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Trade Policy Review Body

TRADE POLICY REVIEW MECHANISM

REVIEW OF SOUTH AFRICA, BOTSWANA, LESOTHO NAMIBIA AND SWAZILAND

Communication from the Discussants

In pursuance of Annex 3, paragraph C (iv) of the WTO Agreement, the following are outlines of the main points to be raised by the discussants, H.E. Ambassador R.M.J. Lyne (United Kingdom), Mr. Wilhelm Meier (Switzerland) and Mr. Tadeous Chifamba (Zimbabwe) at the Trade Policy Review of South Africa, Botswana, Lesotho, Namibia and Swaziland on 21-22-23 April 1998.

It is recalled that the discussants act in their personal capacity.

(a) Ambassador R.M.J. Lyne

- Pace and emphasis of the Reconstruction and Development Programme (RDP), and of the Growth, Employment and Redistribution (GEAR) strategy;
- Incentive schemes mostly geared toward capital utilization, the GEAR's objective of job creation and the current level of unemployment;
- Reforms on basic conditions of employment and reduction of labour costs / improvement of competitiveness;
- Slowdown in privatization and implementation of the National Framework Agreement;
- Decline in exports of gold and diversification;
- Short-term structure of capital inflows and vulnerability of South African economy to changes in market sentiment;
- Future liberalization of exchange controls;
- Impact of drought; and
- Current account deficits, decline in international reserves and pursuit of reforms.

(b) Mr. Wilhelm Meier

- Renegotiations of the SACU Agreement:
 - . the management of the SACU system, including the setting of import duties and contingency trade remedies, the use of duties for protection of infant industries and industries of major importance to the BLNS economies, and a dispute settlement mechanism;

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- . country-specific legislation on quantitative restrictions on imports from outside the SACU area and free trade within the union; and
- . fiscal issues e.g. the revenue-sharing formula (the level of compensation for price-raising and industrial-polarization effects, and for the loss of fiscal discretion, and the "stabilization factor") and the time lags in distribution of revenue;
- The SADC Trade Protocol:
 - . entry into force;
 - . timeframe and process of establishment of the Free Trade Area (e.g. country-sensitive sectors and asymmetrical trade liberalization); and
 - . prospects for a customs union (a common external tariff in particular);
- Coverage of bilateral trade negotiations with the EU, including prospects for South Africa's agricultural exports to the EU; and
- Management of multilateral, regional and bilateral trade agreements by South Africa.

(c) Mr. Tadeous Chifamba

- Import prohibitions and controls;
 - Export prohibitions and controls;
 - Tariffication of quantitative restrictions on agricultural products (except black tea) and maintenance of import controls;
 - Selective tariff protection and frequent tariff alteration;
 - Formula duties based on minimum import prices and implementation of Article VII of the GATT on Customs Valuation;
 - Tariff bindings at ad valorem rates and non-ad valorem applied tariffs, including formula and specific duties;
 - Unbound tariffs on albuminoidal substances based on eggs (agricultural products);
 - The Tariff Rationalization Process (TRP) and the effective rate of protection;
 - AMPEC proposal of tariff protection in agriculture;
 - Double uplift of the value for VAT purposes of imports subject to ad valorem excise duties;
 - Discriminatory specific excise duties on certain beverages;
 - Phasing-out of import controls implemented under Article 11.1 of the WTO Agreement on Safeguards;
 - Liberalization of marketing of agricultural products, including wine and sugar;
 - Protection of geographical indications;
 - Trademark protection and the WTO Members not parties to the Paris Convention;
 - Status of bills on intellectual property, including the Counterfeit Goods Bill and the Intellectual Property Laws Amendment Bill;
 - Compliance with the requirements of the WTO legislation on anti-dumping, countervailing and safeguard measures;
 - The wide variety of incentives schemes;
 - Local content requirements;
 - Competition policy, including price controls;
 - Liberalization of trade in services; and
 - The gold tax formula.
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