

SADC Protocol on Industry

Response by Hon Nico Smit MP on Wednesday

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Hon Speaker, Hon Members, this protocol is the first step in the comprehensive overhaul of the development framework that guides industrialisation in all member states of the Southern African Development Community.

As such, it is a noble undertaking but its scope is vast and the implementation horizon will easily reach 50 years if not longer. I suspect the first phase, including legal convergence, will take up to twenty years and that actual implementation will only start after that.

When I first started working through the Protocol, I realised that this is a draft document, intended only to give the very first baby-steps for moving on to the SADC INDUSTRIAL DEVELOPMENT POLICY FRAMEWORK, formulated and released in 2012, and the subsequent SADC INDUSTRIALIZATION STRATEGY AND ROADMAP, approved by the SADC Summit in April 2015.

Hon Speaker, these two documents immediately place the current Protocol in context, to the extent that I wonder why we need a protocol at this stage, when there are already two substantive documents that address all the matters covered by the protocol.

But these two documents also made me realise that with the protocol we are looking at a VERY LONG implementation horizon. For instance, the Policy Framework makes provision for an implementation timeline from 2013 to 2018 while the second is more realistic, covering the period from 2015 to 2063, in other words a 48 year period.

This is what made me realise that the implementation of the protocol, while it may take only a few years to get the two-thirds ratification, must make provision for the next 50 years, if not more.

Hon Speaker, as you all know, at this point there is no SADC industrial strategy that has been adopted by all member states, or even by a required two-thirds majority for ratification. 2018 has come and gone and not a single aspect of the Policy Framework has been implemented by any Member State, let alone by a majority. The Policy Framework stands where it stood in 2012 – a well-researched document making provision for most contingencies, but in the end, just an academic piece of work. It has no practical value unless it is endorsed by the Member States, ratified, and subsequently introduced and implemented at national level through changes in legislation to harmonize the legal frameworks between the Member States.

It is a similar situation with the Strategy and Roadmap. It is now going on seven years since the intended target date for the beginning of its implementation and not a single step has been taken, until this year with the release of the Protocol.

So, Hon Speaker, when the two most important, tangible, practical documents for the region's industrial development have taken this long to lead to a Protocol, how long do you imagine it will take to finalise and ratify the Protocol, and how long will it take before we actually get to

implementation of the two official documents guiding our industrial development?

The Protocol does address some new issues, notably the importance of softer issues and the growing importance of so-called micro, small and medium enterprises. However, Hon Speaker, Hon Members, with the latter, I have to warn you that there is no single definition that includes all these small businesses, and I will be very happy to see the Protocol eventually producing a unified, practical definition. But I doubt that this will happen.

For the rest, the Protocol only covers those issues and processes that are more than adequately covered by the Policy Framework and by the Strategy and Roadmap.

Hon Speaker, finding that the Protocol is repetitive in most instances, I had to change my perspective and look at it differently.

Guided by Article 2 that lists the Objectives, I found that its intention is to promote industrialisation in an equitable and co-ordinated manner. Well! This was a revelation. I would never have dreamed that that is the reason for a Protocol especially since this is exactly what the second document, the Strategy and Roadmap is all about.

There is not a single aspect of any of the Protocol's twelve stated objectives that are not already covered in the other documents.

But to be fair to the process, let me categorize them and leave it to you to decide if this is yet another exercise in producing volumes of hot air which leads to nothing.

The list of objectives can be summarised as

- Capacity,
- Investment,
- Collaboration,

- MSME Promotion,
- Standards & Regulation,
- Trade in Raw Materials,
- Innovation,
- Environmental Impact,
- Intellectual Property Rights,
- Gender Mainstreaming, and
- Data and Information Sharing.

What is disconcerting, and perhaps the first tentative indication that the Protocol will falter and be buried, is that there is very little mention of the private sector. In the document itself, it is only covered in Article 17 and then only very briefly in four short clauses pertaining to capacity, dialogue, participation and financing.

Now, Hon Speaker, Hon Members it must be noted that the private sector is the pillar of industrialisation in the two previous documents, and its role and engagement are extensively covered and included in the Strategy and Roadmap. Does this mean that the SADC Member States have had a change of heart since 2015 and that the new intention is to “go it alone” so to speak, and exclude the private sector from any meaningful participation other than asking them for money?

I am afraid that if this is the case, the Protocol is doomed. There is not a single government in SADC, South Africa included, with the capacity or the financial wherewithal to drive the Protocol through all its intentions and undertakings. When the private sector is excluded, side lined or ignored, the Protocol will at most turn into a relic and be ignored by the broader economy, both at national and regional level.

Or, Hon Speaker, does it mean SADC as a whole has now embarked on a quasi-Chinese development model where all impetus is generated by the state? This is also a doomed model because before we reach the 2063 deadline of the Strategy and Roadmap, the overarching importance of finance will have come to the fore, and a lack of it will make any industrialisation come to a grinding halt.

If that industrialisation is state-driven, it will not succeed. Unless there is a SADC government in place backed by a majority of SADC citizens in an open and democratic process, regional integrated, co-ordinated industrialisation will not happen.

Even now, I can see how desperate national governments each vie for their own piece of the action, undermining all efforts to co-ordinate and promote industrialisation at regional level, and a host of fat cats fleecing their own governments to get as big as possible a chunk of the enormous sums of money that will be spent to make it appear there is a serious effort to establish regional value chains and centres of production.

This, Hon Speaker, brings me to a few very important theoretical aspects of industrialisation and development at regional level.

The first, but also the biggest obstacle, is harmonization of laws.

How do you think we, the Namibian Nation, will convince the Zimbabweans to open its border to free and equitable trade if they are not prepared to change their legislation to this effect?

How do you think we will convince the Congolese to build a tolerant society if they cannot even contain the militant elements in their own ranks?

And when we look further afield, do you think the Mauritians, who already have a flourishing economy based on industry, commerce and finance, will allow any other Member State to interfere in the way they have developed and nurtured their economic model?

It will not happen!

The second obstacle is harmonization of trade laws and regulations. Do you think that our government will let go of the 16.5% import duty that it now levies on all the stuff that comes into Namibia? They will not because they cannot afford to.

The third obstacle is the lack of supportive infrastructure outside South Africa. If we do not realise that infrastructure development and industrial development go hand in hand, we will still sit with isolated industries operating in silos using the infrastructure that they have built only for their own purposes.

Infrastructure is covered in Article 14 of the Protocol in very broad and vague terms, taking note of the need for infrastructure but lacking a consideration for the enormous drain it will be on financial resources. In short, there is not enough money in SADC to pay for the region's infrastructure needs, not only for industrialisation but also for general development. This implies that the cost of infrastructure will be borne by foreign parties which will immediately create leverage which will be used to have a say in our industrial development.

I do not see from the Protocol that there is an awareness and a sensitivity to the enormous funding obstacle when it comes to infrastructure, and that the way SADC finances its infrastructure may impede the direction and the scope of its long-term industrial development.

This raises again the question of what is the need for and the purpose of the Protocol?

Hon Speaker, Hon Members infrastructure is recognised in the Strategy and Roadmap as one of the pillars of industrialisation and its huge costs are not downplayed but instead elevated to one of the biggest mountains we will have to climb. So if this all-important aspect is already extensively covered in an existing document, why do we need to restate it in a document that is at most a political undertaking and not a binding policy or treaty?

Another issue that does not feature so prominently but which we know from experience, is the lack of capacity, both institutional and human resources related. The Protocol envisages that its implementation be driven by the SADC Secretariat.

I am telling you now, Hon Speaker, Hon Members, that the SADC Secretariat does not have the capacity to drive the Protocol across all 16 member states, not even across the continental states, so how can we expect them to be in charge of its implementation in all dimensions and across all jurisdictions?

What's more, building capacity takes a lot of time and it requires adequate funding. If the SADC Secretariat is already so severely constrained by a lack of funding, it will prove extremely difficult to find more funding sources to support the human resources that will be required for the Protocol.

Finally, and perhaps the clearest signal that the Protocol is dead in the water.

Article 30 makes provision for Settlement of Disputes. In Clause 3 it states that any dispute that cannot be settled by the Committee of Ministers "shall be referred to the SADC Tribunal." But in case you have forgotten, the SADC

Tribunal is defunct, eliminated right here in Windhoek by the SADC Summit. Getting the tribunal up and functioning again will take several years since it will basically require a new legal mandate after its former mandate was obliterated.

Ultimately, Hon Speaker, I fail to see the need for this Protocol. In its place, I feel we should dust off the policy documents that we already have, flesh these out, update them, and present them to the SADC Summit as workable policy documents.

In any logical chain of events, the Protocol would have preceded these detailed strategy documents, not come afterwards. It smacks of a lack of purpose and commitment. After we have designed the policies and the strategies, instead of focussing on ratification and implementation, SADC comes up with a broad, vague document that states only political intent at best.

Hon Speaker, I think we have moved beyond the point where we need this Protocol. If we as citizens of the Southern African Development Community are serious about industrialisation, we must leave that to the private sector and focus on what our proper role should be – that of creating the enabling environment through legislation, policies and infrastructure support. All this work has already been done in the existing SADC literature; it is now only a matter of giving them life.

I thank you