



## SETTING THE SCENE

OPENING STATEMENT BY THE EXECUTIVE SECRETARY,  
TSWELOPELE MOREMI,  
ON THE OCCASION OF THE SACU REGIONAL CONFERENCE

EMPEROR'S PALACE, JOHANNESBURG, SOUTH AFRICA  
29 JULY 2012

Thank you, Director of Ceremonies,  
Honourable Dr Rob Davies, Minister of Trade and Industry of the  
Republic of South Africa,  
Honourable Majozi Sithole, Minister of Finance of the Kingdom  
of Swaziland and Chairperson of the SACU Council of Ministers,  
Your Excellency, Mr. Sindiso Ngwenya, Secretary-General of  
COMESA,  
Members of the Diplomatic Corps,  
Members of Parliaments,  
Distinguished SACU Commission Members and Senior Officials,  
Staff of the SACU Secretariat,  
Distinguished moderators and presenters,  
Dear Conference Participants,  
Members of the Media,  
Ladies and Gentleman

It is indeed an honour for me to present this statement on the occasion of the official opening of this first ever Regional Conference of the Southern African Customs Union (SACU). As the Honourable Chairperson of Council, Minister Sithole, has already pointed out, the year 2010 was a historic year for SACU marking its centenary. SACU Heads of State and Government met in Windhoek to celebrate the Centenary of SACU. This

historic Summit proved seminal to the future trajectory of the organisation as SACU Heads of State and Government adopted a new Vision and Mission for the Organisation.

The first Summit of Heads of State and Government was the culmination of a process of introspection that started in 2009 which focused on addressing the challenges faced by the Organisation with a view to identify strategies for moving the Organisation forward.

One of the key activities following the Summit in Windhoek was the convening of National Conferences in all five SACU Member States. The aim of these Conferences was to profile SACU and start a process of engagement with stakeholders. This Regional Conference provides an additional opportunity to engage with stakeholders and obtain the regional perspective for SACU as a collective.

**Distinguished Participants,**

**Why is it important to transform SACU into a more modern and viable organization?**

The developments at global level and the renewed effort for deeper regional integration within Africa, necessitate that SACU re- evaluates its viability as an integration arrangement. Furthermore the recent launch of negotiations toward a tripartite FTA between COMESA, SADC and the EAC provides further impetus for SACU to transform itself. We therefore welcome this opportunity to share our challenges with you our partners and stakeholders, and hopefully generate tangible solutions to the challenges we face as we pursue deeper integration in the region.

### **Distinguished Participants,**

With respect to **Regional Integration** we face the critical question of positioning SACU within the broader regional and continental integration framework. As efforts intensify to deepen integration, we believe SACU's history and experience could provide a valuable input into regional integration efforts.

Further, the decision by the Heads of State and Government that SACU evolve into an economic community presents an opportunity for SACU to lead in this area. In order to achieve this objective we require a clear understanding of what SACU

being an economic community entails and what conditions have to be fulfilled. The crucial question here is what are the critical steps that SACU needs to take to fulfil the vision of an economic community and what can we learn from the experiences of similar endeavours on the African continent and beyond?

### **Distinguished Participants,**

A further imperative for SACU is the development of a **Regional Industrial Development Policy**. The Heads of State and Government decided that development of a regional industrial policy be an overarching objective in the SACU work programme. In pursuing this, an issue that cannot be overlooked is the fact that SACU consists of five countries with differing levels of economic development. The objective of regional industrialisation should be to promote balanced, equitable and sustainable regional economic growth and development in line with the new Vision.

I therefore urge you to engage constructively on the key issues that need to be considered in developing such a regional industrial development policy.

**Distinguished participants,**

A further issue relates to the review of the **Revenue Sharing Arrangement**. This follows the global financial and economic crisis that highlighted some of the limitations of the current revenue sharing arrangement. This resulted in the Common Revenue Pool experiencing a deficit for two consecutive years in 2009/10 and 2010/11. The fiscal impact of this was felt across SACU economies, specifically by Member States where SACU revenues contribute significantly to finance national expenditures. The Heads of State and Government directed that a review of the Revenue Sharing Arrangement should take place.

The review of the revenue sharing arrangement raises a number of issues. Firstly, how does one ensure the development of a revenue sharing arrangement that supports the new Vision of SACU for sustainable and equitable development for the welfare of its people? Secondly, how do we ensure predictability and guard against external shocks? Finally, can we learn from the experience of others?

**Distinguished Participants,**

The final challenge we have to address is the issue of **Trade Facilitation** within SACU, more specifically **Cross-Border Infrastructure Initiatives**. SACU has embarked on a trade facilitation programme that involves both a Customs Development Programme with the support of the World Customs Organisation (WCO) and a Transport Sector Programme.

In addition, the role of cross border infrastructure in creating an enabling environment that would allow the development of intra-regional supply chains has also been recognised. This is important within the context of regional industrial development. The questions that have to be answered include whether the current measures in place to facilitate intra-SACU trade are adequate and if not, what should be done to improve the situation. A critical question that also has to be analysed is what the challenges are that SACU faces when implementing or financing cross-border projects. In this regard, can we learn from the experience of others?

#### **Distinguished Participants,**

The challenges identified and the questions posed require careful consideration by all the stakeholders involved. We

therefore call on you, our distinguished participants, to assist us in finding answers to these questions that will hopefully guide us onto the right path. It is here where we believe you, as our stakeholders, can make an important contribution by actively engaging with these questions in a spirit of cooperation and support.

**In conclusion,** as we start with the implementation of this new programme we have organized this Conference today to both inform and engage stakeholders about developments in SACU. Even though this Regional Conference marks the culmination of the SACU Centenary celebrations, we view this event as the start of a more constructive engagement between SACU and our stakeholders. We believe that with your support we can meet the challenges facing us and find lasting solutions that will take SACU forward to achieve the Vision set out by the Heads of State and Government. I can assure you that your views are valuable and will inform the work programs that we have embarked upon.

I thank you for your attention.