HIGHLIGHTS OF THE 2012/2013 BUDGET PRESENTATIONS

The 2012/13 Budget presentations were made against the backdrop of continuing global economic uncertainty emanating from the unresolved sovereign debt crisis in the Euro Zone and a slowdown in economic growth in the US. Global output has had to be revised downwards to 4 percent for both 2011 and 2012 from the initial projections of 4.3 percent and 4.5 percent, respectively. The SACU economies experienced an economic slowdown in 2011; however, economic growth is expected to show signs of recovery for most of the economies in 2012:

- Lesotho (3.4%)
- Namibia (4.8%)
- South Africa (2.7%)
- Swaziland (0.8%)

During this first quarter, SACU Member States presented their National Budgets to their respective Parliaments.

The first country to present was Lesotho on 18th January followed by Botswana on 3rd February, Swaziland on 17th February, South Africa on 22nd February and finally Namibia on 28th February 2012.
The Southern African Customs Union held its 28th Commission & 26th Council Meetings from the 26 - 30 March, 2012. The venue of the meetings was the Centurion Lake Hotel, South Africa. During the official opening of the 26th Council Meeting the Chairperson of Council, Hon. Jabulile Mashawama, Minister of Commerce and Trade, Swaziland, made the following remarks:

It is a great honour and privilege for me to welcome you all to this 26th Meeting of the SACU Council of Ministers. On behalf of all of us, let me take this opportunity to thank the Government of South Africa for the warm hospitality and the excellent arrangements made for this meeting.

As we meet here today, there is a glimmer of hope that the global economy is well on its way to recovery, although challenges still remain. There is improved confidence on the management of the European sovereign debt crisis and the performance of the US economy. The outlook for the Asian and South American economies is also positive.
On 12 April 2013, SACU Heads of State and Government (HoSG) converged at the Gaborone International Convention Centre for their 4th Summit Meeting. The highlight of this meeting was the signing of the amendments to the SACU Agreement, 2002 to institutionalise the Summit of Heads of State and Government.

Prior to the signing of this amendment, the SACU Council of Minister’s served as the apex body for SACU, responsible for the overall policy direction and functioning of SACU institutions, including the formulation of policy mandates, procedures and guidelines. The SACU Summit of Heads of State and Government’s responsibility will be to give strategic direction to the customs union.

When officially opening the meeting the Chairman His Excellency Lieutenent General Seretse Khama Ian Khama President of the Republic of Botswana had this to say:

He expressed his honour and privilege for me, on behalf of the government and people of Botswana, to welcome the SACU Heads of State and Government, and their delegations to Botswana and to Gaborone in particular, for this meeting of the SACU Heads of State and Government. He labelled the Summit as an important milestone in cementing the long established relationship that exists amongst our five nations.

The attendance of all SACU Heads of State and Government was in an indicator of the importance they all attached to SACU and its continued role in deepening integration amongst our five countries.

The President went on to congratulate the Kingdom of Lesotho for hosting successful elections in 2012, and also congratulated South Africa on the successful hosting of the 5th BRICS Summit on 26-27 March 2013.

This having been the 4th Summit of the SACU Heads of State and Government, His Excellency recalled their inaugural Summit held on the 22nd of April 2010 in Windhoek, Namibia, we they all recognised the enormous challenges facing the Organisation at the time.

The HoSG’s recognised the important role that SACU can play in promoting regional integration and the economic development of all its Member States and collectively adopted a Vision of SACU to be ‘An economic community with equitable and sustainable development dedicated to the welfare of its people for a common future’. This Vision sought to transform the Organisation and help it move forward supporting both the regional and continental integration efforts of the Southern African Development Community (SADC) and the African Union (AU).

The HoSG’s also recognised that agreeing on a Vision and Mission on its own was not sufficient to guide the organization into the future and agreed to institutionalise the meeting of SACU Heads of State and Government. Subsequent to that inaugural meeting, SACU Heads of State and Government met twice more in South Africa. The last meeting took place in March 2011 in Pretoria, where they further addressed the challenges facing the Organisation as they sought to transform the SACU from its colonial and apartheid legacy to a modern organisation that can respond to our economic development needs and make a meaningful contribution to regional integration efforts.

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In this regard the HoSG’s endorsed and initial work programme focussing on five priority areas and decided that regional industrialisation will be the overarching objective of the SACU work programme.

The main purpose of the meeting of 12 April 2013, according to the Chairman was to receive an update on the progress achieved in addressing these priority areas and provide strategic direction in the process of transforming SACU into a vehicle for deeper integration.

Implementation of the work programme and addressing the priorities has not been without challenges. Recent global economic uncertainty and the continued fragility of the global economic recovery has necessitated caution. Declining trade revenues and subdued global demand has dampened regional growth forecasts and requires innovation to ensure that SACU is able to address socio-economic and development imperatives.

The time has come to address the challenges facing SACU Member States economies respectively and collectively. It is therefore imperative to work together, as a region, to ensure that the regions’ economic performance can be put on a higher sustainable economic growth trajectory.

With these remarks, President Khama declared the Summit officially opened.

The SACU HoSG’s together with their delegations immediately moved to another conference room where their restricted session meeting continued.

Deliberations during the meeting were reported in a Communiqué that was issued and read in public by the SACU Executive Secretary Ms Tswelopele Moremi.

Soon after this the Prime Minister of the Kingdom of Lesotho the Right Honourable Prime Minister, Dr Thomas Motsooahe Thabane was given the opportunity to offer a vote of thanks.

In his remarks the Prime Minister had this to say:

He expressed his honour for having been accorded the opportunity to make a vote of thanks on behalf of his colleagues the SACU Heads of State and Government, and all delegates to the Summit. He thanked Botswana, for hosting the SACU Heads of State and Government Summit and the warm hospitality shown to delegations.

He paid tribute to His Excellency the President of the republic of Botswana, for the able manner in which he presided over the meeting. He further expressed his conviction that SACU was well on the way to achieving the SACU Vision and Mission as adopted in April 2010, in Windhoek and was hopeful that the meeting will provide impetus in the implementation of the work programme.

The Prime Minister also paid tribute to the Council of Ministers for the tremendous work done in developing programmes for addressing the five key areas and commencing implementation thereof. Addressing these priorities is paramount for ensuring that SACU is transformed into a vehicle for economic development for all the Member States.

While addressing the identified challenges, care should be taken not to overlook critical issues that continue to affect the way that our people relate and trade with each other. At the same time, there is a need to be cognizant of regional, continental and global developments which may have an impact on the economies and indeed on the work of consolidating SACU.

He then went on to commend the officials and the SACU Secretariat for their contribution in sustaining the work of the Organization, and urged them to continue the dedication and hard work demonstrated.

The meeting was officially closed at this point and the Heads of State and Government then converged in front of the Convention Centre for an Official Photography Session.
Institutionalisation of the SACU Summit

As an institution of SACU, the Summit will be at the apex of the SACU institutions. The Amendments provide for the functions and institutional arrangements of the Summit.

The Summit will provide political and strategic direction to SACU; receive reports on the work of the Council; and may adopt legal instruments for the implementation of the provisions of the Agreement on the recommendations of the Council.

The Summit will meet once a year and may hold extraordinary meetings; and the Chair of the Summit will be held in turn by each Member State for a period of twelve months. In addition certain functions that were bestowed on the Council shall be undertaken by the Summit, for instance decisions on the admission of new members into SACU, will be made by the Summit on recommendation by the Council.

Of further significance is the inclusion of the role that the Summit may play in the settlement of disputes.

The Amendments provide that the Council will have the discretion to request the Summit to consider disputes and differences, with a view to achieving an amicable settlement.

The Amendments will be subject to the ratification process of all Member States and will only enter into force thirty (30) days after the deposit of instruments of ratification by all the Member States.
The 4th Summit of the Heads of State and Government of the Member States of the Southern African Customs Union (SACU) was held on Friday, 12 April 2013 in Gaborone, Botswana. The purpose of the Summit was for the Heads of State and Government to consider progress made in implementing the SACU Work Programme.

The Summit was chaired by His Excellency, Lieutenant General Seretse Khama Ian Khama, President of the Republic of Botswana and was attended by His Majesty, King Mswati III of the Kingdom of Swaziland, His Excellency Hifikepunye Pohamba, President of the Republic of Namibia, His Excellency Jacob Zuma, President of the Republic of South Africa, and the Right Honourable, Dr Motsoahae Thomas Thabane, Prime Minister of the Kingdom of Lesotho.

The Heads of State and Government recalled that, at the 3rd Summit held on 25 March 2011 in Pretoria, South Africa, they endorsed five priority areas to underpin a new SACU Work Programme.

These are: i) Regional Industrial Development Policy; ii) Review of the Revenue Sharing Arrangement; iii) Trade Facilitation; iv) Development of SACU Institutions; and v) Unified Engagement in Trade Negotiations.

The Heads of State and Government endorsed two additional priority areas of Trade in Services, and Strengthening the Capacity of the Secretariat.

The Heads of State and Government noted that the SACU Council of Ministers has streamlined the work programme on regional industrial development as an overarching objective of the SACU Work Programme. The work programme currently includes eight priority sectors with potential for cross-border collaboration: i) Textile, clothing and apparel; ii) Agro-processing; iii) Mineral beneficiation and processing (including mining and quarrying); iv) Leather and leather products; v) Automotive, including automotive components; vi) Energy, including renewable/alternative energy; vii) Arts and crafts; and viii) Support Services (Information and Communication Technology (ICT); Financial skills development; Infrastructure, Transport and logistics; and Engineering).
The Heads of State and Government further noted that out of the eight, agro-processing and the automotive sector, including automotive components manufacturing, were identified for immediate cross-border collaboration where projects could be piloted.

The Heads of State and Government noted that Competition Policy forms an integral part of industrial development and emphasised the importance of completing the work on regional cooperation on the enforcement of competition laws and regulations.

The Heads of State and Government noted that work is currently on-going to review and develop options on a future SACU Revenue Sharing Arrangement. The review also aims to investigate financing mechanisms to support regional industrial and infrastructure development in SACU. The Heads of State and Government also noted that a proposal on a new Revenue Sharing Arrangement will be presented to the Council of Ministers in December 2013 for consideration.

The Heads of State and Government further noted that a long-term Arrangement on the Management of the Common Revenue Pool is being developed.

With respect to Trade Facilitation, the Heads of State and Government endorsed a regional Customs Policy, which seeks to promote: i) the common strategic objectives of facilitating legitimate trade; ii) the protection of the fiscal interests of Member States and the Customs Union through the maximisation of revenues and the provision of accurate trade data; and iii) the protection of societies in Member States. The Heads of State and Government further noted progress in implementing the trade facilitation work programme relating to: i) IT Connectivity; ii) Customs legislation; iii) Risk management; and iv) Trade partnerships.

The Heads of State and Government noted that the Council of Ministers has approved a SACU Transport Sector Programme and further noted that work on the regional road safety strategy will focus specifically on standards and permits as they impact on trade facilitation.

The Heads of State and Government emphasised that the application of similar Customs and Excise legislation is essential to facilitate trade, as well as to combat illicit trade in the Customs Union. The Heads of State and Government further noted that in 2011, the Council of Ministers adopted a revised Annex on Mutual Administrative Assistance, which provides for greater cooperation and information exchange between Member States’ Customs Administrations.

The Heads of State and Government noted the progress in the establishment of SACU institutions as mandated by the SACU Agreement, 2002, namely the SACU Tribunal, National Bodies and the SACU Tariff Board, as well as the Common Negotiating Mechanism. The Heads of State and Government noted the need to expedite all necessary processes for the establishment and operationalization of the Tariff Board and National Bodies.

The Heads of State and Government signed the Amendments to the SACU Agreement, 2002, institutionalising the SACU Summit.

The Heads of State and Government noted with satisfaction that SACU continues to pursue its trade negotiations with third parties in a unified manner.

The Heads of State and Government noted with satisfaction that the construction of the SACU Headquarters building in Windhoek, Namibia, has commenced and is anticipated to be completed by November 2013.

The Heads of State and Government expressed their appreciation to the Government and People of the Republic of Botswana for the warm hospitality extended, and for hosting the 4th Summit of the SACU Heads of State and Government.

Done at the Gaborone International Convention Centre in Gaborone, the Republic of Botswana, on Friday, 12 April 2013.
As part of Phase II of the World Customs Organisation (WCO) Columbus Programme, the Southern African Customs Union (SACU) invited a WCO Risk Management expert, a WCO Preferred Trader expert, and a Regional Intelligence Liaison Officer (RILO) to facilitate a workshop on the development of Risk Management criteria in preparation for a Preferred Trader Pilot.

In addition, the experts and RILO were to facilitate a debriefing of a recent regional Operation Auto that focused on imported vehicles from December 2012 which involved all SACU Member States.

The meeting was attended by officials from Member States Customs Administrations from the areas of risk management, enforcement and preferred trader programme, the UK customs risk management expert, the WCO technical attaché, Regional Intelligence Liaison Office of the East and Southern Africa (RILO ESA) expert and the SACU Secretariat.

Brian Collins of Her Majesty’s Revenue & Customs, United Kingdom undertook this visit on secondment to the WCO Columbus Programme together with Mats Wicktor from WCO and Fredrik Lunani, RILO ESA based in Kenya Revenue Authority.

Customs Risk Management and Preferred Trader workshop
22 - 26 April 2013, Johannesburg, South Africa
Debriefing of Operation Auto

Members States were invited to evaluate the operation to identify its successes and areas that will need to be strengthened in the process for future operations. Some of the findings of the debriefing session were as follows:

The Botswana Unified Revenue Service (BURS) hosted the Operation Coordinating Unit (OCU) of the first ever joint custom enforcement operation in SACU. A total of 244 motor vehicles cases were registered in the CEMcomm. Some of these were seized for having contravened Customs laws in SACU Member States. This statistic indicates the extent of the success of this operation in the SACU region.

The operation also enabled Member States to get more insight into the general compliance of operators of bonded warehouses. There was an overall realisation of the need for more educational requirements on the operations of the bonded warehouse on the application of correct procedures. Member States have identified routes used, and trends on movement of second hand motor vehicles.

The debriefing sessions included other stakeholders, such as the state Police. This initiative was seen as a vehicle that will encourage better engagement and better co-operation with stakeholders such as Police.

In pursuit for second hand motor vehicles in the operation auto, other goods were discovered. Botswana discovered a tortoise which was a violation of CITES.

Couriers were found taking vehicles to Bonded Warehouses then handing them over to another person other than the intended recipient. Some dealers were found to be selling cars without issuing relevant permits or proof of purchase. These cars were then smuggled into the neighbouring Member State as borders in SACU are ‘open’.

A major shortcoming experienced during the operation was a shortage in manpower to be deployed at the outer stations and border posts as well as at the road blocks. This resulted in the same officials trained to capture data into the Cencomm System being assigned to other duties during the operation instead of focusing on the operation and data capturing.

The timing of the operation also proved to be a challenge, as this took place during the festive season and coincided with other stakeholder operations, like the Police who would normally have their own nationally planned operation which were not necessarily focusing on same area;
As a way forward the region agreed to implement a second customs operation focusing on tobacco and tobacco products which will be implemented in line with the already planned WCO operations for the year. The region also undertook stakeholder analysis for the next operation with a view to enhance the cooperation and coordination with key stakeholder. Issues emanating from the evaluation of the operation auto were agreed as lessons learnt which will inform and shape the next operation. It was agreed that the Secretariat will develop an operational plan incorporating all preparatory work that has to take place.

The meeting further received a presentation on Operational Briefing which was meant to improve the planning and delivery of the next operation. This presentation covered the importance of a proper briefing process and the main stages of operational briefing i.e. introduction, background, execution, administration and control.

The importance of the role of stakeholders in the operational activity was emphasized and the meeting noted that in the next operation key stakeholders would include the Police, industry representatives, and Non-SACU neighbouring countries customs administrations such as Angola, Mozambique and Zimbabwe.

The meeting recalled the benefits agreed for the pilot operation under the preferred trader programme. The meeting discussed the various risks associated with each of the benefits and how these can be mitigated. The meeting discussed in details risk management processes and how risk management can be used to inform the PT programme on the low risks can further enhance the risk profiling for the preferred traders.

There was a further presentation from SARS giving an overview of PT/AEO including background and concept summary. This developed to an explanation of the PT Audit process incorporating Pre-Engagement, Primary Engagement, Audit, Reports and Follow-up. The criteria for acceptance to PT were explained as well as the benefits to the clients, key milestones and the production of Assurance Performance statistics. The benefits that preferred traders will enjoy are:

• Appointment of a Customs Relationship Manager tasked with facilitating the relationship between the client and customs;
• Reduction of the amount of any security required for compliance with a Customs procedure;
• Fewer routine documentary and physical inspections;
• Prioritising a request for tariff and valuation determinations;
• Prioritising access to non-intrusive inspection techniques when goods are stopped or detained for inspection.

RILO ESA then gave a presentation on Operational planning requirements for the next exercise and emphasized the need for adopting and recording issues relating to risk management, selection and profiling via the CENcomm process.

Further to this the Secretariat shared with the meeting the directive of Heads of Customs in their November 2012. In this meeting the Heads of Customs directed that a permanent committee on SACU risk management be established. In this regard the meeting agreed that the Heads of Risk Management units in Member States and their second in charge will be the initial members of the committee.

The meeting further agreed that the National Contact Points (NCPs) for the WCO enforcement matters, be incorporated into the Committee where such are not already included in the initial proposal. The meeting further noted that there is a possibility at the WCO level to create a CENcomm platform on an on-going basis.

The committee therefore will utilize this tool for information sharing purposes and will further provide information from various sources in order to determine trends of new and emerging risks in the region.
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The building complex has been properly placed on the site. The location of the site places the building complex on an “island” surrounded by major traffic routes on all sides, and for that reason care has been taken to ensure that vehicular access, proper circulation and maximum safe parking has been provided, through optimised levels and a large and functional basement area which allows for more efficient development.

Proposed developments of new roads in the area could expose the building complex to a high level of traffic noise in future. The creation of a “quiet zone” or central courtyard area is an advantage.

Overall the new SACU Headquarters building will be a major fixed asset for the Customs Union and is also expected to project an aesthetically acceptable image in line with the desired SACU image.

The proposed building consists of 5 levels including the basement parking and the third floor being the executive level. The building has a total floor area of approx. 4,400 square meters and was designed and placed on the site to accommodate future building expansions.

The progress of the building is on schedule, with the concrete and brickwork reaching completion. The main contractor and all appointed sub-contractors together with the professional team are working hard to meet the practical completion date, still ensuring a good quality end product.

The estimated duration for the construction work is fourteen months (14), with the expected completion date being 6 November 2013.

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