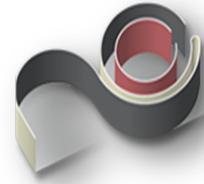




the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA



NATIONAL CONSUMER COMMISSION

a member of the dti group

Embedding protection of vulnerable consumers in regional industrial development policies and initiatives in SADC

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Introduction

- Industrialisation has been a topical issue in African development because of its potential to grow local economies, create employment for the continent's high levels of youth unemployment, break African countries' dependency on aid and foreign direct investment, among other critical issues.
- Since the 1960s, there have been numerous regional efforts through regional economic communities, cross-border collaborative projects and common markets to address the drive for industrialisation with varying outcomes.
- Most recently, there have been efforts to implement an African Continental Free Trade Area (AfCFTA)
- Since the AfCFTA bears a producer-oriented focus on small and medium enterprises (SMEs) and the larger private sector it will likely lead to desired outcomes among member states.



Introduction cont'd

- This study analyses ways in which regional industrial development policies and initiatives will embed consumer protection to ensure that consumers' rights are not violated and that they have access to safe goods and services.
- It juxtaposes the implementation of the AfCTA with the recent Declaration on Regional Cooperation in Competition and Consumer Policies by SADC member countries.
- It places emphasis on vulnerable consumers who may be exposed to unfair practices by suppliers of locally manufactured products considering that at present, the appetite to regionalise consumer protection has been limited.

Problem statement: Uneven African products & services market exacerbates consumer vulnerability

- SA is a critical player in the continent as it offers goods and services across the continent.
- South African owned companies have penetrated the continent;
 - *You can watch MNET's hit soap opera Egoli in Dakar, eat South Africa's version of peri-peri chicken at Nando's in Maputo, make a withdrawal from a Standard Bank ATM in Harare, buy Ceres juice fresh from the Western Cape at Shoprite in Lusaka and do it all dangling a de Beer's diamond from Botswana on your pinkie (Samson, 2009: 93).*
- Shopping hotspots in SA, from Musina border town, Durban port for cross-border goods imported from overseas e.g. second hand vehicles from Japan.
- At the centre of the truck war in SA is the fact that this is a viable gateway to cross-border markets which use Durban ports as entry points for goods

But...

- When SA sneezes, the region catches cold,
- Listeriosis & pilchards recall this year.
- Botswana and Mozambique have ordered the removal of certain brands of tinned South African sardines from shelves across the two countries as they were contaminated.
- Thus there is real need for cross-border consumer protection. SA's CPA is comprehensive, but no regional application

Fundamentals of consumer rights

- **Right to basic** needs
- **Right** to safety
- **Right** to information
- **Right** to choose
- **Right** to representation
- **Right** to redress
- **Right** to **consumer** education
- **Right** to healthy environment

Defining Vulnerability

- The concept of vulnerability in consumer protection, has evolved to depict the situation of consumers in at least three contexts:
 - i. To describe the situation of consumers in relation to producers and suppliers,
 - ii. To highlight the special needs of disadvantaged groups of consumers, for example, the poor, the illiterate and those in rural communities; and more recently,
 - iii. To refer to individual consumers who become vulnerable due to combination of personal circumstances and particular market conditions (Rachagan 2019: 10)
- The three contexts stated above show that there is a specific state in which consumers experience or can be termed vulnerable.
- In SA we can also speak of historical disadvantaged people vs vulnerable people



The Plight Of African Consumers

- Prevalence of consumer abuses
- **Discriminatory and unfair** market practices
- Proliferation of **low-quality and unsafe products**
- **Lack of awareness** of rights
- **Limited redress**
- **Inadequate protection** for consumers
- **Weak enforcement capacity**
- Consumers and small businesses are vulnerable



The African Continental Free Trade Area (AfCFTA)

- Officially signed at the African Union Assembly in Kigali, Rwanda on March 18, 2018.
- Its goal is to establish a single market which promotes Intra-Africa trade, allowing free movement of people and investments.
- The Agreement has been signed by 52 countries and ratified by 30 countries (the minimum required for the agreement to enter into force).
- The African Continental Free Trade Area isn't simply a 'Free Trade Agreement' it's about establishing a unified continental market with **1.2 billion** potential customers and where the private sector is a major engine to make it happen.
- Free movement of business persons and investments, paving the way for accelerating the establishment of the Continental Customs Union and the African customs union.

(AfCFTA) cont'd

- Harmonization and coordination of trade liberalization and facilitation regimes and instruments across RECs and across Africa in general
- Resolving the challenges of multiple and overlapping memberships
- Expected to enhance competitiveness at the industry and enterprise level through exploiting opportunities for scale production, continental market access and better reallocation of resources.
- The AfCFTA will help Africa to progressively reduce tariff and nontariff barriers, facilitate the movement of goods and services, and provide certainty to businesses, allowing investors, both domestic and foreign, to leverage one of the fastest growing consumer markets in the world and to integrate into regional and global value chains.
- Benefits will also accrue to consumers via greater **product variety** and **lower prices** and to domestic producers who may have access to competitive inputs and services.

ACfTA cont'd

- In a more integrated African market, textiles and apparel, leather, wood and paper, vehicles, and transportation equipment are some of the industrial goods expected to benefit the most, as are vegetables, fruits, nuts, beverages, and meat products.
- Intraregional tourism and modern professional services will also receive a boost
- Improved backbone services would support the development of regional value chains.
- African businesses, traders and consumers will no longer pay tariffs on a large variety of goods that they trade between African countries;
- Traders constrained by non-tariff barriers, including overly burdensome customs procedures or excessive paperwork, will have a mechanism through which to seek the removal of such burdens;
- Cooperation between customs authorities over product standards and regulations, as well as trade transit and facilitation, will make it easier for goods to flow between Africa's borders;

AfCFTA Protocol on E-Commerce

Category	Issues covered
1. Market access	Customs duties, digital products, non-discrimination for electronic and digital products, cross-border flows
2. Rules and regulations	Consumer protection, protection of personal information, electronic supply of information, domestic electronic transaction framework
3. Facilitation	Paperless trade administration, cooperation, transparency, electronic authentication
4. Enabling Issues	Technology infrastructure and related matters

Source: Ogo (2020) TRALAC website

Concluding Remarks

Thank you!

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