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SACU
SOUTHERN AFRICAN CUSTOMS UNION

PILLAR 1 OF THE SACU STRATEGIC PLAN

INDUSTRIALISATION, EXPORT AND INVESTMENT PROMOTION

22 APRIL 2025



OUTLINE

- SACU Agreement (Industrialisation)
- Strategic Objectives Pillar 1
- On-going SACU Work on Pillar 1
- Work with other Units
- Conclusion
- Future Plans

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SACU Agreement: Industrialisation

- SACU Agreement, 2002 - key objective is to enhance the economic development, diversification, industrialisation and competitiveness of the SACU Member States.

- Article 38(1) of the SACU Agreement specifically states that "*Member States recognise the importance of balanced industrial development of the Common Customs Area as an important objective for economic development*"

- Article 38(2) therefore requires Member States to develop **common policies and strategies** to support industrial development

- Industrialisation Agenda - has evolved over the years from development of regional industrialisation policy for SACU to development of regional value chains

Regional Industrial development remains an overarching objective on the SACU Agenda

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COUNCIL DIRECTIVES

- Public Policy interventions to support industrialization (Ministerial Work Programme 2015);
- Ministerial Retreat 2020 - repurposed the Work Programme with industrialization as an overarching objective and to build on public policy interventions;
- Positioning SACU as innovation and manufacturing hub on the continent; and
- SACU Strategic Plan 2022-27 with Pillar 1 on Industrialization (June 2022).

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Pillar 1: Industrialisation, Export & Investment Promotion

Strategic Objective 1: Develop viable national & regional value chains capable of linking with global value chains

Interventions

01 Developing Sectoral Plans & Growth Strategies on the priority sectors for value addition;

02 Establishing a coordinated approach on industrialisation & the development of regional value chains in SACU, aligned to the SADC Strategy for industrialisation

03 Leveraging international best practices & expertise (UNCTAD), World Bank, etc.), regarding effective policy tools & interventions for the development of the regional value chains for the MSMEs

04 Cooperation in the services sectors as an enabler for the development of the RVCs

Expected Results

01 Broaden regional industrial base, doubling the share of MVA

02 Regional industrialisation strategy/framework

03 Increased participation & involvement of the private sector

04 Empowerment & inclusivity of the MSMEs, women & youth

05 Enhanced competitiveness of SACU economies, particularly in terms of industrial skills set.

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Strategic Objective 2: Attract investment in strategic (priority) sectors with the potential for value addition at national and regional level

Interventions

1. Developing a SACU Investment Attraction, Promotion & Facilitation Strategy
2. identifying, profiling & packaging bankable investment projects on the priority sectors
3. Undertake targeted roundtables on investment & regional value chain
4. Increased investments in regional manufacturing

Expected Results

- **A** A SACU-wide investment cooperation/collaboration framework/strategy developed
- **B** An increase in investment flows, intra-regional & FDI into value-added economic activities
- **C** Improved policy environment for national & SACU-wide industrial development

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Strategic Objective 3: Increase SACU's existing & potential level of exports in regional, continental & global trade in goods

Interventions

Developing an Export Development & Promotion framework & a SACU-wide Export Potential model/tool to identify new export opportunities

Supporting export activities through increasing the availability of trade finance & export-readiness support, especially for women & youth owned MSMEs

Supporting private sector (especially MSMEs) participation in regional, continental & international trade fairs & exhibitions as well as in trade promotion missions, B2Bs, including the use of e-commerce (digital platforms)

Expected Results

A SACU-wide export promotion framework is developed

An increase in SACU's exports, especially value-added exports, particularly intra-African exports to at least 50 percent of total exports by 2027

Enhanced diversified export markets, particularly African markets

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SACU Industrialisation Work

Industrialisation Pillar

VISION

"to build a diversified, competitive, sustainable and equitable industrial base that supports structural transformation and the economic integration of the SACU region"

PRIORITY SECTORS

- Agro-processing (Leather and Leather products, Meat and Meat products, and Fruits and Vegetables; Fertilizers, Agro-chemicals and Seed Production)
- Textiles and Clothing;
- Pharmaceuticals;
- Cosmetics and Essential Oils; Minerals, Automotives
- Fertilizers, agro-chemicals,seed production
- Automotives and green/critical mineral beneficiation

Enabling Sectors

Industrial and ICT infrastructure; transportation and logistics and financial sectors agreed as **enabling sectors** to support SACU's industrialisation

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SACU Industrialisation Work

Industrialisation Pillar Conti…

- Value chain mapping conducted on the priority sectors to assess the relative competitiveness of each Member State
- This work culminated in Sectoral Roundtables/Reports:
  - Leather and Leather Products - 19th March 2021
  - Fruits and Vegetables - 12th May 2021
  - Meat and Meat Products - 27th May 2021
  - Textiles and Clothing - 10th June 2021
  - Cosmetics and Essential Oils - 29th July 2021
- Comprehensive Sectoral Reports developed as basis for future Sectoral Strategies and Plans
- On Pharmaceuticals sector, workshops convened in August 2021 and July 2023
  - engaged on a developmental approach and created a platform for consultations with the private sector on the potential of the Pharmaceuticals sector in the region
- Work also continued on the Fertilizer, Agro-chemicals and Seed Production sector

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SACU Industrialisation Work

Investment Promotion Pillar

- Developed Investment e-Booklet covering projects identified by the Member States for cross-border collaboration – as discussed during the Ministerial Investment Roundtable
- Facilitating identification of the pilot projects for development of regional value chains
- Worked with UNCTAD to develop the Investment Facilitation Digital Monitor. A training session was held in February 2024 to familiarise Member States and the SACU Secretariat on how to fully utilise and use the Digital Monitor.

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SACU Industrialisation Work

Export Promotion Pillar

- SACU adopted the Export Scoping Engine (ESE+) Model as the interim Model for the identification of SACU's export opportunities in the priority sectors

- Using this interim Model, export opportunities were identified (within and outside Africa) for AfCFTA done specifically for East, West, Northern and Southern part of Africa

- Work is planned on the development of the Regional Export Framework and permanent Export Potential Model for SACU

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Export Opportunities identified for Priority Sectors in 2021

Priority Sectors	Potential Export Markets in Africa	Potential Export Products
Fruits and Vegetables	Zambia, Zimbabwe, Malawi, Angola, Mauritius, Ghana, Kenya	apples and pears, staples and their derivatives, Berries, Grapes, sugar, fruit juice, citrus, and vegetable oils, oil seeds,
Leather and Leather Products	Zambia, Zimbabwe, Malawi, Angola, Mozambique, Mauritius, Ghana, Kenya	Footwear, Leather products, Leather apparel, animal hides
Meat and Meat Products	Zambia, Zimbabwe, Malawi, Mozambique	Beef, poultry, prepared meat products
Textiles and Clothing	Zambia, Zimbabwe, Malawi, Angola, Mozambique, Mauritius, Ghana, Kenya	Outerwear, shirts, personal accessories
Cosmetics and Essential Oils	Zimbabwe, Zambia, Malawi, Ghana, Kenya and Nigeria	Essential oils and cosmetics

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Work with other Units

- Trade facilitation – cross cutting issues as they relate to Trade Facilitation and Industrialisation
  - Infrastructure – soft and hard
  - Funding - identify funding on the various projects and programmes that require financial support under the Trade Facilitation Committee and Sub-Committees under industrialisation
  - Rules of Origin - focuses on administration of rules of origin while Industrialisation focuses on policy aspects
  - Export Promotion - identifying critical policy issues to address the barriers identified by the private sector

Way Forward – identification of cross cutting issues that may be considered by the Senior Officials

- Financing – financing for industrialisation and trade facilitation projects

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Conclusion

- Industrialisation remains the cornerstone for development within SACU (as outlined in Pillar 1 of the SACU Strategic Plan (2022-2027). Work will continue to provide a strategic direction for the work on Industrialisation;
- Work will also continue to ensure that SACU Member States take advantage of the opportunities presented by the AfCFTA;
- The region will also explore development of relevant strategies to complement the on-going work (**with export and investment related strategies and frameworks**);
- Collaboration – work is on-going to seek collaboration with other organisations on the work on industrialisation, export and investment promotion

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Future Plans

Industrialisation through development of regional value chains

- Develop a study on Fertilizers, Agro-chemicals and Seed Production – identify the opportunities and challenges, cross-border collaborations
- Convening of Sectoral Roundtables on Pharmaceuticals
- Frontloading Automotive and Mineral Beneficiation Sectors to develop regional value chains and develop smart specialisation strategies
- Pilot one or two sectors for development of regional value chains
- Development of the SACU Industrialisation Strategy

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Future Plans continued

Investment Promotion

- Development of Investment Promotion Strategy

Export Promotion

- Development of SACU Export Potential Map by ITC

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THANK YOU



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