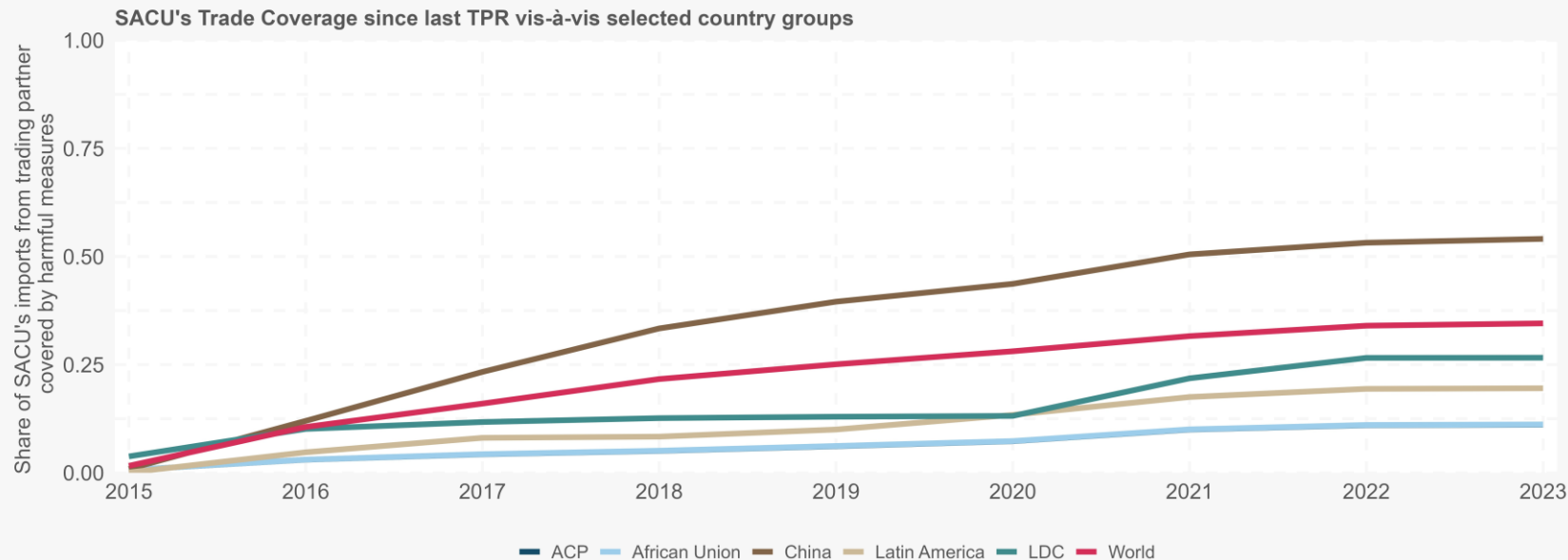
# Goods market access at risk since last TPR: breakdown by class of policy instrument

Market access risks since last TPR - SACU



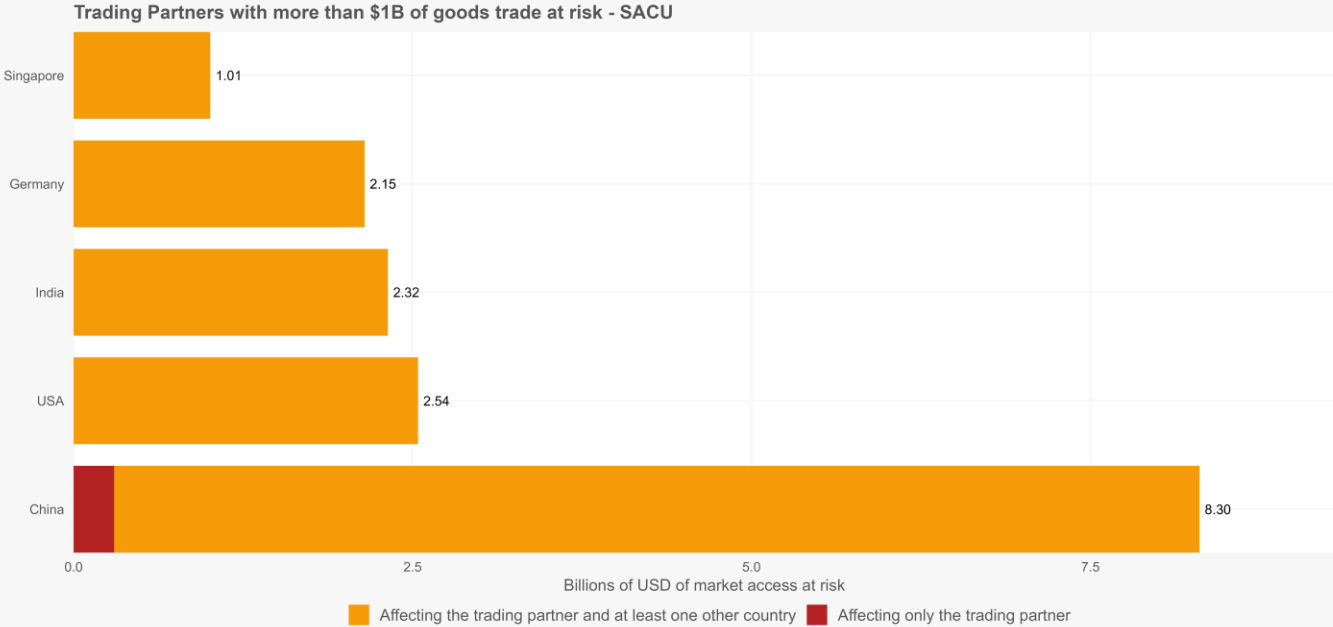
Global Trade Alert (2023)

# Threats to LDC, AU, ACP and Latin America access to SACU's market below world level



Global Trade Alert (2023)

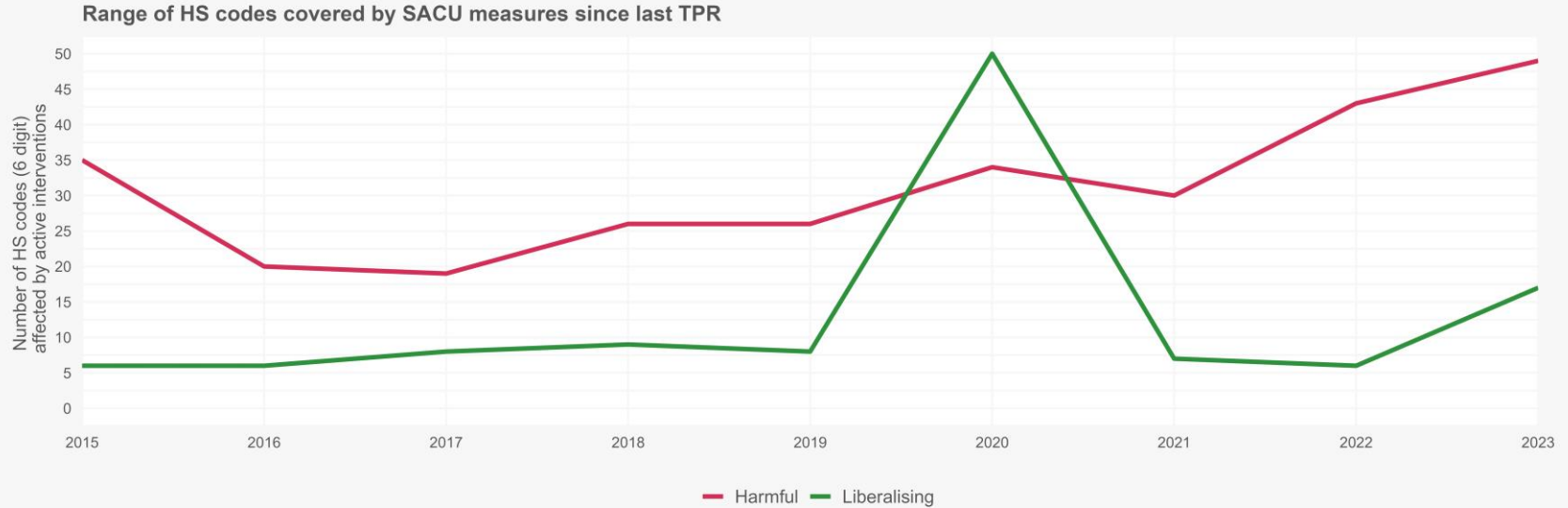
# 5 trading partners have >\$1bn exports at risk from SACU's harmful policy changes since last TPR



Note: Calculations based on trade weights for 2015.

Global Trade Alert (2023)

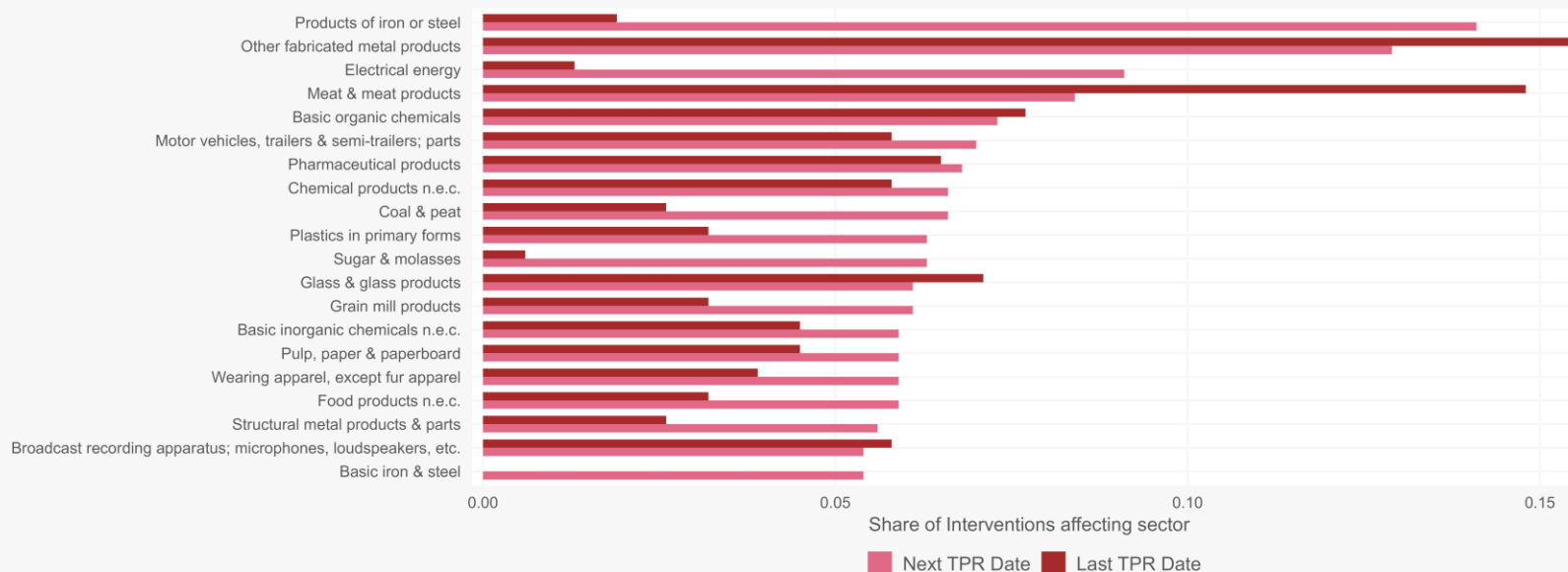
# SACU's measures are concentrated in less than 50 different products



Global Trade Alert (2023)

# Sectoral favoritism has changed a lot since the last TPR

Distribution of SACU's harmful measures by economic sector



Note: Only sectors accounting for 5% or more of SACU's harmful measures in force reported here.

Global Trade Alert (2023)





GLOBAL  
TRADE  
ALERT

# SACU's Stake in the World Trading System

---

Friends of Multilateralism Group  
Webinar 4 October 2023



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Economic Affairs SECO**

Simon J. Evenett, Professor of International  
Trade & Economic Development and Founder  
4 October 2023

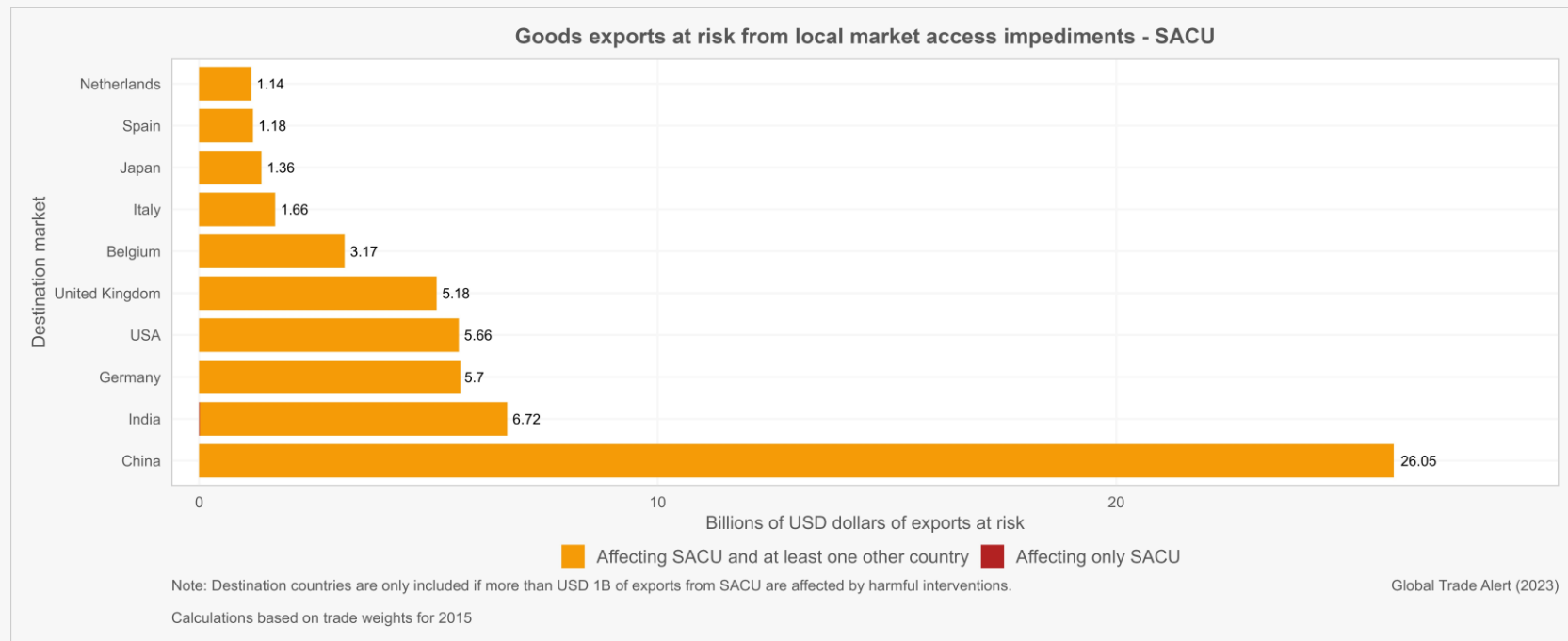
**St. Gallen  
Endowment**  
for Prosperity through Trade

# A summary of the factual observations in this section



- Since its last TPR, nearly three-quarters of SACU's exports to the rest of the world have faced one or more new trade distortion.
- By contrast, only a quarter of SACU exports face better trading conditions on account of trade reforms abroad—they are largely tariff cuts, relaxed import quotas (or TRQs) and eased import licensing requirements.
- Since the last TPR, the threats to SACU's exports are concentrated in 10 trading partners.

# Market access threats to SACU's exports are concentrated in 10 trading partners





GLOBAL  
TRADE  
ALERT

# South Africa's Policy Towards the Digital Economy

---

Friends of Multilateralism Group  
Webinar 4 October 2023



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
**State Secretariat for Economic Affairs SECO**

Simon J. Evenett, Professor of International  
Trade & Economic Development and Founder  
4 October 2023

**St.Gallen  
Endowment**  
for Prosperity through Trade

# A summary of the factual observations in this section



- (Preliminary remark: Information here is sourced from the Digital Policy Alert, which tracks the legal and regulatory developments affecting the digital economy in the members of the G20 and the EU and by Switzerland. That monitoring started in 2020.)
- Given the last TPR took place in 2015, not surprisingly most of the regulation of the digital economy in South Africa has taken place since then.
- South Africa is developing a suite of regulations for the digital economy—many of which are found in other G20 members.
- Trading partners may be concerned by certain data localization measures as well as restrictions on foreign direct investment in certain digital sectors.

### ▪ Data protection and cross-border data transfer policy

- Protection of Personal Information Act (POPIA), implemented in July 2021
  - [LINK FOR DPA POLICY CHANGE](#)
- Cybercrimes Act, partially implemented in December 2021
  - [LINK FOR DPA POLICY CHANGE](#)
- Data localisation
  - In force: Electronic tax records and accounting documents [LINK FOR DPA POLICY CHANGE](#)
  - Proposed: Critical infrastructure information [LINK FOR DPA POLICY CHANGE](#)

### ▪ Enforcement

- Ongoing investigation into Whatsapp's privacy policy
  - [LINK FOR DPA POLICY CHANGE](#)

### ▪ Online content moderation

- Amended Films and Publications Act, implemented in March 2022
  - [LINK FOR DPA POLICY CHANGE](#)
- Participation in Global Online Safety Regulators Network
  - [LINK FOR DPA POLICY CHANGE](#)

### ▪ Audiovisual content regulation

- White Paper on audio and audiovisual regulation, proposing licensing requirement and provider classification
  - [LINK FOR DPA POLICY CHANGE](#)
- Draft White Paper on Audio and Audiovisual Media Services and Online Content Safety, proposing local content requirement, foreign ownership limitations and licensing requirement
  - [LINK FOR DPA POLICY CHANGE](#)

### ▪ Digital Markets Act

- Amended Competition Act, in force since February 2020
  - [LINK FOR DPA POLICY CHANGE](#)
- Revised regulations
  - Buyer Power Regulations, including special rules for e-commerce and online services
    - [LINK FOR DPA POLICY CHANGE](#)
  - Guidelines on Small Merger Notification, including notification below thresholds to address digital market transactions
    - [LINK FOR DPA POLICY CHANGE](#)

### ▪ Enforcement

- Merger control investigations
  - Blocked: Vodacom/Maziv [LINK FOR DPA POLICY CHANGE](#)
  - Approved: Microsoft/Activision Blizzard: [LINK FOR DPA POLICY CHANGE](#)
  - Approved: Google/Fitbit: [LINK FOR DPA POLICY CHANGE](#)
- Unilateral conduct investigations
  - Meta (WhatsApp API): [LINK FOR DPA POLICY CHANGE](#)
- Inquiries
  - Concluded: Online Intermediation Platforms Market Inquiry [LINK FOR DPA POLICY CHANGE](#)
  - Ongoing: Media and Digital Platforms Market Inquiry [LINK FOR DPA POLICY CHANGE](#)



# RECENT POLICY

## OTHER MATTERS OF INTEREST



### ▪ **Taxation**

- Announcements mentioning possibility of establishing a Digital Service Tax: [LINK FOR DPA POLICY CHANGE](#)
- Value-Added Tax on electronic services: [LINK FOR DPA POLICY CHANGE](#)

### ▪ **Cloud computing**

- Draft National Data and Cloud Policy (2021), proposing rules on data protection, cybersecurity and competition, the creation of a new agency, as well as measures to increase investment and improve connectivity: [LINK FOR DPA POLICY CHANGE](#)

### ▪ **Electronic communications**

- National Policy on Rapid Deployment of Electronic Communications Networks and Facilities (2023), establishing licensing process
- [LINK FOR DPA POLICY CHANGE](#)
- End-user and Subscriber Service Charter Regulation, setting quality of service standards: [LINK FOR DPA POLICY CHANGE](#)

### ▪ **Crypto-Assets**

Financial Sector Conduct Authority: Declaration classifying crypto assets as financial products, subject to authorisation

- [LINK FOR DPA POLICY CHANGE](#)
- Reserve Bank: Guideline establishing risk management, illegal financing, and anti-money laundering standards for banks offering crypto products: [LINK FOR DPA POLICY CHANGE](#)

The Digital Policy Alert's Digital Digest series summarises each G20 country's digital policy in 5 minutes: [LINK TO DPA DIGITAL DIGEST SERIES](#)