



**INSTITUTIONS INFORMATION BROCHURE**

## BACKGROUND OF SACU

The Southern African Customs Union (SACU) is the oldest customs union in the world, having been established in 1910 between the then Union of South Africa (current Republic of South Africa) and the then British High Commission Territories of Basutoland (now the Kingdom of Lesotho), Bechuanaland (now the Republic of Botswana) and the Kingdom of Swaziland. South-West Africa (the Republic of Namibia) - then a colony of South Africa - was a de facto member of SACU at the time.

The political changes following the independence of Botswana, Swaziland and Lesotho (BLS) in the 1960s necessitated a re-negotiation of the 1910 Agreement. This culminated in the conclusion of the Agreement between the BLS and South Africa in 1969. Further political and economic dispensations in the early 1990s, including Namibia's independence in 1990, and the end of apartheid in South Africa in 1994; warranted a complete re-negotiation of the 1969 Agreement. The renegotiations culminated in a new Agreement in 2002, which sets out a broad framework for enhanced integration amongst the SACU Member States.

## SACU AGREEMENT, 2002

The SACU Agreement, 2002, ushered in clear mandates, objectives, transparent and democratic institutions and collective decision-making by the Member States. The following are the salient features of the SACU Agreement, 2002:

- Free movement of goods between Member States
- Common external tariff on imports from third parties
- Sharing of revenue from customs and excise duties and
- Harmonised customs and excise policies.

## SACU'S VISION AND MISSION

SACU's Vision is to be 'an economic community with equitable and sustainable development, dedicated to the welfare of its people for a common future'. Consistent with this Vision, SACU's Mission is to:

- Develop effective, transparent and democratic institutions and processes
- Serve as an engine for regional integration and development, industrial and economic diversification, the expansion of intra-regional trade and investment, global competitiveness
- Building economic policy coherence, harmonisation and convergence to meet the development needs of the region
- Promote sustainable economic growth and development for employment creation and poverty reduction

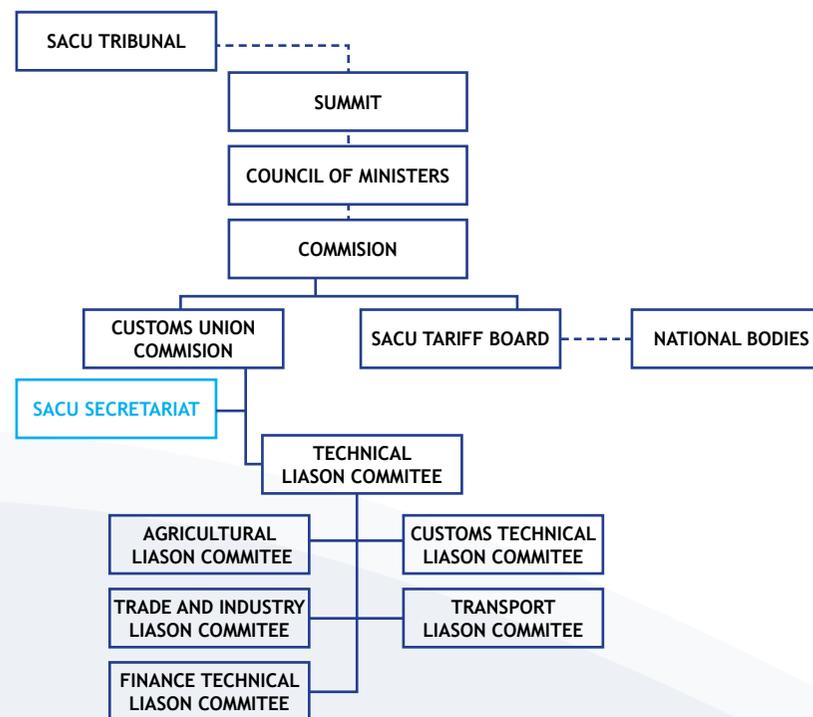
- Serve as a building block of an ever closer community among the peoples of Southern Africa
- Develop common policies and strategies for areas such as trade facilitation, effective customs controls and competition.

## PRIORITY AREAS

SACU's Work Programme is underpinned by the following priorities:

- Regional industrial development policy;
- Review of the revenue sharing arrangement;
- Trade Facilitation;
- Development of SACU institutions;
- Unified engagement in trade negotiations; and
- Trade in Services.

## THE STRUCTURE OF SACU



## INSTITUTIONS

SACU institutions are contained in Article 7 of the SACU Agreement, 2002, and include the Summit, Council of Ministers, the Secretariat, the Commission, National Bodies, a Tariff Board, Technical Liaison Committees and a Tribunal.

### SUMMIT

The amendments to the SACU Agreement, 2002, to institutionalize the Summit were adopted in April 2013. The SACU Summit comprises of Heads of State or Government of all SACU States. The key function of the Summit is to provide political and strategic direction to SACU. The ratification is on-going in Member States whilst the Rules of Procedure for the Summit will be adopted once Amendments takes effect.

### COUNCIL OF MINISTERS

The SACU Council of Ministers is the supreme policy and decision-making body of all SACU matters. It consists of at least one Minister from the Ministry of Finance or Ministry of Trade of each Member State and is responsible for the overall policy direction and functioning of SACU Institutions, including the formulation of policy mandates, procedures and guidelines for these Institutions. Amongst others, the Council shall appoint an Executive Secretary of SACU, shall appoint the members of the SACU Tariff Board and approve the budget of the Secretariat, the Tariff Board and the Tribunal.

The Council has to oversee the implementation of the policies of SACU and approves customs tariffs, rebates, refunds or drawbacks and trade related remedies, upon recommendation from the Tariff Board. The Council also has the authority to create additional technical liaison committees and other additional institutions and to determine and alter their terms of reference.

The Chair of the Council is held in turn by each Member State for a period of 12 months in an order to be decided by the Council.

### COMMISSION

The Commission consists of senior officials at the level of Permanent Secretaries, Directors-General, Principal Secretaries or other officials of equivalent rank from each Member State and shall be responsible to and report to the Council. The Commission is responsible for the implementation of the SACU agreement and the decisions of the Council. The Commission is also responsible for overseeing the management of the common revenue pool in accordance with the policy guidelines decided by the Council. It also supervises the work of the Secretariat.

## SECRETARIAT

The Secretariat is one of the SACU permanent institutions. It has its Headquarters in Windhoek, Namibia and is headed by an Executive Secretary who is a citizen of a SACU Member State. It is responsible for the day-to-day administration of SACU. The Secretariat further has to coordinate and monitor the implementation of all decisions of the Council and Commission. It also arranges meetings, disseminates information and keeps minutes of meetings of the SACU Institutions. In addition, the Secretariat must assist in the harmonization of national policies and strategies of member states in so far as they relate to SACU. The Secretariat is also responsible for keeping a record of all transactions into and out of the Common Revenue Pool and coordinates and assists in the negotiation of trade agreements with third parties. The Secretariat is the depositary of all records of SACU.

### TARIFF BOARD

The Tariff Board is an independent institution consisting of experts drawn from Member States. The Tariff Board is responsible for making recommendations to the Council on the level and changes of customs, anti-dumping, countervailing and safeguard duties on goods imported from outside the Common Customs Area and rebates, refunds or duty drawbacks based on the directives given to it by the Council as provided for in Article 8 of the SACU Agreement.

The terms of reference, policy mandates, procedures and regulations of the Tariff Board is determined by the council in accordance with Article 8 of the SACU Agreement.

### NATIONAL BODIES

National Bodies are Member States specialized independent and dedicated entities entrusted with the receiving of requests for tariff changes and other related SACU issues. The National Bodies are to carry out preliminary investigations and recommend any tariff changes necessary to the Tariff Bodies.

### TRIBUNAL

Although not yet established, (but the process has been started) the SACU Agreement does make provision for an ad hoc Tribunal, which reports directly to the Council. The Tribunal will be assisted by the Secretariat in its work and it will be composed of three members expert as otherwise determined by Council. Decisions will be made by a majority vote.

It will adjudicate on any issue concerning the application or interpretation of the SACU Agreement, 2002, or dispute arising there under at the request of the council. Its determinations will be final and binding. The Tribunal will also at the request of the Council, consider any issue and furnish the council with its recommendations.

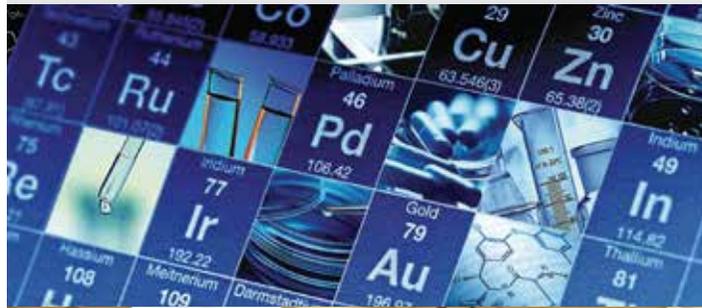
In the event of any dispute or difference arising between Member States in relation to or arising out of the SACU Agreement, including its interpretation, the parties shall in the first instance meet and consult in an attempt to settle such dispute or difference before referring the matter to the Tribunal.

### TECHNICAL LIASON COMMITTEES

There are five Technical Liason Committees, which have to assist and advise the Commission in its work. They include the following:

- Agricultural Liason Committee
- Customs Technical Liason Committee
- Trade And Industry Liason Committee
- Transport Liason Committee
- Finance Liason Committee

The Terms of Reference of these committees are determined by the Council. They are specialized committees, covering specific sectors and advise the commission in its work.







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