CITY OF WINDHOEK INTRODUCE NEW, MODERN BUSES

Source: The Namibian Newspaper, 03 February 2016
Unit 2. The Southern African Development Community (SADC)

1. The operation of the various transport systems and authorities within Namibia and SADC
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LEARNING OUTCOME

- Describe what SADC
- Explain and outline the aims and objectives of the SADC
- Discuss the structure and decision making process
- Explain and outline the role that the SADC plays in the transport of its members
INTRODUCTION

- There are three levels of economic integration
  - **Global**: Trade liberalization by General Agreement on Tariffs and Trade (GATT) or World Trade Organisation (WTO)
  - **Regional**: Preferential Treatment of Member Countries in the groups
  - **Bilateral**: Preferential Treatment between two countries

Regional and bilateral agreement are against the MFN clause (Normal trading relations) but allowed under WTO
Regional Integration

- Regional Integration is a process in which states enter into a regional agreement in order to enhance regional cooperation through regional institutions and rules.

- Is also referred to as market integration, a process by which the economic barriers against exchange of goods, services, capital, and people between two or more countries are eliminated or reduced.
A trade bloc is a type of intergovernmental agreement, often part of a regional intergovernmental organization, where regional barriers to trade, (tariffs and non-tariff barriers) are reduced or eliminated among the participating states.

Regional integration is a process in which neighboring states enter into an agreement in order to upgrade cooperation through common institutions and rules.
International integration

- **International** means between or involving different countries.
- **International integration** is a process by which countries remove the barriers to free trade and the free movement of people across national borders, with the goal of reducing the tensions that can lead to international conflict.
Benefit of Regional Integration

**Larger markets:** Regional integration usually allows several different countries to come together and form common markets. This is done by opening up borders and eliminating tariffs and taxes on imports and exports between member nations.

**Increased Global Competitiveness:** increased economic output and better efficiency through free trade across borders, allows the regional block to offer many more goods and services on the international market than competitors.
Limitation of Regional Integration

- **Loss of dominion/rule/ sovereignty**: To create regional integration, member nations have to give up some of their power to the newly created supranational body such as regional parliament or council.
- **Loss of Flexibility**: Regional Integration can make it difficult for national governments to create and implement policies based on their own particular needs.
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Types of economic integration

- FTA (Free Trade Area)
  - No internal tariffs among members, but each country imposes its own external tariffs to the third country
- Preferential Trade Agreements
- Customs Union
- Common Market
- Economic Union
- NAFTA (North America Free Trade Agreement)
- AFTA (ASEAN Free Trade Area)
- EFTA (European Free Trade Area)
- SADC
Free Trade Area

- Is a trading arrangement that removes all barriers to trade among participating nations but that allows each nation to retain its own restrictions on trade with countries outside the free trade area.
Preferential trade agreements

- Is a trading arrangement in which a nation grants partial trade preferences to one or more trading partners
Customs Unions

- Is a Trading arrangement that entails eliminating barriers to trade among participating nations and common barriers to trade with other countries outside the group
- Abolish tariffs and quotas between member nations - to encourage free movement of goods and services. However these products might be subject to excise duty and VAT
- No Internal Tariffs and Common External Tariffs
- Mercosur (Southern Common Market)
- CACM (Central American Common Market)
- CARICOM (Caribbean Community and Common Markets)
Common Market

- Is a trading arrangement under which member nations remove all barriers to trade among their group, erect common barriers to trade with other countries outside the group, and permit unhindered movements of factors of production within the group.
- Free movement of products and services; and factors of production (resources) which is customs union plus factor mobility / flexibility.
- EU (European Union) - previously EEC.
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Economic Union

- Is a trading arrangement that:
- Commits participating nations to remove all barriers to trade among their group
- To abide by common restrictions on trade with other countries outside the group
- To allow unhindered movements of factors of production within the group
- To closely coordinate all economic policies with other participants
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Economic effects of economics integration

Static effects: short-term effects (Shift of production)

- **Trade creation**: production shifts to more efficient member countries from inefficient domestic or outside countries
- **Trade diversion**: production shift to inefficient member countries from more efficient outsiders

Dynamic effects: Long-term effects

- Cost reduction due to economies of scale
- Cost reduction due to increased competition
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SADC members states
SADC

- SADC is an inter-governmental organisation
- Headquartered in Gaborone, Botswana
- Its goals is to further socio-economic cooperation and integration as well as political and security cooperation among 15 member state.
- Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe
- It complements the role of the African Union
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- Except for the Tribunal (based in Windhoek, Namibia) and Secretariat, decision-making is by consensus.
- Challenges is that member states also participate in other Regional Economic Cooperation Schemes and regional Political and Security Cooperation Schemes that may compete with or undermine SADC’s Aims.
- South Africa and Botswana both belong to the Southern Africa Customs Union.
- Zambia is a part of the Common Market of Eastern and for Southern Africa.
- Tanzania is a member of the East African Community.
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VISION

- SADC’s **Vision** is that of a common future, within a regional community that will ensure economic well-being,
- Improvement of the standard and living and quality of life
- Freedom and social justice and peace and security of the people of Southern Africa
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Mission

- SADC Mission is to promote sustainable and equitable economic growth and socio-economic development through efficient productive systems
- Deeper co-operation and integration
- Good governance
- Durable peace and security, so that the region emerges as a competitive and effective player in international relations and the world economy
The SIPO, alongside the SADC Mutual Defence pact of 2004, guides the implementation of the Protocol on Politics, Defence and Security Cooperation.

SIPO is divided into four main sectors of Political Defence, state Security and Public.
Objectives

- Provided for in Article 5 of the SADC Treaty, the SADC Objectives are to:
- Achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integrations;
- Evolve common political values, systems and institutions
Objective con’t

- Promote and defend peace and security
- Promote self-sustaining development on the basis of collective self-reliance and the inter-dependence of member states
- Achieve complementarities between national and regional strategies and programmes
- Promote and maximise productive employment between national and regional strategies and programmes
Objective con’t

- Achieve sustainable utilisation of natural resources and effective protection of the environment
- Strengthen and consolidate the long-standing historical, social and cultural affinities and links among the peoples of the region
Achieving the Objectives

To achieve its aims, SADC shall:

- Harmonise political and socio-economic policies and plans of member States
- Mobilise the peoples of the region and their institutions to take initiatives to develop economic, social and cultural ties across the region, and to participate fully in the implementation of the programmes and projects of SADC
Achieving the Objectives con’t

- Secure international understanding, cooperation and support, mobilise the inflow of public and private resources into the region and,
- Develop such other activities as member States may decided in furtherance of the objectives of SADC
Achieving the Objectives con’t

- Promote the development of human resources
- Promote the development, transfer and mastery of technology
- Improve economic management and performance through regional cooperation
- Promote the coordination and harmonisation of the international relations of Member States
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Achieving the Objectives con’t

- Secure international understanding, cooperation and support, mobilise the inflow of public and private resources into the region and,
- Develop such other activities as member States may decided in furtherance of the objectives of SADC
In pursuit of this agenda, SADC has adopted milestones to facilitate the attainment of the SADC Free Trade Area (FTA) by 2008:
- The Customs Union (CU) by 2010
- The Common Market (CM) by 2015
- Monetary Union (MU) by 2016
- And Single Currency by 2018

SADC FTA was launched on August 17, 2008, during the 28th Summit of SADC Heads of State and Government in SA.
The SADC “Common Agenda” means the set of fundamental principles and value, referred to in Article 5A of the SADC Treaty that will guide the integration agenda of the SADC.

The SADC Common Agenda is based on various principles, such as development orientation; subsidiarity (the principles of devolving decisions to the lowest practical level).
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- Market integration and development
- Facilitation and promotion of trade and investment and variable geometry
- Variable-geometry is a term used to describe the idea that there are differences between member States.
- According to this principle, a group of member states could move faster on certain activities and the experiences learnt are replicated in other member states.
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The SADC Common Agenda

- Promoting sustainable and have equitable / reasonable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication
- Promotion of common political values, systems and other shared value which are transmitted through instructions which are democratic, legitimate and effective
- The consolidation and maintenance of democracy, peace and security
In your own words, describe the benefits of the SADC from a regional perspective?

In your own words, Discuss the Challenged of Regional Integration?
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Any Questions?
Thank You.