ECONOMIC IMPACT OF HORTICULTURAL IMPORT CONTROLS IMPOSED HAPHAZARDLY BY BOTSWANA AND NAMIBIA

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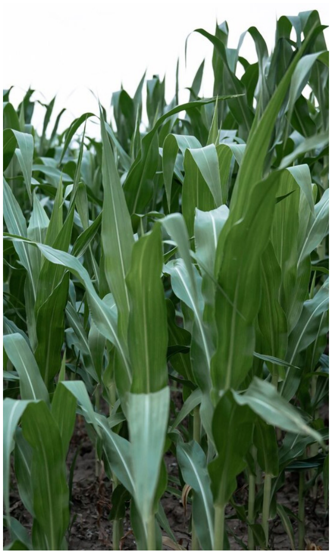
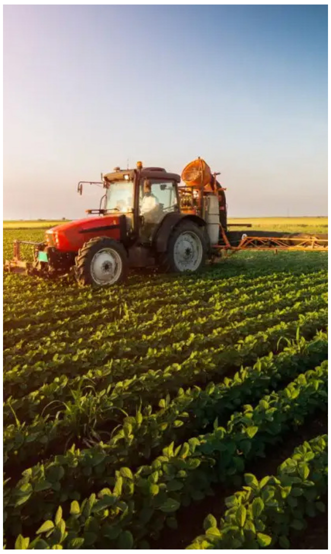
SACU which is a form of deeper economic integration, predates modern trade and customs Agreements, and it remains the oldest functioning Customs Union, dating back to 1910. Like other customs unions, a key feature of SACU is the application of a single tariff regime – the common external tariff (CET). This means the member states form a single customs territory which provides for a free movement of goods where tariffs and other barriers are eliminated on all trade between them. The CET applies to goods imported from all territories that are not members of SACU. SACU comprises of five member states (Botswana, Eswatini, Lesotho, Namibia and South Africa).

SACU members just like in the WTO recognise that it may be necessary for members with low standards of living and who are in their early stages of development, in order to implement programmes and policies of economic development to improve general standards of living of their people, to adopt protective or other measures affecting imports. Article 26 of the SACU agreement only allows the government of Botswana, Lesotho, Namibia





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and Eswatini as a temporary measure to levy additional duties on certain goods for the development of their infant industries. Notably, the SACU agreement refers to the infant industries as those which has been established in the area of a Member State for not more than eight (8) years. However, duties must be levied equally on goods grown, produced or manufactured in other parts of the Common Customs Area and like products imported from outside that area.

Nevertheless, members have been consistently imposing unjustly regulations, violating the SACU agreement. Botswana and Namibia close their borders seasonally to restrict imports from South Africa. Botswana announced the two-year ban in December 2021 in a move that was quickly mimicked by Namibia, which restricted imports from South Africa in January 2022. The countries' list of banned commodities includes tomatoes, carrots, beetroot, potatoes, cabbage, lettuce, garlic, onions, ginger, turmeric, chilli peppers, butternut, watermelons, sweet peppers, green mealies, and fresh herbs. The two countries claim that the imposed bans are to encourage the production of local vegetables and reduce dependency on imports, that vegetable industry in these countries is still in infantry phase relative to South Africa industry.

South Africa is a net exporter of edible vegetables, roots and tubers. Figure 1 shows that there is an increasing trend in South Africa's vegetables, roots and tubers export since 2014. Between 2014 and 2023, the value of exports increased from R2 million to R3.5 million. Mozambique is the main destination for South Africa's edible vegetable, roots and tubers, accounting for 22% of total exports, followed by Namibia accounting for 10%, and Netherlands (9%) and Botswana (8%).

Even though Namibia and Botswana are still amongst the leading destination for South Africa's exports, there is a decline in exported quantities. Between 2021 and 2023 Potatoes, tomatoes and carrots exports to Botswana declined from 23.7 to million tons to 2.5 million tons (MT), 4 047 MT to 16 thousand tons and from 3.7 MT to 34 thousand tons respectively. Exports to Namibia are also starting to follow the same trend, exported onions and tomatoes declined from 3.5 MT to 2.8 MT, 1.6 MT to 891 thousand tons during the same period.

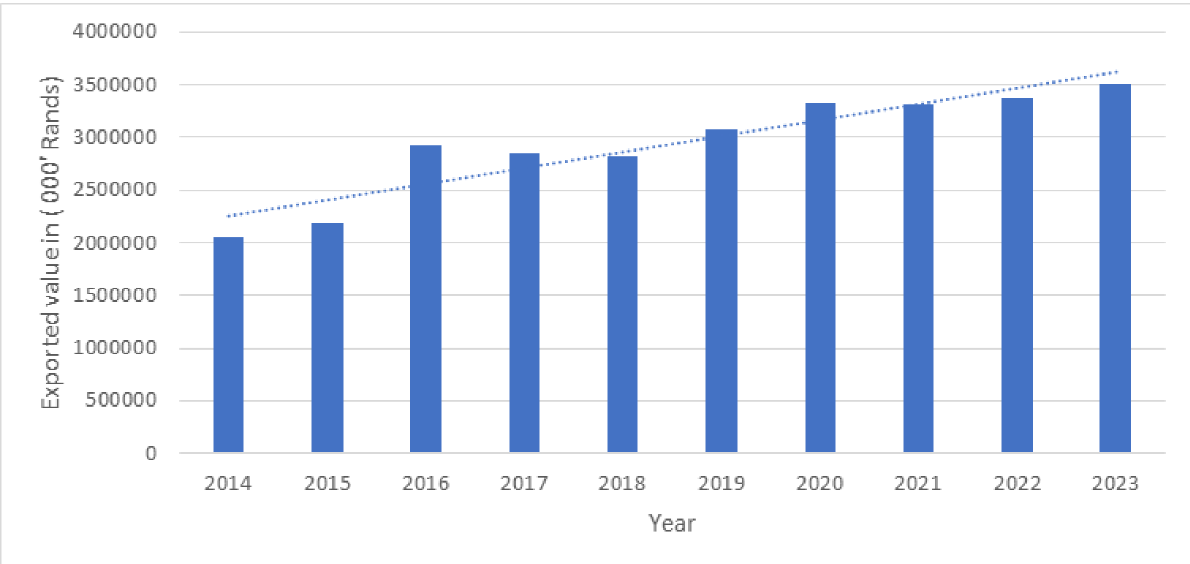

Figure1: Edible vegetables, roots and tubbers
Source: Trade map, 2024

In May this year, the south African government through national plant protection of south Africa took a decision to put in place new requirements for the contracting parties for imports and in-transit consignments of fresh fruits and vegetables destined for the republic of South Africa. This was aligned based on Pest risk analysis (PRA) for quarantine pests (ISPM 11) and consignments in transit (ISPM 25). Even though South Africa as a signatory member of IPPC and WTO SPS agreement have a right to protect plant health using phytosanitary regulatory controls. This move can be interpreted by other members as a retaliation to prevent them from accessing the South African market, pest risk analysis is a costly and time-consuming exercise especially for small economies.

CONCLUDING REMARKS

Both Botswana and Namibian edible vegetables, roots and tubers markets are important for South Africa. The imposed imports controls are having a negative effect on South Africa's export revenue. South Africa's export revenue is going to continue to decrease as long as the imports ban are in place. Therefore, South Africa should seek for a solution to resolve this issue.

SACU agreement have a dispute settlement mechanism, article 13 of the SACU agreement makes provision for the settlement of disputes regarding the interpretation or application of the agreement by an ad-hoc Tribunal. The system encourages the member states to resolve their disputes in a friendly approach before taking it to the tribunal. However, African countries have a bad record when it comes to instituting formal dispute settlement proceedings, when trade agreement has been violated. They never do so amongst themselves and rarely with third parties.

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