



international engagements

Presentation to PCOF by
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Overview of Presentation

- International engagement at three levels:
 - **Development in Africa** – alleviating poverty, and promoting the developmental agenda and regional integration, in Africa
 - **Institutional participation** - represent SA at finance, economic and development forums, and supporting capacity building initiatives
 - **International policy** – develop and advocate SA's position on international policy issues related to mandate



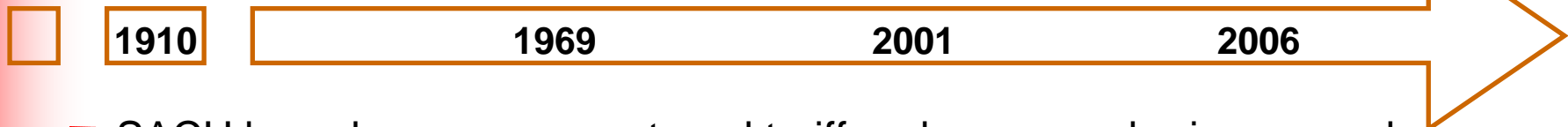
SACU

**Formation of
Customs
Union – SA
and British
Protectorates**

**1969 SACU
agreement
reinforces
fiscal transfers
– residual to
SA**

**New SACU
agreement –
revenue sharing
formula**

**SA calls for review
of revenue sharing
formula**



- SACU based on common external tariff and revenue-sharing – members comprise SA, Botswana, Lesotho, Namibia and Swaziland.

Challenge facing SACU is:

- Revenue sharing arrangement has not encouraged trade integration, and created more dependency, and no enlargement
- Development intention of ‘fiscal transfer’ not applied
- Deepening regional integration under SADC umbrella implies a transition from SACU to SADC Customs Union



SACU Revenue Sharing

- Revenue-sharing based on customs and exercise revenue from extra-SACU trade, redistributed on intra-SACU trade
- Slight decrease btw 2004/05 and 2005/06 due to transition from 1969 to 2001 agreement
- SACU revenue increase due largely to growth in SA imports
- SACU transfers to the BLNS has increased from R3,2 bln in 1994/05 to R23,1 billion in 2007/08



SADC

**SADCC
formed by
frontline
states**

1981

**South Africa
joins SADC**

1994

**SADC adopts its
Regional
Indicative
Strategic
Development Plan**

1999

**SADC Free
Trade Area**

2008

**SADC
Customs
Union**

2010

SADC comprises 14 members. RISDP objectives include:

- Economic cooperation, mutual assistance and joint planning
- Liberalise trade
- Support domestic growth and poverty alleviation

Critical issues :

- EPA negotiations with EU shaping regional integration agenda
- Overlapping memberships and Incompatible Policies in Member States constrains regional integration



Overlapping membership



	SACU	SADC	COMESA	EAC
Angola				
Botswana				
DRC				
Lesotho				
Madagascar				
Mauritius				
Malawi				
Mozambique				
Namibia				
RSA				
Swaziland				
Tanzania				
Zambia				
Zimbabwe				



Pan-African institutions

- African Development Bank
 - Temporarily located in Tunisia (Abidjan)
 - Lending windows through ADB and ADF
- UN Economic Commission for Africa (ECA)
 - Located in Addis Ababa
 - Undertakes critical research and support to regional institutions
- African Union
 - Located in Addis Ababa
 - Strategy of RECs moving towards African Economic Community
 - Ministers of Finance meet annually (AU Financial Institutions)
- Capacity building
 - CABRI
 - SATI



African Development Bank

- Key challenge for Africa is development of infrastructure to increase intra-Africa trade
- Reduce revenue dependency from tariffs by developing taxation system
- ADB priorities focus on infrastructure, governance and human development
- Increasing role for SA in guiding new ADB leadership and reforms
- Increased shares and ADF donor contributions
- Proposed CSP focuses on regional integration



World Bank

- Process to appoint President raised issue of voice, representation, governance and transparency
- Reform of Bank critical to economic growth and development.
- Bank priorities need to align with economic growth, incl infrastructure – critical in meeting MDG goals
- SA's partnership outlined in Country Strategy Paper
- Challenge for the World Bank is the Middle Income Countries



IMF

- Process to appoint MD and IMFC voice and governance
- IMF reform critical for Africa, includes
 - Increased diversity of staff and control of key institutions
 - Understanding and addressing needs of Low Income Countries
- Crocket Report
 - Funding crisis due to low lending
 - Managing gold sales to fund IMF
- Examine role in international market volatility
- SA's article 4 report published:
 - Broadly positive on SA growth prospects
 - Risk on current account and inflation



G20

- G20 countries include G7, Russia, IBSA, China, Australia, Saudi Arabia, Turkey, Mexico, Indonesia, South Korea, Argentina, EU
- SA chair in 2007, Ministerial in November
- Trioka leadership: Australia – SA - Brazil
- Overarching theme is *partnership and sharing*
- Three main focal issues during SA's chair
 - Bretton Woods Reform
 - Commodities and financial stability
 - Fiscal elements of growth and development
- Opportunity used to engage African countries
 - Aid effectiveness
 - Fiscal elements of growth



International policy issues

■ Strong focus on MDGs:

- indications that sub Saharan Africa lacks behind on most goals
- need policies that promote sustainable economic growth and poverty alleviation

■ Deepening regional economic integration:

- agreements to liberalise trade, but also focus on underlying trade facilitation – infrastructure, systems, etc
- Investment in regional infrastructure

■ Doubling aid to Africa

- OECD/DAC reports that aid declined between 2005 and 2006, if Nigeria debt relief and Iraq is excluded.
- G8 commitments at Gleneagles and Heiligendamm
- developing SA's policy on ODA



Thank you