

**2674.    Mr N L S Kwankwa (UDM) to ask the President of the Republic:**

(1)      Whether, in light of the decision of the African countries in 2012 to establish a Continental Free Trade Area (CFTA) by October 2017, which was reconfirmed in Addis Ababa in November 2016, in order to boost intra-Africa trade, the country has taken any steps to ensure that member countries in the Common Market for Eastern and Southern Africa receive the same revenue they derive from the current free trade agreement even after the new agreement has come into effect; if not, why not; if so, what are the relevant details;

(2)      what steps has the country taken to ensure (a) the finalisation of this process and (b) that, unlike most free trade agreements, the CFTA does not skew trade and development in favour of the more developed countries on the continent? NW2980E

**REPLY:**

The negotiations towards establishing the Continental Free Trade Area (CFTA) are building on the trade liberalisation progress and achievements of the Regional Economic Communities such as our own, the Southern Africa Development Community, (SADC) and others.

The aim is to enhance intra-regional trade and ensure that African countries trade with each other on better terms than third countries. A free trade area implies granting parties thereto preferential access in terms of tariff duties, which has implications for revenue. Each negotiating party makes its own sovereign assessment about the benefits of entering into the CFTA negotiations and whether they potentially outweigh the negative considerations that arise. It is therefore not possible to predict with any degree of precision, how the CFTA will impact on the revenue base of the negotiating state parties. This will depend on the export profile of each negotiating state party to the CFTA.

The overriding imperative of the CFTA is to boost intra-Africa trade, promote market integration and industrialisation in Africa. A bigger market will improve the prospects of African countries to attract investment, promote the development of regional value-chains thus increase the potential of diversifying the economic base. We believe that this will contribute positively to economic growth and development in Africa.

South Africa takes the CFTA negotiations very seriously, as the intervention has the potential to contribute positively to economic growth and development in Africa. Our commitment to the CFTA is evidenced by the fact that South Africa hosted the meeting of the AU Assembly of Heads of States that launched the CFTA negotiations. The CFTA is also one of the priorities of Agenda 2063 and the African Union Assembly of Heads of States receives regular feedback on progress. To demonstrate our commitment to the expeditious finalisation of the CFTA negotiations, South Africa recently hosted meetings of the CFTA technical working groups and the negotiating forum from 20 August to 2 September 2017, in Durban. Further, South Africa has made specific proposals, towards the conclusion of the CFTA negotiations.

In addition, the CFTA negotiations are receiving the highest political attention in South Africa, to provide the necessary guidance to speedily move towards the conclusion of the CFTA. South Africa is represented at all AU Trade Ministers meetings wherein the CFTA is discussed and direction given by AU Ministers of Trade to the negotiators. The International Trade and Economic Development Division of the dti advances and defends South Africa’s trade interests in the CFTA negotiations. The positions that South Africa advances in the CFTA negotiations are an outcome of consultations that take place in NEDLAC.

South Africa has advanced the development integration approach to the CFTA that combines market integration, industrial and infrastructure development. This approach ensures that Africa addresses the fundamental constraints to intra-Africa trade and Africa’s integration into the global economy, which include productive and supply-side constraints. This approach has been adopted by the Continent as a good basis to advance regional integration. This ensures that the benefits of the CFTA are broadened through the diversification of the export base and promoting inter-connectivity through infrastructure development.

Having said that, South Africa advances the retention of the policy space for development, particularly for Least Developed Countries. We defend the retention of policy space in any free trade agreement for the advancement of national development objectives such as industrialisation, access to affordable public health and the introduction of other development advancing measures in all free trade negotiations that we are party to, including the CFTA. South Africa supports free trade agreements that expressly recognise differentials in levels of development, and accordingly create differentiated obligations. South Africa is therefore committed to ensuring that the CFTA benefits all AU member states.