

Citizens of Southern African Customs Union hold mixed views on free trade and open borders

Afrobarometer Dispatch No. 411 | Ziyanda Stuurman

Summary

The Southern African Customs Union (SACU) – the oldest organization of its kind in the world, with roots dating back to 1889 – unites Botswana, eSwatini, Lesotho, Namibia, and South Africa in promoting economic development through regional coordination of trade.

A revised agreement concluded in 2002, which established an administrative secretariat with headquarters in Windhoek, Namibia (SACU, 2013), maintained its duty-free intra-SACU trade and common external tariff applicable to all goods entering from outside the union (Trade Law Centre, 2019). In addition to promoting the integration of member states in the global economy through trade and investment, SACU's objectives include facilitating cross-border movement of goods between member states and sharing customs revenue equally from imports across the union.

All five SACU member states are also part of the 16-state Southern Africa Development Community (SADC). Thirteen of the 16 SADC member states are part of the regional economic bloc's Free Trade Area.¹ Importantly, on 1 January 2021, the African Continental Free Trade Area (AfCFTA) will come into operation,² opening trade in a common market of 1.4 billion Africans. All SACU member states except Botswana have ratified the AfCFTA agreement, and the customs union has put forward a common tariff order to effect membership in the AfCFTA (Fabricius, 2020).

South Africa dominates trade in the customs union and the SADC region. In intra-SACU exports amounting to \$14 billion in 2018, South Africa led with 71%, followed by Namibia (13%), eSwatini (9%), Botswana (5%), and Lesotho (2%). Indeed, much of the partners' economic trade is directly with South Africa (Chidede, 2018).

As the economies of SACU member states seek to recover from the COVID-19 pandemic and associated lockdowns, governments will look to opportunities provided by free trade and regional economic activity facilitated through the customs union. How do their citizens see the union's central concerns of regional economic integration and ease of trade and movement?

Findings from Afrobarometer surveys in the five SACU countries show that citizens hold decidedly mixed views on these questions. Attitudes toward free cross-border movement range from massive support in Lesotho to equally solid rejection in Botswana, while South Africans are more likely to ban than to welcome foreign workers. Support is high, but variable across countries, for protecting domestic businesses from foreign competition.

¹ The exceptions are the Comoros, Angola, and the Democratic Republic of Congo.

² As of 8 December 2020, 53 of Africa's 54 countries (all except Eritrea) had signed the AfCFTA agreement, and 34 countries had ratified it.

The member countries come closer to consensus on two issues: that it's difficult to cross international borders and that foreign traders should be allowed to do business to ensure a good selection of low-cost consumer goods.

Afrobarometer surveys

Afrobarometer is a pan-African, non-partisan survey research network that provides reliable data on African experiences and evaluations of democracy, governance, and quality of life. Seven rounds of surveys were completed in up to 38 countries between 1999 and 2018. Round 8 surveys, completed in 18 countries before being interrupted by the COVID-19 pandemic, are continuing in at least 17 more countries in late 2020 and early 2021. Afrobarometer conducts face-to-face interviews in the language of the respondent's choice with nationally representative samples of 1,200-2,400, which yield country-level results with margins of error of +/-2 to +/-3 percentage points at a 95% confidence level.

This dispatch draws on the most recent data available for the five member states of the Southern African Customs Union, based on interviews conducted between August 2018 and March 2020 (see Appendix Table A.1 for a list of countries and fieldwork dates). Responses to some trade-related survey questions added in Round 8 are not yet available for South Africa and eSwatini, where Round 8 surveys will be conducted in 2021.

The data are weighted to ensure nationally representative samples. When reporting multi-country findings such as regional or Africa-wide averages, all countries are weighted equally (rather than in proportion to population size).

Key findings

■ Free cross-border movement:

- Citizens in SACU member countries hold widely divergent views on free movement across borders, with support ranging from just three in 10 Botswana (30%) to about half of citizens in South Africa (49%) and Namibia (50%) and more than two-thirds in eSwatini (68%) and Lesotho (75%).
- Half (50%) of all South Africans said the government should not allow foreign nationals to work in South Africa because they would take jobs and benefits away from citizens.
- A majority of citizens in Lesotho (72%), eSwatini (58%), Namibia (52%), and South Africa (51%) said it's "difficult" or "very difficult" to move across borders in Southern Africa in order to work or trade in other countries.

■ Free trade:

- More than six in 10 Basotho (63%) and Botswana (62%) said that in order to develop, their country must protect local producers rather than open its borders to foreign competition. Namibians were more narrowly divided on the issue.
- But similar majorities in Botswana (62%) and Lesotho (63%) said their government should allow foreign individuals and companies to conduct retail trade in the country to ensure that consumers have a wide selection of low-cost goods. A smaller majority (52%) of Namibians agreed.

■ South Africa as a regional superpower:

- Solid majorities in Namibia (68%), Lesotho (60%), and Botswana (58%) said they see the political and economic influence of South Africa as "somewhat positive" or "very positive."

- o South Africa also ranked at the top, in the four other SACU states, as a model for the future development of their country and as the most popular destination for potential emigrants.

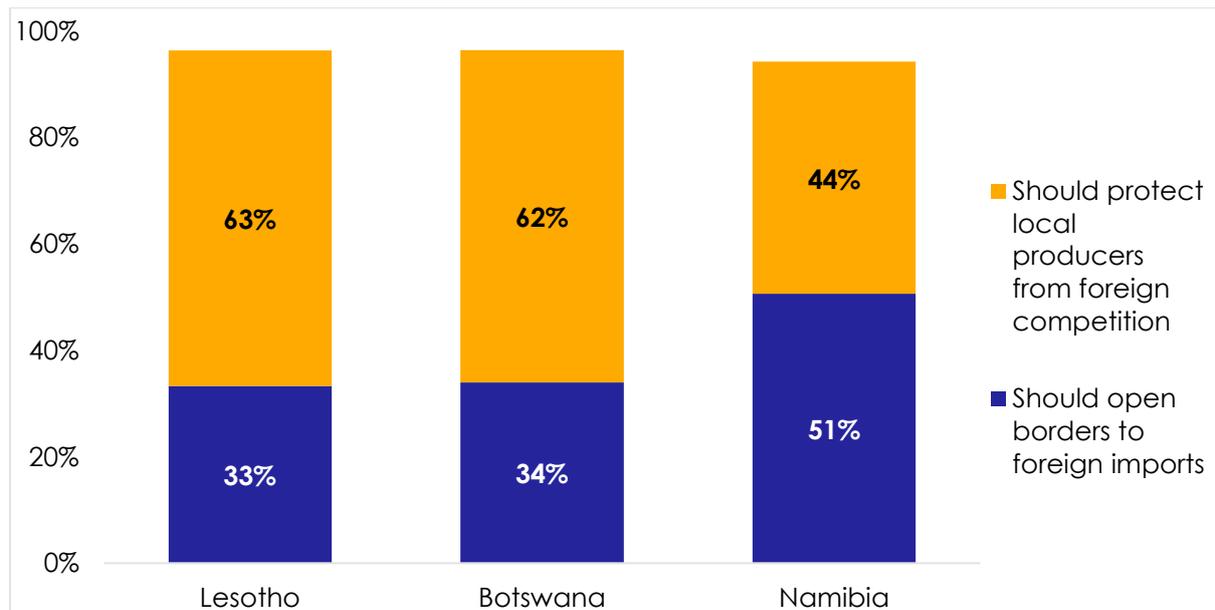
The principles of open trade and free movement

Even though a core aim and function of the Southern African Customs Union (SACU) is to facilitate cross-border movement of goods in the region, substantial parts of the population in SACU member countries prefer protectionist policies that shield domestic producers from foreign competition and limit cross-border movement.

More than six in 10 Basotho (63%) and Batswana (62%) “agreed” or “agreed very strongly” that in order to develop, their country “must rely on local production and protect local producers from foreign competition” (Figure 1). In Namibia, almost half (44%) of respondents shared this view, though a slim majority (51%) said instead that the country “must rely on trade with the rest of the world, including by opening our borders for foreign imports.”

In short, in these three SACU member states, the benefits of open trade are very far from a settled question.

Figure 1: Open trade vs. protection for local producers | Botswana, Lesotho, and Namibia | 2019/2020

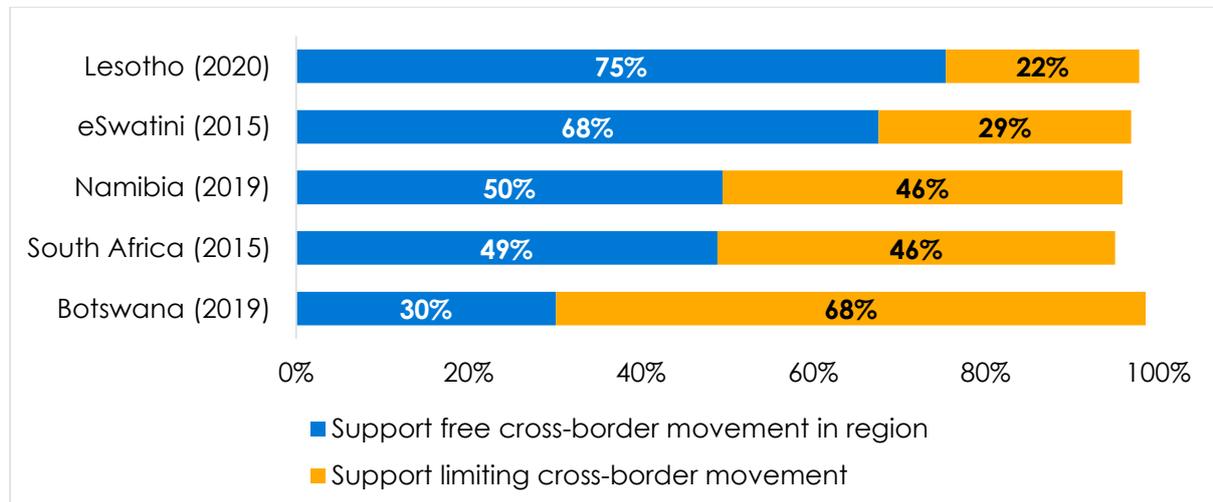


Respondents were asked: Which of the following statements is closest to your view?
 Statement 1: In order to develop, our country must rely on trade with the rest of the world, including by opening our borders for foreign imports.
 Statement 2: In order to develop, our country must rely on local production and protect local producers from foreign competition.
 (% who “agreed” or “agreed very strongly” with each statement)

Views were even more mixed when it comes to the principle of free movement across borders in the region (Figure 2). Three-fourths (75%) of Basotho agreed that people in Southern Africa “should be able to move freely across international borders in order to trade or work in other countries.” But fewer than one-third (30%) of Batswana agreed, while two-thirds (68%) said their government should protect its citizens by limiting the cross-border movement of people and goods. Namibians were almost evenly split on this issue.

While this question was not asked in Round 7, it was part of the Round 6 survey. In 2015, respondents in eSwatini strongly favoured free movement in the region (68%), but South Africans were almost evenly divided.

Figure 2: Free vs. limited movement across borders in the region | 5 SACU countries | 2015-2020*



Respondents were asked: Which of the following statements is closest to your view?

Statement 1: People living in Southern Africa should be able to move freely across international borders in order to trade or work in other countries.

Statement 2: In order to protect their own citizens, governments should limit the cross-border movement of people and goods.

(% who "agreed" or "agreed very strongly" with each statement)

* The Round 6 question (reported here for South Africa and eSwatini) used a slightly different wording for Statement 2: Because foreign migrants take away jobs and foreign traders sell their goods at very cheap prices, governments should protect their own citizens and limit the cross-border movement of people and goods.

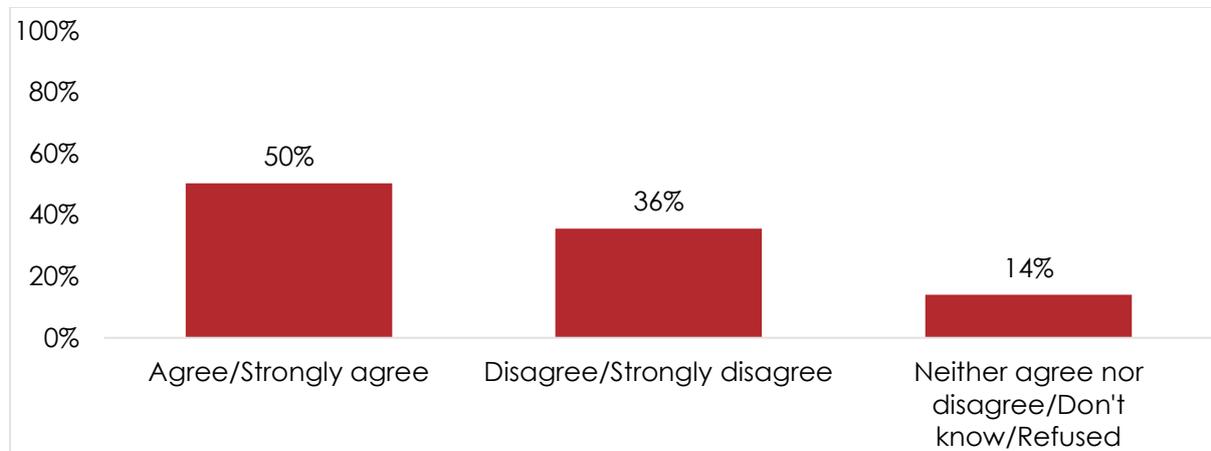
The views of South Africans on foreign workers

South Africa has long been a magnet for economic migrants searching for better job prospects. The country attracts workers from throughout the region as well as the Democratic Republic of Congo, Malawi, Nigeria, South Asia, and elsewhere, and has an estimated 3.9 million foreign nationals living in the country (Clifford, 2020). Under bilateral trade deals, this includes workers from Botswana, eSwatini, Lesotho, and Namibia.

As the South African economy has stagnated over the past decade, immigrants have become scapegoats for stubbornly high unemployment and poverty levels. The country has a history of violent attacks against foreign-owned businesses in cities such as Johannesburg and Cape Town as well as several rural areas, dating as far back as 2008 (Khumalo, 2020). In the first week of September 2018, as data for the Afrobarometer survey were being collected, four people were killed in Johannesburg in attacks motivated by xenophobic resentment (Khumalo, 2018).

The survey found that half of all South Africans "agreed" or "agreed very strongly" that the government should not allow foreigners to work in South Africa because they take jobs and benefits away from locals (Figure 3). Fewer than four in 10 (36%) disagreed. With the loss of at least 2.2 million jobs in South Africa due to the economic fallout of the COVID-19 pandemic and lockdown (Statistics South Africa, 2020), these levels of resentment may yet worsen and prove to be a significant threat to intra-regional relationships, as well as the mission of the SACU and SADC regional bodies.

Figure 3: South Africans' support for restrictions on foreign workers | South Africa
 | 2018



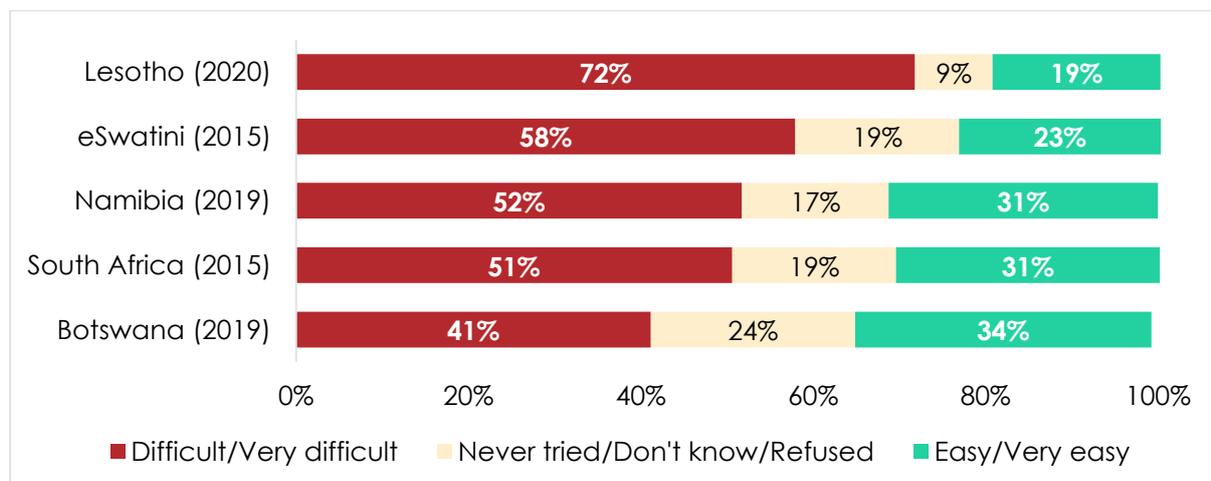
Respondents were asked: For the following statement, please tell me whether you disagree or agree, or haven't heard enough to say: The government should not allow foreigners to work in South Africa because they take jobs and benefits away from South Africans.

The difficulty of moving across borders

Despite considerable resistance to the principle of free cross-border movement of goods and people, the vast majority of citizens in SACU member countries have some experience or knowledge of crossing borders in the region, suggesting a high level of movement across Southern Africa. Their responses indicate that crossing borders is not as easy as regional bodies might envision.

A majority of citizens in Lesotho (72%), eSwatini (58%), Namibia (52%), and South Africa (51%) said it is "difficult" or "very difficult" for people in the region to cross international borders in order to work or trade in other countries (Figure 4). In Botswana, only four in 10 respondents (41%) said it was difficult, but one-fourth (24%) said they hadn't tried or didn't know. In all five countries, only about one-third or fewer of respondents said crossing borders was "easy" or "very easy."

Figure 4: Difficulty or ease of movement across borders | 5 SACU countries
 | 2018-2020



Respondents were asked: In your opinion, how easy or difficult is it for people in Southern Africa to cross international borders in order to work or trade in other countries, or haven't you heard enough to say?

Attitudes toward foreign businesses trading in consumer goods

Despite reservations about the principles of open trade and free cross-border movement between SACU member states, respondents were more open to allowing foreign citizens and companies to trade in consumer goods. Only minorities wanted their government to limit trade to citizens and companies of their own country. Instead, majorities in Botswana (63%), Lesotho (62%), and Namibia (52%) said the government should continue to permit foreigners and foreign companies to set up retail shops in the country to ensure a wide selection of low-cost consumer goods (Figure 5).

The price of such goods may explain the disconnect between attitudes on free movement in general and support for foreign traders. In other words, SACU citizens may be in support of free trade when there is a price benefit to them. Two of the three countries where the question about foreign traders has been asked are landlocked – Botswana and Lesotho – and while Namibia has a coastline and therefore can ostensibly engage in import-export trade through its seaports, in fact all trade in the region is dominated by South Africa.

Many consumer and export goods are either manufactured in or flow through South Africa via road transport on their way into the greater Southern African region. The trade with South Africa thus facilitates the availability of relatively cheap consumer goods in other SACU member states. Almost three-fourths (73%) of Namibia's imports from SADC member states are from SACU member states. And in the case of eSwatini, 99.5% of the country's intra-Africa imports are sourced from SADC member states, including 95.8% from SACU member states (Trade Law Centre, 2020). Strong trade relationships across the SADC region, and particularly between SACU member states, thus facilitates access to and trade in competitively priced consumer goods. It should be noted that Article 26 of the 2002 SACU agreement allows the governments of Botswana, eSwatini, Lesotho, and Namibia to levy additional duties on consumer goods for a period of eight years to protect "infant industries," i.e. growing local industries, from cheaper foreign competition (Trade Law Centre, 2020).

Figure 5: Support for foreigners trading in consumer goods | Botswana, Lesotho, and Namibia | 2019/2020



Respondents were asked: Which of the following statements is closest to your view?

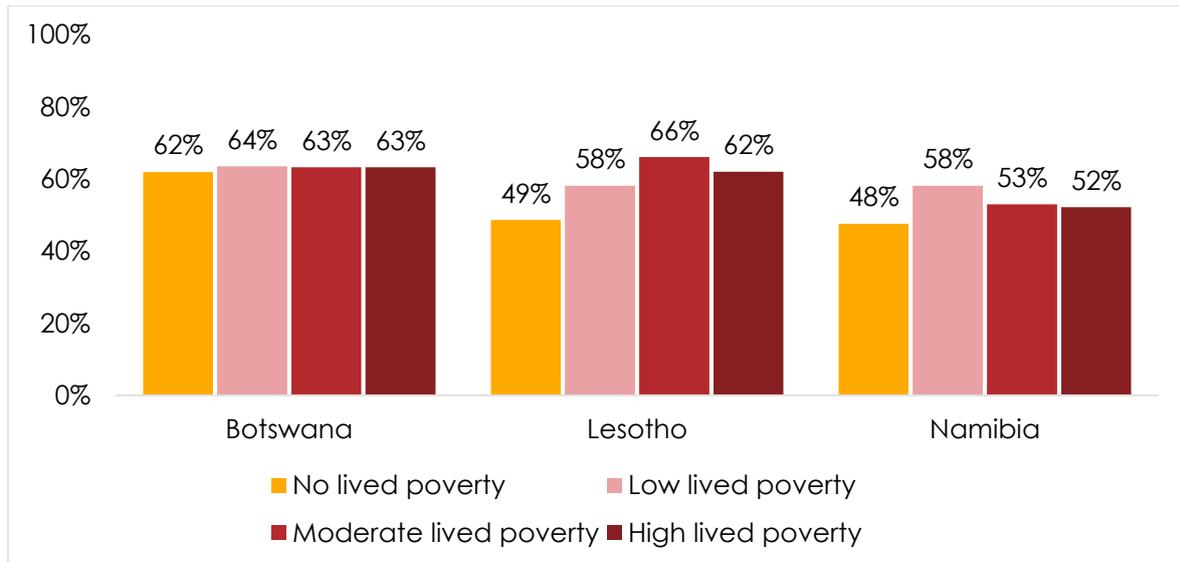
Statement 1: The government should only allow citizens and companies of our own country to trade in consumer goods, even if this means we will have fewer goods or higher prices.

Statement 2: The government should continue to permit foreigners and foreign corporations to set up retail shops in this country to ensure we have a wide choice of low-cost consumer goods.

(% who "agreed" or "agreed very strongly" with each statement)

While Batswana of all economic levels³ were about equally supportive of letting foreigners trade in their country, the most affluent Basotho (49%) and Namibians (48%) were less likely than their poorer counterparts to agree (Figure 6). This could be because they are less concerned about the availability of low-cost products (being able to afford locally made products that are less competitively priced) and more concerned about business competition.

Figure 6: Support for foreigners trading in consumer goods | by lived poverty level | Botswana, Lesotho, and Namibia | 2010/2020



Respondents were asked: Which of the following statements is closest to your view?
 Statement 1: The government should only allow citizens and companies of our own country to trade in consumer goods, even if this means we will have fewer goods or higher prices.
 Statement 2: The government should continue to permit foreigners and foreign corporations to set up retail shops in this country to ensure we have a wide choice of low-cost consumer goods.
 (% who “agreed” or “agreed very strongly” that foreigners should be allowed to set up retail shops)

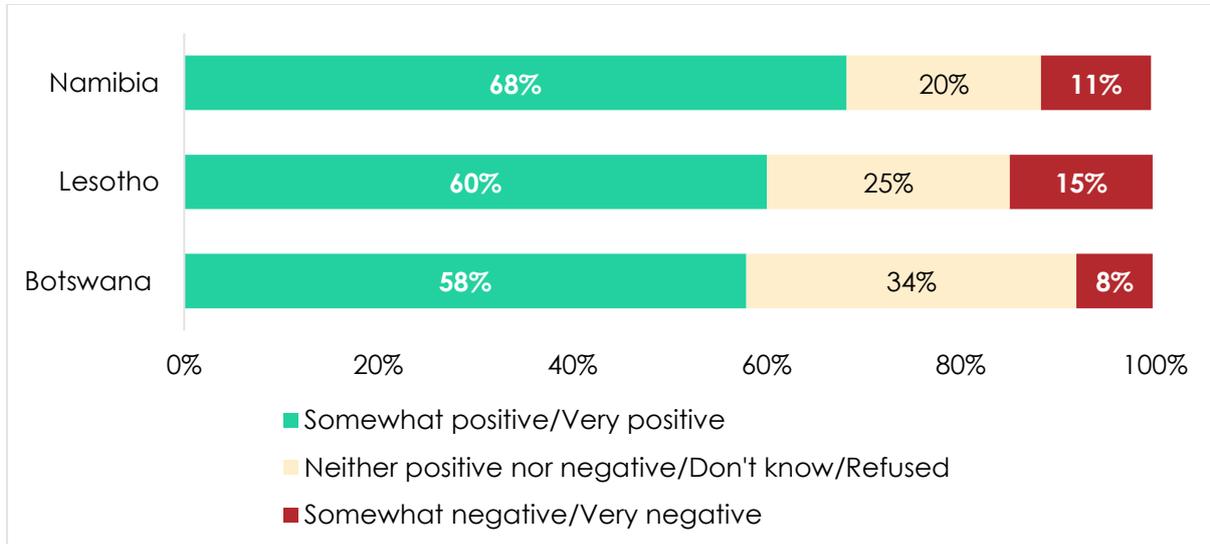
The influence of South Africa as a regional superpower

South Africa's economic and political dominance in SADC and particularly in SACU is undeniable. With a far larger population and higher levels of economic activity than its neighbors and regional partners, South Africa is the regional superpower by every objective economic measure. This level of dominance across key sectors of public life, politics, and economics naturally generates strong feelings and perceptions across other SACU member states.

Overall these views are largely positive. More than two-thirds (68%) of Namibians said they see the political and economic influence of South Africa as “somewhat positive” or “very positive,” as did about six in 10 Basotho (60%) and Batswana (58%) (Figure 7). Negative perceptions of South Africa's influence were limited to about one in seven Basotho (15%) and even fewer Namibians (11%) and Batswana (8%).

³ Afrobarometer's Lived Poverty Index (LPI) measures respondents' levels of material deprivation by asking how often they or their families went without basic necessities (enough food, enough water, medical care, enough cooking fuel, and a cash income) during the preceding year. For more on lived poverty, see Mattes (2020).

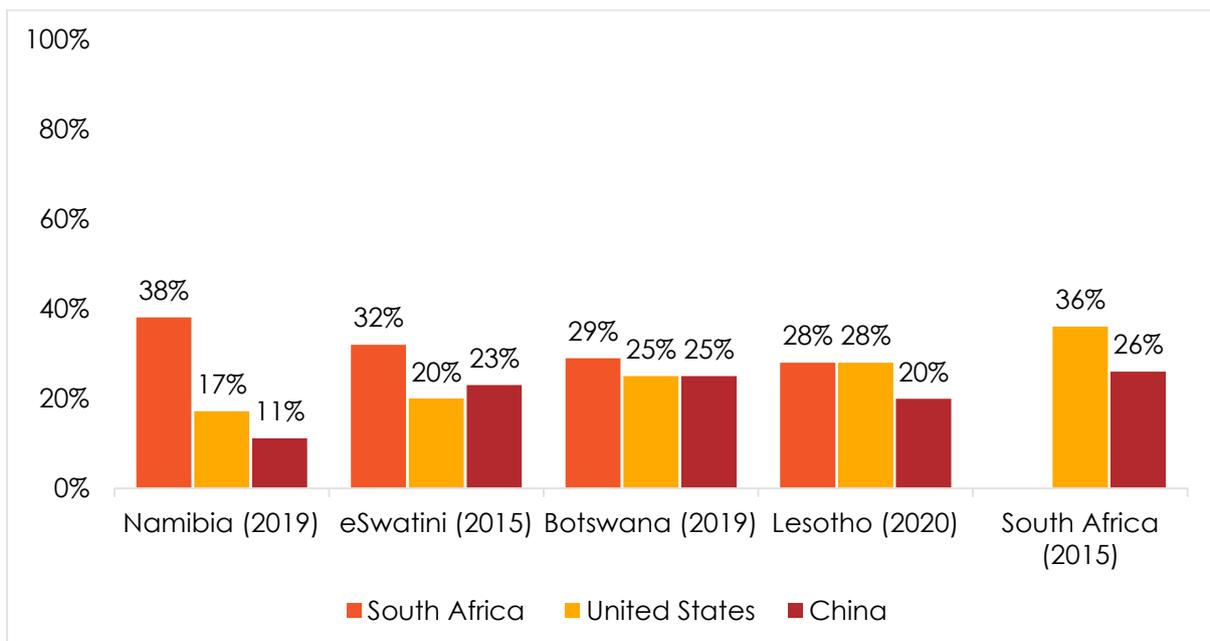
Figure 7: Perceptions of the influence of South Africa as a regional superpower
 | Botswana, Lesotho, and Namibia | 2019/2020



Respondents were asked: In general, do you think that the economic and political influence of each of the following countries and organizations on your country is mostly positive, mostly negative, or haven't you heard enough to say: South Africa?

In addition to their positive views of South Africa's influence, many citizens in the region were inclined to see South Africa as a good model for their own country's future development. Pluralities in Namibia (38%), eSwatini (32%), and Botswana (29%) chose South Africa as a model over any other country, including the United States and China, while in Lesotho South Africa tied for first place with the United States (each 28%) (Figure 8).

Figure 8: Preferred model for future development | 5 SACU countries | 2015-2020

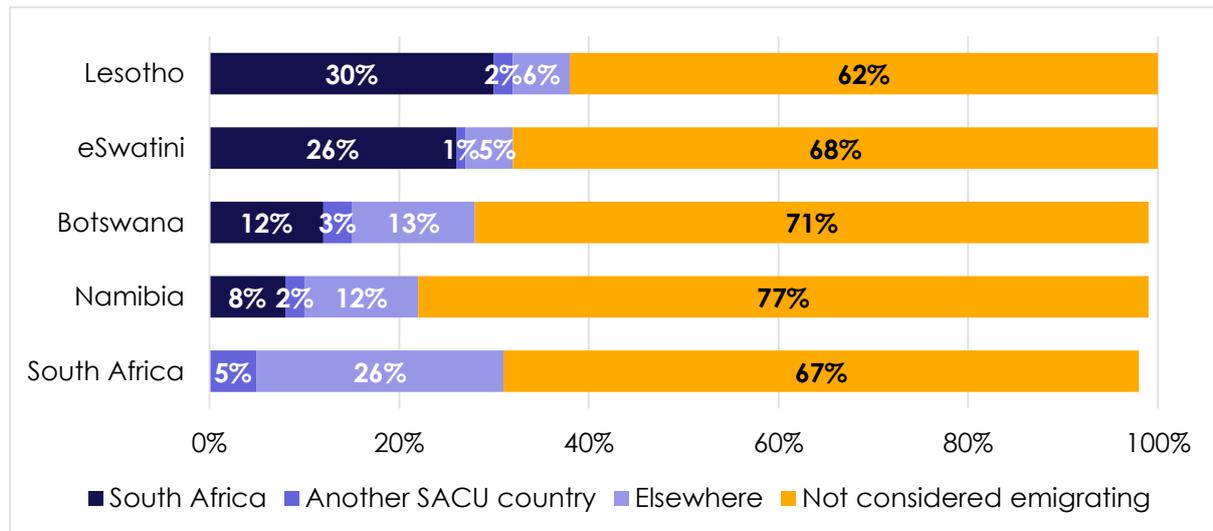


Respondents were asked: In your opinion, which of the following countries, if any, would be the best model for the future development of our country, or is there some other country in Africa or elsewhere, that should be our model?

Moreover, South Africa dominated as a preferred destination for potential emigrants in the four other SACU countries (Figure 9). Fully 30% of all Basotho interviewed said they had considered emigrating and would head for South Africa. (Looking only at those Basotho who said they had considered emigrating, 79% said they would pick South Africa.) South Africa was also the most popular destination in eSwatini (26%), Botswana (12%), and Namibia (8%).

South Africans were most likely to say they would emigrate to North America (9% of all respondents) or Europe (6%).

Figure 9: Most likely destination for potential emigrants | 5 SACU countries
 | 2017/2018



Respondents were asked: *If you were to move to another country, where would you be most likely to go?*

Conclusion

From the perspective of the citizens of SACU member states, the principles of open trade, free movement of goods and people across borders, and migration appear open to debate. Supporters of regional integration might argue that the fault lies with inadequate public awareness of the benefits of large-scale intra-regional and intra-African trade as envisioned by the SACU, SADC, and AfCFTA. Tellingly, popular support for international trade is strongest when survey respondents see a direct benefit such as access to low-cost consumer goods imported by foreign traders.

Stark differences in how citizens of SACU member countries experience moving across borders – with Basotho nearly twice as likely as Botswana to see it as difficult – speak to the uneven benefits of membership. It is also worth noting that the country that dominates trade in the region, South Africa, registers negative views toward incoming migration and ambivalence about free movement and cross-border trade. In light of this, the largely positive views of South Africa's influence may seem surprising.

Taken together, these findings suggest that SACU's mission may not have as solid a popular foundation as its leaders might like. A critical evaluation of the role of the customs union as a regional economic community, especially in light of the new AfCFTA, might serve to highlight ways to ensure that benefits of SACU membership are both equitably distributed and widely known.

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Appendix

Table A.1: Afrobarometer fieldwork dates

Country	Months when fieldwork was conducted	Survey round	Previous survey rounds
Botswana	July-Aug 2019	8	1999, 2003, 2005, 2008, 2012, 2014, 2017
eSwatini	March 2018	7	2013, 2015
Lesotho	Feb-March 2020	8	2000, 2003, 2005, 2008, 2012, 2014, 2017
Namibia	Aug 2019	8	1999, 2003, 2006, 2008, 2012, 2014, 2017
South Africa	Aug-Sept 2018	7	2000, 2002, 2004, 2006, 2008, 2011, 2015

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Afrobarometer, a nonprofit corporation with headquarters in Ghana, is a pan-African, non-partisan research network. Regional coordination of national partners in about 35 countries is provided by the Ghana Center for Democratic Development (CDD-Ghana), the Institute for Justice and Reconciliation (IJR) in South Africa, and the Institute for Development Studies (IDS) at the University of Nairobi in Kenya. Michigan State University (MSU) and the University of Cape Town (UCT) provide technical support to the network.

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