



# 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



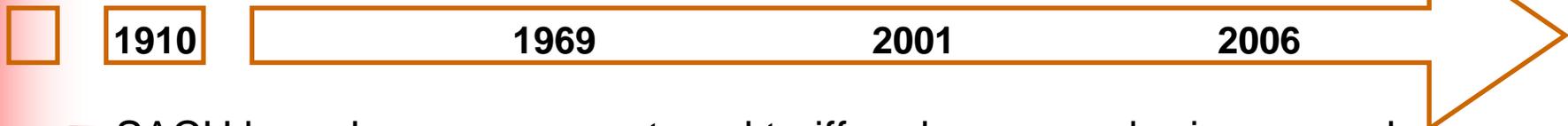
# SACU

**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**