Since 1910

SACU

SOUTHERN AFRICAN CUSTOMS UNION

2015 Annual Report

Southern African Customs Union

Vision

An economic community with equitable and sustainable development, dedicated to the welfare of its people for a common future

Mission

- Serve as an engine for regional integration and development, industrial and economic diversification, the expansion of intra-regional trade and investment, and global competitiveness.
- Build 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.
- Develop effective, transparent and democratic institutions and processes

TABLE OF CONTENTS 1

Pravin Jamnadas Gordhan

MESSAGE FROM THE CHAIRPERSON OF THE SACU COUNCIL OF MINISTERS

As the Chairperson of the SACU Council of Ministers, it is my pleasure to present the SACU Annual Report for the 2014/15 Financial Year.

During the year under review, the SACU Work Programme was implemented under weak global economic developments.

The global economy grew at 3.4 percent in 2014 compared to 3.3 percent in 2013. Growth in emerging economies and developing countries remained low, while a modest recovery was realised in advanced economies. The slower growth in China, the world's second largest economy after the US, negatively impacted the global growth. Furthermore, the fall in the price of commodities and relaxation of quantitative easing in the US has affected global financial markets with the resultant volatility in the exchange rates of many currencies, especially for the emerging and developing economies.

The impact on SACU Member States has been a slowdown in domestic demand and customs revenue collections from international trade. This has in turn affected the productive capacity, which was exacerbated by drought that swept the region and general power supply shortages. Amid all this, SACU Member States managed to achieve positive economic growth, though modest. While a single digit inflation rate was registered, this signalled the need to continue to pursue and maintain prudent macroeconomic management for the region.

Geo-political instability in North Africa and part of the Middle East continued to pose a challenge to global economic recovery. Furthermore, a fall in the price of crude oil is likely to affect the revenue stream of oil-producing countries, thus consequentially slowing global economic growth, especially for oil exporting countries. However, oil importing countries are likely to benefit from the low input cost of fuel. This may be beneficial in slowing down production prices, which can be passed on to consumers. The benefit may have to be balanced with the effect of drought especially in the Southern African region.

The SACU Member States remain committed to the Work Programme that was approved by the Heads of State and Government, with the development of the regional industrial development policy as an overarching objective for SACU. Further, implementation of the Trade Facilitation Programme is on course with preparations underway to implement the World Trade Organisation (WTO) Trade Facilitation Agreement and continuation of the Customs Modernisation programme that is supported by the World Customs Organisation, with the financial backing of the Swedish International Development Cooperation Agency. On trade negotiations, SACU continues to participate actively in various ongoing negotiations. Notable progress has been achieved towards the conclusion of the negotiation of the Economic Partnership Agreement with the European Union. SACU remains actively engaged in the negotiations for the COMESA-EAC-SADC Tripartite Free Trade Area (TFTA). I believe lessons from these negotiations will greatly inform future negotiations towards a Continental Free Trade Area. In the long-run, the TFTA is expected to pay significant dividends in terms of market access as well as deeper regional integration for the SACU Member States.

At the global level, SACU Member States continue to align and participate in the WTO processes. During the year under review the SACU Member States initiated preparations for the fourth WTO Trade Policy Review for SACU. The Trade Policy Review is intended to enhance transparency of SACU regulatory framework and policy space.

I am also pleased to note that during the year under review, the construction of the SACU Headquarters was completed and the SACU employees settled well in the new building.

Let me take this opportunity to express my heartfelt gratitude to Ms.Paulina Mbala Elago, the Executive Secretary, for her dedication, and leadership of the Secretariat. I would also like to highlight that progress was recorded during the year under review in reinvigorating some engagement on the SACU Work Programme. Let me also extend my gratitude to the staff of the Secretariat for their continued dedication and commitment in pursuit of the SACU mandate of regional integration, and commend them for serving the Member States with diligence and utmost professionalism.

Pravin Jamnadas Gordhan, MP
Minister of Finance, Republic of South Africa, and Chair of the SACU Council of Ministers

Paulina Mbala Elago

EXECUTIVE SECRETARY'S REPORT

The year 2014 marked the 10th anniversary of the entry into force of the SACU Agreement, 2002, and the establishment of the SACU Secretariat. This was indeed a monumental and historic milestone in the existence of SACU as a successful regional organisation that has supported the economies of its Member States for over a century.

The period under review was also one of the most challenging years for SACU. Globally, the world economy remained weak. Growth in Africa showed wide contrasts with North Africa remaining weak due to political uncertainty and disruptions in oil production, while large Sub-Saharan economies posted high growth rates, leading to growth for the Sub-region of almost 6 per cent in 2014. Within the SACU region, growth averaged 3.4 percent in 2014 compared to 4.9 percent in the previous year, on account of a subdued growth of 1.5 percent in South Africa, mainly due to a weak domestic demand and labour unrest in the mining sector. Cognisant of the lower-than expected growth rate, SACU Member States pursued accommodative macroeconomic policies and embarked on major infrastructural programmes aimed at stimulating economic growth.

Within SACU, the Council of Ministers was not able to convene all the quarterly meetings during the period under review.

Various consultations with the Member States were undertaken by the Chairperson of the Council as well as the Executive Secretary, at the Council level on the SACU Priority Areas and related strategic issues. With the strategic facilitation and guidance of the Chairperson, the Council discharged its mandate on issues presented to it by the Commission and the Secretariat, in accordance with the Rules of Procedure for the Council. The consultations re-affirmed the Members States' commitment to the objectives of SACU as an organisation, the implementation of the agreed seven Priority Areas, as well as the need to reflect on the strategic approach towards the implementation of these key initiatives for SACU.

On Revenue Management, the collections into the Common Revenue Pool experienced a slowdown amid sluggish global economic growth. It is anticipated that this will continue in the medium term. Furthermore, the reprioritisation of the Work Programme to harmonise the compilation of the Gross Domestic Product in SACU was concluded.

In the area of Trade Facilitation, work towards the simplification and harmonisation of customs procedures and the enhancement of customs processes progressed well. This was against the backdrop of global interest and momentum to address bottlenecks and impediments to international trade through the implementation of the WTO Trade Facilitation Agreement. Work continued on the development of the basic legislative and operational frameworks required for the Member States to automatically share import and export trade data, to mutually recognise cross border traders in the region, and to adopt a common approach towards risk management, compliance and enforcement.

The Secretariat also continued to maintain and strengthen strategic relations with regional and international organizations such as the World Customs Organisation and the United Nations Industrial Development Organization. Cooperation with these institutions will continue to strengthen capacity to effectively implement the commitments under the SACU Agreement, 2002.

In the area of Trade Negotiations and as part of the SADC-EPA Group, SACU Member States successfully concluded negotiations for the Economic Partnership Agreement (EPA) with the European Union on 15 July 2014. The EPA constitutes an improved framework for trade between the SACU Member States and its largest trading partner, the European Union. Unlike the unilateral non-reciprocal arrangement that was in place under the Cotonou arrangement, the new Agreement is based on reciprocity and therefore ensures predictability. Once in force, the EPA will provide duty-free and quota-free market access to the EU market for the SACU countries. The EU on the other hand, will gain significant market access into SACU on a number of products such as wheat, barley, cheese, meat products and butter.

In preparation for the 4th Joint WTO Trade Policy Review (TPR) for SACU scheduled to be held on 4 and 6 November, 2015, the SACU Secretariat and its Member States commenced with the preparatory work starting with a regional Workshop held in Windhoek, Namibia on 3 November 2014. The preparatory work included the development of the Main Report and individual Country Reports on trade and related policies. The TPR is designed to evaluate WTO Member countries' trade and related policies at regular intervals, and contribute to improved adherence by all Members to rules, disciplines and commitments made under the different WTO Agreements.

In order to improve its operational environment, the Secretariat undertook a comprehensive review of internal Policies and Procedures with a view to: ensuring synergies and alignment between Policies; addressing shortcomings that were identified during implementation; ensuring alignment to changes in the organizational structure, as well as international best practices in the application of such Policies. In total, six Policies were reviewed and two new Policies developed during this period. These include: the Financial Policy, Procurement Policy, Investment Policy, Fixed Assets Policy, Communication Device Policy, Fleet Management Policy, Information Technology Security Policy, Travel Policy and Risk Management Policy. Further, the Secretariat commenced work on the development of the Records Retention Policy and undertook a Business Continuity Assessment. The latter will pave the way for the development of a Business Continuity strategy and policy that will ensure continuity of the Secretariat's operations in the event of a disaster.

The financial position of the Secretariat remained sound, with a strong cash position and increased non capital spending compared with prior years. The completion of the SACU Headquarters significantly contributed to a stronger asset base for the Secretariat. The Secretariat also received an unqualified audit for the Financial Year ended 31 March 2015, which shows its commitment to strict financial discipline and transparent administration of funds.

Following the completion of the construction of the SACU Headquarters in April 2014, the Secretariat staff moved into the new building at the end of October 2014. Arrangements were put in place for the building to be inaugurated by the SACU Heads of State and Government in 2015.

In conclusion, I would like to express my deep gratitude to the SACU Heads of State and Government, the SACU Council of Ministers, and the members of the SACU Commission and Finance and Audit Committee, for the leadership, strategic guidance and continued oversight provided to the Secretariat. I would also like to express appreciation to our strategic partners, in particular the World Customs Organisation and the Swedish International Development Cooperation Agency, for their continued support to the SACU Trade Facilitation Programme. Finally, I acknowledge and commend the Secretariat staff for their commitment and hard work, without which we would not have achieved the successes and milestones, highlighted in this Report during the 2014/15 Financial Year.

Paulina Mbala Elago
Executive Secretary

SACU Since 1910
SOUTHERN AFRICAN CUSTOMS UNION

Office of the Executive Secretary (from left to right: seated)

1. Abed Shipingana : Chauffer
2. Paulina M. Elago : Executive Secretary
3. Hiskia Ndjavera : Internal Auditor
4. Ndibo Oitsile : Chief Legal Officer

(from left to right: back row)

1. Elsie Mamaregane : PA and Admin Assistant
2. Xolile Ngwenya : Documentation and Conferencing Officer
3. Anitha Ganases : PA to the Executive Secretary
4. Rumbidzaishe Chinyoka : Legal Officer
5. Rosalia Augustinus : Secretary – Legal Unit

Directorate of Policy, Research and Negotiations (from left to right)

1. Dr. Susara Jansen Van Rensburg : Trade Negotiations Coordinator
2. Khustafalo Sekolokwane : Policy Researcher
3. Molupe Pheko : Policy Development Coordinator
4. Anton Faul : Director – Policy Development and Research
5. Moureen Matomola : Deputy Director – Policy Development and Research

Directorate of Trade Facilitation and Revenue Management (from left to right)

1. David Maleleka : Deputy Director – Revenue Management

2. Abel Sindano : Trade Data Analyst

3. Dorian Amateta : Secretary – Director Trade Facilitation and Revenue Management

4. Marcel Ratsiu : Customs Specialist

Directorate of Corporate Service (front row seated)

1. Mohammed Hoosain : Finance Manager
2. Alma Andrade : Director – Corporate Services
3. David Nalupe : Driver
4. Prudence Kotze : Accountant

(from left to right: middle row standing)

1. Ingrid Nanus : Receptionist
2. Elson Kamburona : Driver
3. Maria Hewicke : Finance Assistant
4. Hermanus Esterhuizen : Procurement Officer
5. Aletta Shatona : Records and Information Officer
6. Sophia Lubaki : Human Resource Officer
7. Rassidy Diergaardt : Secretary - Director Corporate Services

(from left to right : back row)

1. Themba Tladi : Human Resource Manager
2. Gideon Pineas – Handyman

Diamond Sorter (Gaborone-Botswana)

CHAPTER 1

INSTITUTIONAL DEVELOPMENT

Introduction

The SACU Agreement, 2002, establishes a number of institutions in Article 7, to facilitate the implementation of the Agreement. Since the entry into force of the Agreement in 2004, the Council of Ministers, the Customs Union Commission, the Secretariat and the Technical Liaison Committees have been operational. The SACU Agreement was amended in April 2013 to institutionalise the Summit of Heads of State and Government. The operationalisation of the *ad hoc* Tribunal and the Tariff Board is yet to be finalised.

Chair of SACU

In accordance with the SACU Agreement, 2002, and established procedure, the Chair of SACU is held annually by Member States for a period of 12 months, on a rotational basis and in alphabetical order. Consequently, the Republic of Namibia assumed the chair on the 15th July 2014, following the end of the Kingdom of Lesotho's term on the 14th July 2014.

SACU Summit

During the period under review, the Member States continued the national processes for the ratification of the Amendments to the SACU Agreement, 2002, to institutionalise the SACU Summit. As the highest institution of SACU, the mandate of the Summit is to provide political and strategic direction to SACU.

SACU Council of Ministers

As the Institution responsible for the overall policy direction in SACU pursuant to Article 8 of the Agreement, the Council of Ministers plays a critical role in ensuring the attainment of SACU's objectives under the Agreement. During the year under review, no quarterly Meetings of the Council were convened, however various consultations were undertaken at the Council level on the SACU Priority Areas and related strategic issues. The Council discharged its mandate on issues presented to it by the Commission and the Secretariat, in accordance with the Rules of Procedure for the Council.

Customs Union Commission

In executing its mandate of ensuring the implementation of the Agreement and the decisions of the Council, as stipulated in Article 9 of the SACU Agreement, the Customs Union Commission convened two meetings during the period under review. The Commission met on 5-7 November 2014 in Windhoek, Namibia, and also convened a Special Meeting on 11 December 2014, in Windhoek, Namibia. The recommendations on the issues considered by the Commission were consequently approved by the Council. The details on these issues are reflected in other Chapters of this publication.

The Secretariat

In accordance with Article 10 of the SACU Agreement, 2002, the Secretariat is responsible for the day to day administration of SACU. During the period under review, the Secretariat continued to provide technical support to SACU Institutions. This includes the Council consultations, meetings of the Commission and the Finance and Audit Committee, facilitating the adoption of decisions by the Council, as well as monitoring the implementation of the decisions of the Council.

The Secretariat further supported the SACU Member States in their negotiations of trade agreements with third parties, as reported in other Chapters of this publication. The report on the Secretariat's operational matters is contained in other Chapters of this publication.

Botswana Railways (Botswana)

CHAPTER 2

TRADE FACILITATION AND REVENUE MANAGEMENT

Trade Facilitation and Revenue Management are amongst the priority areas of the SACU Work Programme. Key focus areas entail facilitation of the cross-border movement of goods in the Common Customs Area and the equitable sharing of revenue arising from customs, excise and additional duties collected in Member States. This chapter provides highlights of activities undertaken during the year under review, the challenges as well as the future outlook that will underpin the Work Programme.

KEY HIGHLIGHTS FOR THE YEAR

For the year 2014/15, the following issues reflect the key highlights and achievements of the Trade Facilitation and Revenue Management Programme:

a) Technical support from Eurostat on the effective use of EUROTRACE to improve the quality of trade statistics in the region;
b) Collaboration with AFRITAC South in harmonising the compilation of GDP among Member States including development of a harmonised consumer price index for SACU;
c) Simplified trade data reconciliation process;
d) Technical collaboration with the South African Revenue Service on the Post Clearance Audit and Preferred Trader Audit to support implementation of the Preferred Trader Programme;
e) Adoption of the minimum standards and criteria for the Preferred Trader Programme; and
f) Successful conclusion of the two joint Customs enforcement operations (Gryphon and TopLiq) targeting illicit trade in tobacco products and alcohol.

REVENUE MANAGEMENT

Global economic growth continued to be fragile and uneven during the period under review. In line with the weak and uneven global economic recovery, economic growth in the SACU Member States remained weak in 2014, registering an average growth rate of 3.7 percent. This is lower than the 5.3 percent registered in 2013, but higher than the global average of 3.4 percent. The subdued economic growth in the Euro Area and in the emerging markets, some of which are SACU's largest trading partners, had profound implications on the SACU economies.

The volatility of the capital flows and currency turbulences in emerging economies led to the continued depreciation of the Rand, which did not boost exports as expected due to low domestic economic activity. The decline in oil prices supported a downward trajectory in inflation. SACU Member States continued to pursue accommodative macroeconomic policies as well as embarking on major infrastructural programmes to stimulate inclusive growth.

In light of the weak global and regional economic performance, the Common Revenue Pool (CRP) registered a deficit of R5.1billion, which was factored in the determination of Member States revenue shares for the 2014/15 financial year. This being the first deficit following the two consecutive deficits realised in the 2008/09 and 2009/10 Financial Years during the economic and financial crises. Table 1 below summarises the revenue shares for the Member States for the 2014/15 financial year.

Table 1: Member States' Revenue Shares (Billion Rands) for 2013/14-2014/15

	Botswana		Lesotho		Namibia		Swaziland		South Africa	
Financial year	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Revenue shares	13452	18 121	5438	6 666	13160	18 305	6504	7 044	32219	34 158
Surplus	1883	902	667	368	1567	812	650	443	1466	2 618
Total	15335	19 023	6055	7 034	14727	18 117	7154	7 487	33685	36 775
% Change		24.0		16.2		23.0		4.7		9.2

Source: SACU Secretariat

Table 1 indicates that Member States'revenue shares recorded a positive growth, with revenue shares for South Africa and Swaziland registering a single positive growth of 9.2 percent and 4.7 percent respectively. Botswana, Lesotho and Namibia registered a positive growth of 24 percent, 16.2 percent and 23 percent respectively. It is projected that global economic growth will be subdued and that SACU trading partners will also experience a slowdown. The CRP registered a surplus with respect to the 2012/13 and 2013/14 financial years respectively, following its annual audit.

Harmonisation of the Compilation of the Gross Domestic Product (GDP)

During the period under review, the Study Group comprising national accounts and finance officials from Member States concluded its mandate of estimating the "taxes on products" in the calculation of GDP at market prices in the Member States. The Study Group benchmarked on international best practice and recommended that only customs and excise duties collected nationally should be included in "taxes on products". This is in line with System of National Accounts (SNA) 1993 and 2008. The modalities for the implementation of the recommendation will be presented to the Commission and the Council for adoption and approval.

Furthermore, an assessment was undertaken on progress achieved on the implementation of the Programme on Harmonisation of Compilation of GDP. The review of the Programme revealed that there has been a slow progress in the implementation of the short-term and long-term measures. The short term measures entail broadening the coverage of surveys for the estimation of GDP as well as the development and maintenance of comprehensive business registers. The long-term measures entail the development of supply-and-use tables, and implementation of the 2008 System of National Accounts (SNA).

In the course of 2014/15, the Secretariat held consultative meetings with the Statistical Offices in the Member States to assess progress on the harmonisation of statistics compilation. The outcome of the consultations confirmed the importance of the Programme in the Member States, which is consistent with existing strategies to improve statistics in the region. Member States are at different levels of implementing the various components of the Programme depending on resource availability. The consultations also highlighted capacity constraints in various areas in the Member States. As a result, the Secretariat will engage development partners with a view to enhancing the implementation of the Programme.

Improvement of Trade Data Quality in SACU

During the financial year, the Secretariat continued to implement the Action Plan for improving the collection, compilation and dissemination of trade data in the SACU Member States. The Action Plan includes capacity building on the use of EUROTRACE software in the Member States. EUROTRACE is a dedicated system used for the compilation of foreign trade statistics developed by Eurostat. Specifically, it enables users to: (i) import Customs data in order to generate external trade statistics; (ii) review and clean data by carrying out pre-set and ad-hoc quality controls; and (iii) query the data, generate and export reports, and calculate a certain number of aggregates, such as trade indices. Presently, four Member States (Botswana, Lesotho, Namibia and Swaziland) are using EUROTRACE for the production and dissemination of trade statistics

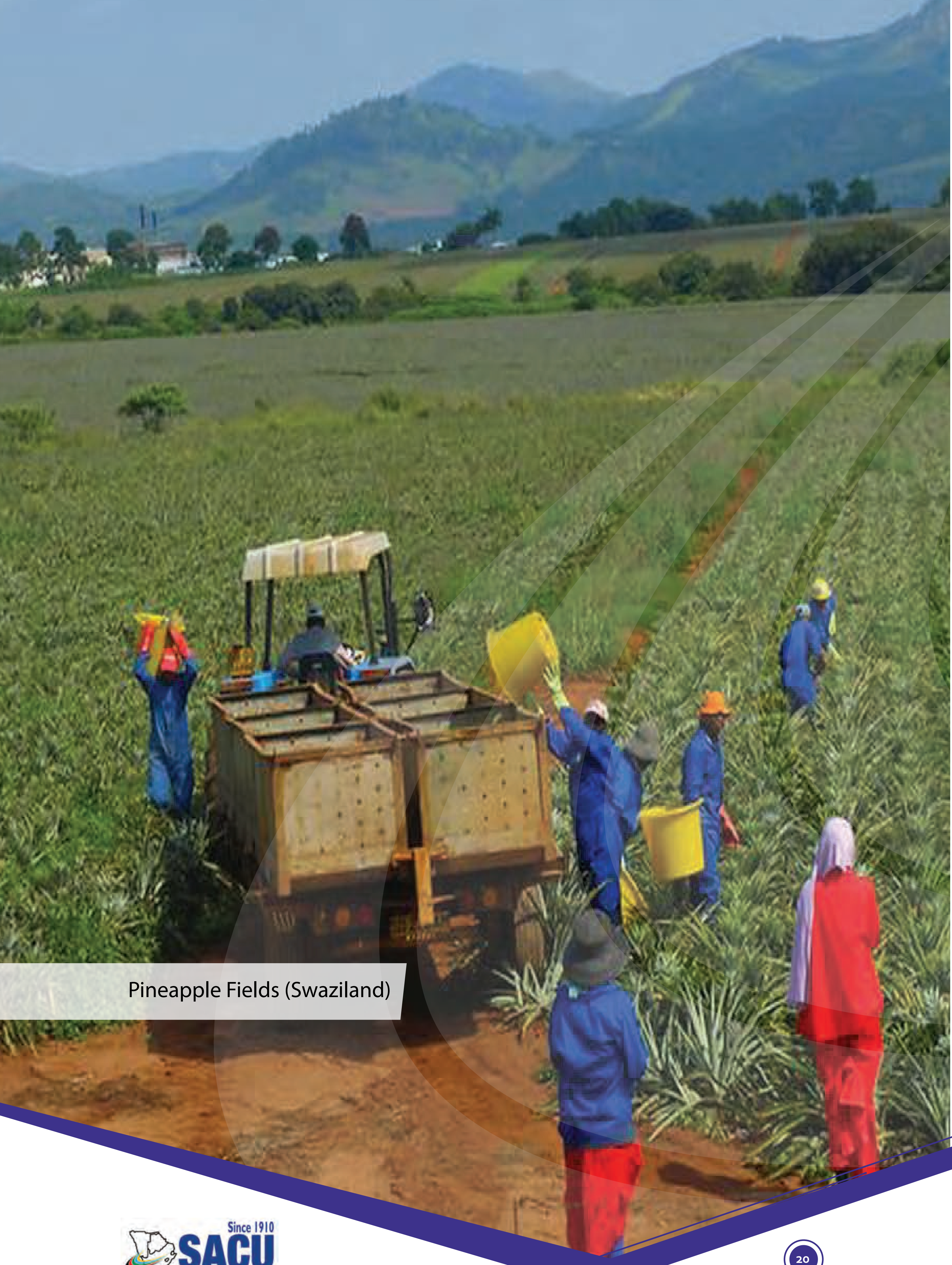
The Secretariat, with the technical assistance from Eurostat, held training on EUROTRACE software for Member States in July 2014. The training imparted technical skills on the compilation and analysis of trade data. This will enhance quality and credibility of the data produced. In order to broaden technical skills, a follow-up training on SQL programming, will be conducted the following year.

Development of a Harmonised Consumer Price Index

The Secretariat initiated work on the establishment of a Harmonised Consumer Price Index (HCPI). This was aimed at adopting a similar methodological approach in the region in order to improve comparability and credibility of price statistics. The process was launched with a bench-marking mission to the Southern African Development Community (SADC) Secretariat where a similar index is already in place for SADC Member States. In this period, a framework for similar estimation of CPI indices was developed for the SACU region.

SACU Publications

Two (2) main publications were produced during the financial year, namely the Monthly Inflation Report and Merchandise Trade Statistics Report. The Merchandise Trade Statistics Report is published annually. The Monthly Inflation report highlights movements in inflation rate and implications for fiscal and monetary policies. All Member States registered single digit inflation rates reflecting sound macroeconomic prudence in the region. The Merchandise Trade Statistics bulletin highlighted trade amongst the Member States on the one hand, and trade with rest of the world on the other hand. The data highlights that SACU exports and imports in 2014 accounted for 0.6 percent of world exports/imports.



Pineapple Fields (Swaziland)

Since 1910 SACU SOUTHERN AFRICAN CUSTOMS UNION

TRADE FACILITATION

Trade facilitation is a key component of the SACU mandate of improving the trade environment within the five Member States and the Customs Union.

In 2014/15, Trade Facilitation work towards the simplification and harmonisation of Customs procedures and enhancement of Customs efficiencies progressed well within the Customs Union. The work benefited greatly from the global interest and momentum towards addressing bottlenecks and impediments to international trade, which followed the conclusion of the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA) in Bali, Indonesia in 2013. The calculated potential benefits from implementing the TFA include an estimated reduction of the worldwide trade costs by between 12.5 percent and 17.5 percent.

During the year under review, the SACU Trade Facilitation agenda was largely pursued through the implementation of a joint initiative between the World Customs Organisation (WCO) and SACU under the WCO-SACU Connect Project. The Project is funded by the Swedish International Development Cooperation Agency (SIDA) and is implemented in two phases. The first phase started in 2008 and ended in 2013. The second phase started in 2014 and is scheduled to be concluded in 2018. The priorities under the second phase of the Project include: IT Connectivity, Risk Management and Enforcement, Trade Partnerships (Preferred Trader and Stakeholder Engagement) and Customs Legislation. The Project is governed by a Steering Committee made up of Heads of Customs Administrations, SACU Secretariat and the WCO. The main activities and outcomes of the Project in the 2014/15 Financial Year are highlighted below.

WCO-SACU Connect Project

One of the priorities of the Project is the development of trade partnerships. To this end, a *Preferred Trader Programme* has been identified as a means to reward traders that comply with the Customs laws and regulations by expediting the movement of their cargo across the SACU region. The Programme is strategically designed as the first step towards a fully-fledged Authorised Economic Operator (AEO) Programme for the region. The other component of the Project, *Customs Legislation,* is aimed at developing an enabling legislative framework for data exchange and mutual recognition of traders and to also harmonise legislation in the region. The *IT Connectivity* component seeks to enhance the information flow amongst the Member States to enable timely exchange of import and export data. This will in turn enhance the Customs *Risk Management and selection* processes prior to the arrival of goods at border posts. It will also reduce the time it takes to process goods upon arrival at the border posts and thus enhance the ease of doing business in the region.

During the year under review, the Secretariat worked with SACU Customs Preferred Trader Experts to develop basic operational frameworks for the ***Preferred Trader Programme***. The frameworks developed include: (i) the Preferred Trader Programme Road Map as a vision and guideline for the Preferred Trader Programme; and (ii) the minimum standards and criteria to facilitate uniform application of the Preferred Trader Programme by all Member States, which promotes mutual trust and transparency in the accreditation system. The SACU Customs Preferred Trader Experts also undertook a benchmarking exercise, with particular emphasis on the European Commission's Authorised Economic Operator and Japan Customs' Authorised Economic Operator, to determine the best practices in developing a legislative framework for mutual recognition under the SACU Customs Preferred Trader Programme. Further work commenced towards developing principles for the Mutual Recognition Annex to the SACU Agreement, 2002.

In addition, the SACU Secretariat, in liaison with the South African Revenue Service (SARS), conducted training on Post Clearance Audits and Preferred Trader Audits for 12 Customs officials in Botswana, Lesotho, Namibia and Swaziland. Following the training of auditors, implementation of the pilot Preferred Trader Programme commenced at a national level starting with the evaluation and audit of companies eligible to qualify under the pilot Preferred Trader Programme.

Under the ***IT Connectivity Programme***, the focus during the year was on undertaking a gap analysis on the outcomes of the IT Connectivity pilots of the 2013/2014 Financial Year between Botswana and Namibia, and South Africa and Swaziland. The gap analysis highlighted the need to work on a common regional approach for SACU Customs IT systems connectivity. Therefore, the WCO-SACU Connect Project Steering Committee adopted the WCO Globally Networked Customs (GNC)[1] as the basis for developing Customs IT connectivity in the SACU region. The GNC approach uses segmentation of customs business processes as frameworks for connectivity known as Utility Blocks (UBs).

Furthermore, in this period, the SACU region completed the development of the Export Utility Block (UB) called "My Export is your Entry" and also registered the same UB with the WCO. Discussions commenced on the development of other parts of the Export UB including communication, interface and integration layers.

Under the ***Risk Management and Enforcement*** component, SACU Customs Experts commenced work towards developing a regional Risk Management Strategy. In addition, the Secretariat continued to coordinate and monitor the implementation of the joint Customs enforcement operation code-named "TopLiq" that targeted illicit trade in tobacco and liquor products. The operation was jointly coordinated by the WCO and SACU, and was held from November 2014 to March 2015.

[1] The GNC is a framework developed by the WCO to standardise, harmonise and rationalise the secured and efficient exchange of information between the Customs Administrations who are WCO Member States and liquor products. The operation was jointly coordinated by the WCO and SACU, and was held from November 2014 to March 2015.

Table 2: Summary of the Operation TopLiq

DESCRIPTION/ BRAND	NO. OF SEIZURES	NO. OF STICKS/LITRES	VALUE IN RAND (R)	DUTY PREJUDICE (R)	NO. OF ARRESTS
Tobacco/ tobacco products	137	93 484 600	9 488 686	72 510 441	14
Alcohol (Ethyl Alcohol)		40 000	305 631	7 172 507	
Total		N/A	**9 794 317**	**79 682 948**	**14**

Source: www.sacu.int. (SACU Secretariat)

Table 2 highlights the successes achieved in the Operation Topliq. The findings highlight a total of one hundred and thirty seven (137) seizures which resulted in fourteen (14) arrests for the smuggling of illicit tobacco and tobacco products, mainly cigarettes; detection of a total of 9 485 637 cigarettes amounting to 9 400 master cases; and a total of 40 000 litres of un-denatured (100 percent alcohol with no additives) alcohol also being seized. A revenue prejudice (revenue that would have been collected through legal trade) is estimated at R72 Million.

The above results notwithstanding, illicit trade in SACU still poses a challenge which requires continuous strategies and methodologies. Furthermore, tobacco smuggling is one of the largest organised criminal activities in sub-Saharan Africa, estimated to be worth in excess of R5bn in lost tax revenue annually. At a regional level, the SACU Member States are working towards establishing regional risk management and enforcement strategies and methodologies to curb the scourge of illicit trade.

Challenges Faced

The weak and uneven global economic recovery continued to create uncertainty in the SACU economies. Furthermore, low economic growth in the Euro Area and China implies low demand of SACU exports in these markets. This will in turn result in low production in the region, and reducing the amount of imports, and consequently, lower than expected Customs duty collection.

A key challenge was the varied pace of implementation of the Customs reform and modernisation by the SACU Member States. The impact is derived from existing interdependencies between the areas of focus, whereby in order to implement IT Connectivity, SACU Member States require modernisation of IT Systems and automation of processes and procedures. The implementation of the Preferred Trader Programme also requires a modernised legal framework, adequate post clearance audit capacity and the capability of the IT systems to carry out the programme from design to implementation. In addition, the delayed entry into force of Annex E to the SACU Agreement, 2002, on Mutual Administrative Assistance, remained a significant challenge and had a direct impact on the success of the IT Connectivity initiatives.

Furthermore, changing trade regulations remained a challenge for the Member States and businesses as increasing demands for supply chain security prevail. The need for continuous improvement in the cross-border movement of goods and services, minimising delays at border posts also remained. This requires enhanced consultations between Member States to address these challenges.

Future Outlook

The global economic recovery was expected to remain weak and uneven with advanced economies supporting growth whilst emerging markets, most of which are SACU trading partners are expected to remain subdued until China's economy has rebounded. The duty collection is therefore projected to remain low in the medium term.

While the WCO SACU Connect Project continued to provide overall support in the region on Customs reforms and trade facilitation, there remained a need for an expanded trade facilitation agenda that seeks to leverage the benefits and outcomes of the WCO-SACU Connect Project. Therefore work will start in the next financial year towards the implementation of the WTO TFA. In addition work will also continue on other Customs and trade facilitation initiatives emanating from implementation of Trade Agreements with third parties.

Walvis Bay Harbour (Namibia)

CHAPTER 3

TRADE NEGOTIATIONS, POLICY DEVELOPMENT AND RESEARCH

TRADE NEGOTIATIONS AND IMPLEMENTATION OF TRADE AGREEMENTS

In accordance with Article 31 of the SACU Agreement,2002, the SACU Member States are required to negotiate preferential trade agreements with third parties as a collective. The approach taken pending the conclusion of a Common Negotiation Mechanism is that a Member State is nominated to lead a specific set of negotiations, providing the Chief Negotiator.

On this basis, SACU has concluded trade arrangements with the European Free Trade Association (EFTA) and a Preferential Trade Agreement (PTA) with the Common Market of the South (MERCOSUR). As part of the SADC EPA Group, SACU has been negotiating an Economic Partnership Agreement with the European Union (EU). As Members of SADC, SACU Member States are further engaged in the negotiations of a Tripartite Free Trade Agreement between COMESA, the EAC and SADC. SACU Member States are also participating in the World Trade Organisation (WTO) Doha Round negotiations.

An update on progress achieved on each of these trade arrangements in the financial year 2014/15 is summarised below:

- **Free Trade Agreement (FTA) between SACU and the European Free Trade Association (EFTA)**

The Free Trade Agreement between SACU and the EFTA States, comprising Iceland, Liechtenstein, Norway and Switzerland, has been in force since 2008. The FTA was notified to the Committee on Regional Trade Agreements of the WTO in 2009 and conforms to WTO provisions, specifically Article XXIV of the General Agreement on Tariffs and Trade (GATT 94).

The SACU-EFTA FTA makes a distinction between industrial products, processed agricultural products (PAPS) and basic agricultural products. While the former two are covered under the general FTA, which involves all EFTA and SACU Member States, the latter is covered under three Bilateral Agricultural Agreements between SACU and Iceland, Norway and Switzerland/Liechtenstein respectively. Together, these four Agreements constitute the instruments establishing the Free Trade Area between EFTA and SACU.

For industrial products, EFTA offered duty-free, quota-free market access to SACU, while for PAPS, it continues to offer the same market access offered to the European Union under their Association Agreement. In turn, SACU offers duty-free, quota-free on approximately 95 percent of industrial goods and PAPS.

For Agriculture, preferential access on both sides was based on an offer and a request list. While EFTA States have agreed to bind their Generalized Systems of Preferences provisions in their respective Agreements, they also offered additional market access on a limited number of products. SACU offered some concession to Switzerland, but did not offer anything to Iceland and Norway, due to domestic support measures in place in these countries.

Both the FTA and the Bilateral Agricultural Agreements have built-in mandates for a review. For the FTA, this review relates to an overall review of the Agreement taking into account further developments in international economic relations, including at the WTO, as well as to a specific clause in paragraph 7 of Annex VII, aimed at further liberalization of products for which SACU has offered only partial preferences (List 5) or no preferences (List 6).

For Agriculture, the review commenced in 2011 with a view to further improve market access conditions on both sides. However, due to divergence of views on the scope of the review, no progress has been made. In 2013, the SACU Council extended the mandate for the review to cover the entire FTA. It has since been agreed to conduct these reviews in parallel.

In early-2014, SACU Member States started their national consultations in preparation for the commencement of the review. The consultations sought to facilitate adoption of a SACU position on the scope, coverage and possible modalities for the impending review. The national consultations could however not be concluded during the 2014/15 Financial Year and will be continued in the following financial year.

It is expected that a Joint Committee meeting will be held around mid-2015 in the SACU Region to take the review forward.

- **Preferential Trade Agreement (PTA) between SACU and the Common Market of the South (MERCOSUR)**

The SACU-MERCOSUR PTA was signed on 15 December 2008 by MERCOSUR Member States and on 3 April 2009 by SACU Member States. At the end of the financial year, the PTA still remained to be implemented as not all signatory States had concluded their ratification processes. It is expected that all Parties will ratify the Agreement in the 2015/16 Financial Year.

- **The SADC-EU Economic Partnership Agreement (EPA)**

As part of the SADC-EPA Group (SEG), SACU Member States concluded negotiations for the Economic Partnership Agreement (EPA) with the European Union on 15 July 2014. The SEG comprises Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland as well as Angola, with the latter participating in the negotiations as an observer with an option to join the Agreement in future.

The EPA provide for World Trade Organization (WTO) -compatible alternatives to the non-reciprocal preferences under the Cotonou Agreement, which had been granted legal cover in the WTO through a waiver that expired at the end of 2007. Since then, BLNS trade with the EU has been administered through the EC Market Access Regulation 1528/2007, while trade between the EU and South Africa continued under the Trade, Development and Cooperation Agreement (TDCA) between the EU and South Africa. The EPA will also serve to preserve SACU's functional coherence, particularly with regards to the application of its common external tariff.

The EPA provides duty-free and quota-free market access to the EU market for Botswana, Lesotho, Mozambique, Namibia, and Swaziland. South Africa will gain new market access, additional to the TDCA. The new market access includes better trading terms mainly in agriculture and fisheries, including for wine, sugar, fisheries products, flowers and canned fruits. The EU will obtain significant new market access into the Southern African Customs Union (products include wheat, barley, cheese, meat products and butter), and will have the benefit of a bilateral agreement with Mozambique, one of the Least Developed Countries (LDCs) in the region.

The EPA also includes a BILATERAL PROTOCOL between the EU and South Africa on the protection of geographical indications and on trade in wines and spirits. In this regard, the EU will protect some selected names for South Africa. In return, South Africa will protect more than 250 EU names in the categories of food, wines and spirits.

As at the end of March 2015, significant progress had been made towards concluding the legal review exercise as had been scheduled. The legal review process included a number of SADC-EC EPA Technical meetings held in Brussels and the SADC Region, comprising legal officials and trade negotiators from the SADC EPA countries and the European Commission. The meetings considered the full text and related Annexes to the SADC-EU EPA, with a view to ensuring that the negotiated outcomes are in line with the necessary regulatory and institutional requirements of both Parties. The exercise also aimed at identifying and correcting errors in the texts and tariff reduction schedules.

Three legal scrubbing meetings took place during the Financial Year on the following dates: 6-10 October 2014 in Brussels, Belgium; 19-30 January 2015 in Johannesburg, South Africa and 10–13 March 2015 in Brussels, Belgium. As at the end of the 2014/15 Financial Year, the following texts were considered as finalised: Main Text with the exception of the two Articles on the Scope of the Agreement and on Customs Duties; Annex III; Annex IV; Annex V; Annex VI; Protocol 1; Protocol 2; Protocol 3; Protocol 4; and the Final Act. The texts that were still to be concluded included: Annex I, Annex II and the EU and SACU schedules.

It was therefore expected that the legal review would continue in the 2015/16 Financial Year.

- **COMESA-EAC-SADC Tripartite Free Trade Agreement Negotiations**

At their first Summit in Uganda in 2008, the Heads of State and/or Government of the COMESA, EAC and SADC decided to establish a Free Trade Area (Tripartite FTA). The negotiations for the establishment of the Tripartite FTA, was officially launched in June 2011 at their second Summit, along with a two-phased Roadmap for the establishment of the Tripartite FTA by June 2015.

Phase I of the negotiations commenced in 2013 and focused on Trade in Goods. It was also agreed that Movement of Business Persons would be negotiated during the first phase through a separate track in a committee to be established by the Tripartite Sectoral Ministerial Committee.

During the period under review, negotiations continued on the Phase I issues which included: Tariff Liberalisation, Rules of Origin, Trade Remedies, Dispute Settlement, Customs Cooperation, Sanitary and Phytosanitary Measures (SPS), Technical Barriers to Trade (TBT) and Standards, as well as on the overall texts of the Free Trade Agreement. Negotiations took place in Technical Working Groups and the Tripartite Trade Negotiating Forum. Meetings at the Senior Officials' and Ministers' levels were also arranged to provide strategic and political guidance to the negotiators.

SACU Members States also held a number of consultative meetings in the region to prepare for the negotiations, prior to, or in between the negotiating rounds. These consultations aimed to consolidate SACU's common negotiating positions as directed by the SACU Council of Ministers in all areas under negotiation. In her capacity as the Coordinator for SACU in the Tripartite negotiations, South Africa, supported by the SACU Secretariat, chaired and hosted these meetings. During this period, work focused mainly on the development of, and agreement on SACU's tariff offers and the legal text for the main Agreement and related Annexes.

During this period, five rounds of the SACU consultative meetings took place in Johannesburg, South Africa and in Lilongwe, Malawi. Tripartite Negotiating rounds took place in Bujumbura, Burundi on 4-7 August 2014; 2-12 September 2014 and 12-30 October 2014; as well as on 16-24 February 2015 in Lilongwe, Malawi.

It is anticipated that Phase1 of the negotiations would continue during the next financial year and be concluded by June 2015. Phase II of the negotiations will only commence after the conclusion of Phase1 will cover the built -in agenda in services and trade-related areas.

- **SACU-INDIA Preferential Trade Agreement Negotiations**

In November 2008, SACU and India signed a Memorandum of Understanding (MOU) which sets out the parameters to negotiate a Preferential Trade Agreement. The aim is to conclude an Agreement that provides for the exchange of tariff concessions on a selected list of products of interest to both sides, and cooperation in other areas as may be agreed upon by the Parties.

As with prior years, there has been limited progress in these negotiations in 2014/15. Since the exchange of tariff preference request lists by the Parties in January 2012, Member States undertook national consultations with a view to determine tariff treatment that could be extended to the respective Parties. SACU Member States' consultations took longer than expected and, as at the end of the financial year, these consultations were yet to be completed. Despite these delays, SACU remains committed to these negotiations.

- **SACU Trade Policy Review**

SACU, as a bloc, is not a member of the WTO. However, individual SACU Member States are members and, as a result, have certain legal obligations to fulfil from time to time. One such obligation is the Trade Policy Reviews (TPR) of WTO Members that needs to be conducted periodically. The Trade Policy Review Mechanism is the most important transparency exercise of the WTO. Its purpose is to examine and evaluate WTO Member countries' trade and related policies at regular intervals and contribute to improved adherence by all Members to rules, disciplines and commitments made under the different WTO Agreements. SACU Members States' Trade Policies are reviewed every 6 years. The 3rd review was held in November 2009 in Geneva, Switzerland, and the 4th review was scheduled for November 2015.

During the 2014/15 FY, SACU Member States had committed to a TPR preparatory programme that commenced with a regional Workshop held in Windhoek, Namibia on 3 November 2014. The workshop considered information and data prepared by the WTO Secretariat for each SACU Member State, as well as for SACU as a collective, which formed the basis for the reports that the WTO Secretariat was to produce for the TPR in November 2015. These reports were presented by the WTO Secretariat at a regional seminar in June 2015 for review by SACU Member States prior to their circulation to the rest of the WTO Membership in preparation for the 4th TPR.

- **African Growth and Opportunity Act**

The African Growth and Opportunity Act (AGOA) is part of the United States of America's Trade and Development Act of 2000. AGOA is a non-reciprocal trade preference scheme that aims to provide broader market access into the United States for products originating from Sub Saharan African countries. Initially, AGOA was set to expire in 2008, but the United States Congress passed the AGOA Acceleration Act of 2004, which extended the legislation to 2015. The Act is based on a desire by the United States to promote stable and sustainable economic growth and development in Sub-Saharan Africa.

AGOA offers Sub-Saharan African countries duty-free access on a broad range of products into the United States, subject to meeting the rules of origin provisions. AGOA builds on existing U.S. trade programmes by expanding the duty-free benefits previously available only under the Generalised System of Preferences (GSP) provisions. While general GSP covers approximately 4,600 items, AGOA GSP applies to more than 6,400 items. By building on the market access provided by GSP, AGOA has opened the U.S. market to almost all goods produced in AGOA-eligible countries and has helped to increase both the volume and diversity of U.S. trade with sub-Saharan Africa.

Transportation equipment, minerals and metals, chemicals and chemical related products, textiles and apparel, and agricultural products continued to be the sectors that accounted for most of the trade under AGOA for SACU. AGOA-related exports from SACU to the US averages at around R4 billion annually.

During the period, SACU participated in the 13th Ministerial Forum on the Africa Growth and Opportunity Act (AGOA Forum), which was held on 4 August 2014 in Washington DC, USA. The 13th Forum took place on the fringes of the first ever US-Africa Heads of State Summit that was held on 5-6 August 2014, also in Washington DC. In preparation for the Forum, the SACU Secretariat assisted Member States in developing a strategy to lobby the US government for the extension of AGOA beyond 2015. SACU also participated in the African Union Senior Officials and Trade Ministers meetings, which took place on 2-3 August 2014 in Washington, DC. The meetings were used to consolidate an African position on AGOA and adopted key recommendations that informed a coherent African Strategy to engage the US Government on the future of AGOA.

The AU Trade Ministers presented their position during their interventions and engagements with their US counterparts during the Forum. Although some bottlenecks still remained, the overwhelming expectation of African Countries at the Forum was that AGOA should be extended beyond 2015 for at least 15 years, and that the 3rd country fabric provision should also be made coterminous with the legislation.

POLICY DEVELOPMENT and RESEARCH

During the period under review, work towards the development of common policies in the areas of industrial, agricultural and competition policy in SACU was suspended, resulting in the minimal implementation of the programme. Work continued in limited areas, focusing only on establishing regional and international networks and strengthening the capacity of the Secretariat.

As part of the efforts to establish regional and international networks and to strengthen the capacity of the Secretariat on Industrial Development and Policy related issues, a capacity building programme on Industrial Diagnosis and Trade Competitiveness was initiated with UNIDO in February 2014. The programme aimed at strengthening the technical and analytical capacity of the Secretariat in conducting evidence-based policy analysis using UNIDO's approach to industrial intelligence.

Staff members of the Secretariat underwent training at UNIDO during the period under review which focused on the macro aspects of industrial policy diagnosis and trade competitiveness analysis. The second training session, scheduled for the 2015/16 FY, would consider the macro-level competitiveness analysis, and cover issues relating to sub-sectoral competitiveness; product and market diversification; dynamism as well as drivers of industrial competitiveness.

- **Review of Rules of Origin in the Southern African Development Community Free Trade Area**

During the review period, the SADC Rules of Origin (RoO) for Trade in Textiles and Clothing Products were under review. Although this review commenced in 2011, due to the complex nature of the negotiations and substantial national and regional consultations that were required, the review could not be concluded. SACU established a Textiles and Clothing Experts Group in 2011 to prepare a SACU position for the Review. During the financial year, the Experts Group's main aim was to undertake research to identify the impact of possible RoO scenarios on SACU and its Member States. Terms of Reference were developed for this purpose and a consultant was appointed to implement the Study.

The Study was completed in September 2014 and a workshop was held on 24-25 November 2014 in Johannesburg, South Africa to disseminate its findings and to agree on the way forward. Based on the findings and recommendations of the Study and the outcome of the workshop, Member States agreed in November 2014 to undertake national consultations and develop positions on products to be committed under single stage transformation and sensitive sectors for which the status quo should be maintained. The aim of this exercise was to develop a consolidated SACU position on the preferred rules to be adopted for trade in textiles and clothing products. Member States' internal consultations continued throughout the remainder of the 2014/15 Financial Year. It was anticipated that a SACU position would therefore only be finalised in the 2015-16 financial year for submission to SADC.

- **Trade in Services**

The SACU Heads of State and Government endorsed Trade in Services as the sixth (6^{th}) priority area in the current SACU Work Programme. However, in the absence of a legal framework on Trade in Services in SACU, a Task Team was established in 2012 comprising SACU trade and legal officials with a mandate to define the level of ambition and to identify the necessary legal basis for Trade in Services work in SACU. The Task Team recommended that a study be commissioned to assess the landscape and to assist with this work.

The Secretariat developed Terms of Reference for the study in 2013. However work on this area could not progress as a result of the impasse in the work programme. It was expected that the Study would be commissioned in the 2015/16 Financial Year.

- **Challenges**

Limited negotiating capacity, protracted national consultations and funding constraints hampered progress in the negotiations during the year under review. In addition, each set of negotiations also presented its own unique challenges. Some issues that arose related to the slow pace of the negotiations, as well as the implementation of concluded Agreements and delayed ratification processes. A further challenge that remained is ensuring effective communication with economic operators in order to raise their awareness of the benefits to be derived from concluded Agreements and the conditions attached to such Agreements.

In relation to Regional Industrial Development, capacity constraints in terms of technical and human expertise within the Member States hampered progress towards the completion of initiatives such as the development of cross border value chains, as well as the completion of work related to the review of the Agricultural Rebates and Unfair Trade Practices in SACU.

In addition, the continued delays in the finalisation of the Common Negotiating Mechanism, which is essential for the coordination of the negotiation of trade agreements between SACU as a bloc with third parties, and the completion of work on Industrial Policy for the Customs Union, also hampered progress.

- **Future Outlook**

During the next financial year, the Secretariat would continue to support the Member States in their trade negotiations with third parties. It was expected that the negotiations towards the SACU-India Preferential Trade Agreement and the COMESA-EAC-SADC Tripartite Free Trade Agreement would continue and intensify, and that the legal review of the SADC-EU Economic Partnership Agreement would be concluded and the Agreement signed and ratified. Furthermore, the SACU-MERCOSUR Preferential Trade Agreement was also envisaged to be implemented during the 2015/16 Financial Year.

It is further anticipated that work towards the development of a comprehensive industrial development programme would be resuscitated. The review of the Free Trade Agreement between SACU and the European Free Trade Association (EFTA) would also commence and cooperation with the USA under the SACU-USA Trade, Investment and Development Cooperation Agreement (TIDCA) expanded. Work on a common Trade Policy could also commence towards the end of the year, should the Common Negotiating Mechanism be finalised.

CHAPTER 4

SECRETARIAT'S OPERATING ENVIRONMENT

The Secretariat's operating environment is led by the Corporate Service's Directorate which provides services in the areas of Finance, Human Resources, Procurement, Records and Information Management, Information Technology, as well as Facilities and Administration Management. During the financial year 2014/2015, the Directorate led the process of reviewing various policies and procedures to ensure alignment of the operations of the Secretariat to international best practice, as well as adherence to global corporate governance policies and standards.

The following policies were reviewed and consequently approved by the Council: Financial Policy; Procurement Policy; Communication Device Policy; Investment Policy; Fixed Asset Policy; Travel Policy; Information Technology Security Policy; Fleet Management Policy and Enterprise Risk Management Policy.

A key milestone achieved was the completion of the construction of the new SACU Headquarters, and the successful relocation of staff to the new building in October 2014. More details on the activities and outcomes regarding the operational matters are highlighted below:

- **Financial Management**

During the year under review, a key focus was on improving both the financial reports to management and the budgeting process. To this end, a procurement process for consultancy services to improve the budgeting process and automate the current system was initiated. The procurement process is expected to be concluded in the 2015/16 Financial Year.

A notable achievement in the area of Financial Management was the revision of the Financial and Procurement Policies. These Policies faced extensive review and enhancement, taking into account that they were last reviewed in 2008. The Financial Policy retained its core financial and budgetary components and included four related but specialised policies which are: Communication Device Policy, Fixed Assets Policy, Investment Policy and Travel Policy. The Procurement Policy also faced a substantial review, which included an increase in the procurement thresholds, clarity on the various procurement methods, variations and greater detail on the roles and responsibilities of the various approval authorities.

The Secretariat recorded an improvement in its internal controls and financial systems, with fewer internal audit findings being reported. Of note was that there were no internal audit weaknesses found in Payroll, Accounts Payable, Fixed Assets and Inventory Management.

For the first time, the annual external audit was performed by the Auditor-General of South Africa, in accordance with the agreed rotation principle of auditing the Secretariat by the Auditors General of the SACU Member States.The external auditors conducted an intense audit from which audit issues were reported to the Finance and Audit Committee, with the Secretariat taking appropriate remedial actions.

Human Resources

The most significant staffing development during the year under review was the change of guard at the Executive Secretary position on the 1st April 2014. The new Executive Secretary, Ms. Paulina M. Elago, commenced employment with the Secretariat replacing the founding Executive Secretary whose term of employment ended on the 18th January 2014. Furthermore, as a way of ensuring adequate capacity, the Secretariat filled the position of Director Corporate Services on the 15th July 2014, which had been vacant for a long time.

The Secretariat further initiated a process of the review of its Conditions of Service. The review was necessitated by the need to improve the conditions of work for staff to make them more attractive and competitive, as well as to align Human Resources practices and systems, with other existing policies in the Secretariat. It was anticipated that the review would be concluded in the 2015/16 FINANCIAL YEAR.

- **Facilities and Administration**

The Headquarters Building project for the SACU Secretariat was completed in April 2014 at a cost of N$43, 598, 595.39.

Another notable achievement was the development of the Fleet Management Policy, which was consequently approved by the Council. The aim of the Policy is to provide guidance on the acquisition, usage, maintenance and disposal of the Secretariat's fleet. The Policy also serves as a strategy to improve operational efficiency and effectiveness in the provision of transport services to the Secretariat.

The Secretariat's fixed asset register was also updated to account for all assets in the new building as well as the disposal of old furniture. The disposal process entailed an auction to staff members and donations to various Non-Governmental Organisations in the host country, Namibia, as part of the Secretariat's Corporate Social Investment initiatives.

Furthermore, a Health and Safety and Security audit on the Secretariat was undertaken. This led to the Secretariat embarking on Emergency Evacuation training, First Aid and fire drill training and simulations in the new building. It is anticipated that a Health and Safety Policy would be developed in the 2015/16 Financial Year.

- **Records and Information Management**

The Secretariat continued with the development of an Electronic Document and Records Management System, to enhance information sharing and access. During the 2014/15 financial year, R945, 638 was invested in the design and testing of the records management, workflow, and reports generating components, as well as the first phase of users training. The training equipped users to pilot test the system and informed the plan for full system implementation during the 2015/16 Finacial Year.

Training of staff, change management and the implementation of the system throughout the Secretariat, will be implemented in the 2015/16 Financial Year.

A number of activities were undertaken on the development of the Information Classification and Retention Policies. These include the compilation of the information assets inventory, identification of information classification levels, and the definition of user roles. The two Policies were expected to be finalised during the 2015/16 Financial Year.

- **Information and Technology**

In the area of Information and Technology, the key focus was the relocation of the IT Services to the new Headquarters which was carried out successfully with minimal disruptions. New servers were deployed and outdated software replaced. New projects were undertaken that involved the deployment of new services, applications, and hardware for business operating procedures such as:

a) Replacement of an End-Of-Life production server;

b) Enhancements to the electronic work-flow system; and

c) Replacement of a service provider for a key business application.

The Information Technology Security Policy, which protects SACU's Information Assets, was also rolled out to the Secretariat staff. A Bring Your Own Device Policy was also drafted to ensure that the Secretariat was up to date with the dictates of the IT environment.

Letseng Kholo (Lesotho)

Annex 1

SACU MEMBER STATES' ECONOMIC PERFORMANCE

A Weak Global Economic Recovery

OVERVIEW OF INTERNATIONAL AND REGIONAL DEVELOPMENTS

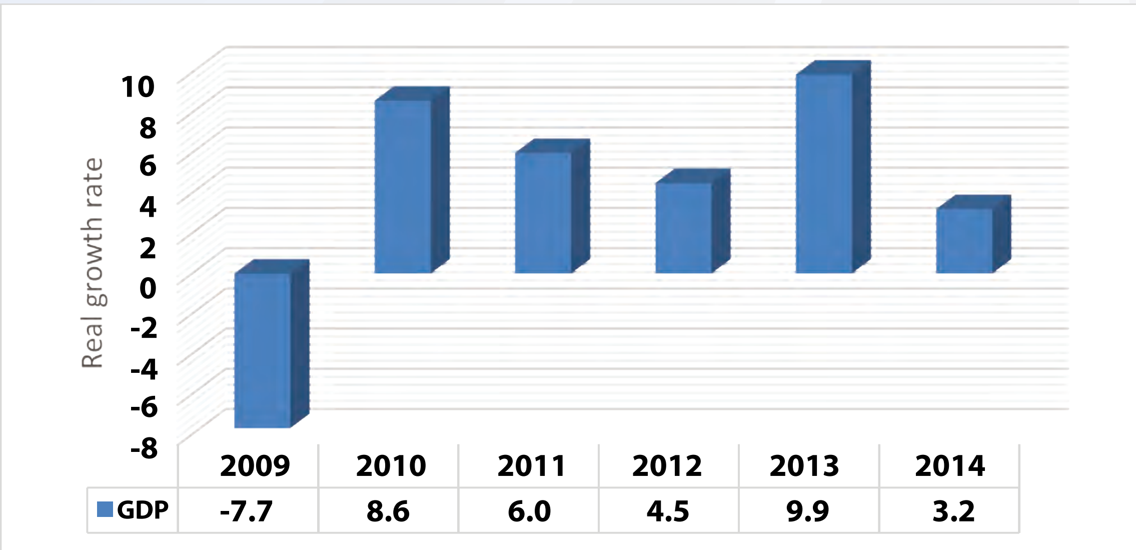
The global economy has shown signs of recovery, though downside risks remained elevated. Generally, recovery remained weak and uneven, with advanced economies showing a rebound whilst economic activity in the emerging markets and developing economies weaken further, amidst low commodity prices, volatile currencies and reduced capital inflows. The global growth was estimated to grow by 3.4 percent in 2014 compared to 3.2 percent in 2013.

1 BOTSWANA

1.1 REAL SECTOR DEVELOPMENTS

1.1.1 Botswana's economy slowed to 3.2 percent in 2014 compared to a higher 9.3 percent recorded in 2013 (**Figure 1**). This was underpinned by the sluggish performance of the mining sector due to low international commodity prices. Further, the mining industry declined by more than 6.0 percent during the period under review due to the slowdown in global demand. This was in comparison to the 10.6 growth rate realised in 2013 as a result of buoyancy in the consumer demand, especially for China and India, and the other emerging economies. Despite this, the mining sector remained the main foreign exchange earner.

Figure 1: Botswana Real GDP Growth

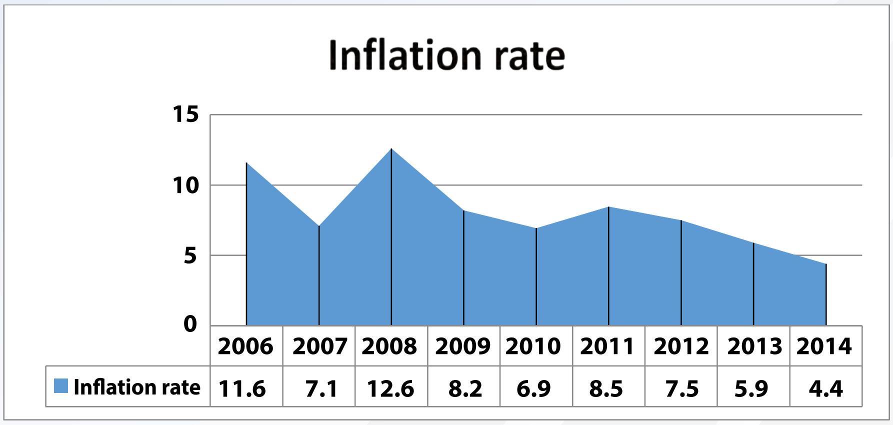


1.1.2 Other sectors of the economy grew sluggishly owing to continuing electricity problems that also affected productive capacity. Disruptions in water supply constituted another major challenge leading to the water and electricity sector registering a negative growth.

1.2 PRICE DEVELOPMENTS

1.2.1 Botswana targets a medium-term inflation rate within the range of 3-6 percent.In 2014, headline inflation decelerated to 4.4 percent compared to 5.9 percent in 2013 (**Figure 2).** Going forward, inflation was projected to remain within the target range of 3 -6 percent due to lower oil prices and consumer expectations.

Figure 2: Inflation Rate



Source: Statistics Botswana

1.3 MONETARY DEVELOPMENTS AND INTEREST RATES

1.3.1 The Bank of Botswana aimed to sustain the positive medium-term inflation outlook, and to further support sound credit extension in the domestic market. This implied adopting an accommodative monetary policy and the Bank Rate was recorded at 7.5 percent in 2014. Consistent with these developments, commercial bank credit grew by 14.0 percent.

1.3.2 Moody's Investors Service assessment of Botswana's credit indicated sound institutional and fiscal strength. Botswana was rated A2 in 2014, with a stable outlook. The rating implied that the Government of Botswana was at a low risk of defaulting on its debt obligations. The rating was underpinned by the Government's robust balance sheet, as reflected by fiscal surplus and low debt levels.

1.4 GOVERNMENT FINANCE

1.4.1 The 2013/2014 budget outturn highlighted total revenue and grants amounting to P45.43 billion as shown in Table 1. This was equivalent to 9.0 percent increase from the previous year. This was underpinned by an increase in both tax and non-tax revenue.An increase in the SACU receipts amounting to P13.06 billion was also supportive. The total expenditure and net lending amounted to P45.04 billion as outlined in Table 1 below.

Table 1: Botswana Government Budgetary Operations (P billion)

Pula	2011/12 (outturn)	2012/13 (outturn)	2013/14 (outturn)	2014/15 (preliminary)	2015/16 (Estimate)
Total Revenue and Grants	**38.49**	**41.66**	**45.43**	**48.95**	**55.38**
Tax	24.85	12.08	13.26	15.34	37.14
Non-tax	13.12	29.58	32.17	34.94	17.90
of which SACU	8.42	14.03	13.06	16.19	16.34
% of SACU to total revenue	21.9%	33.7%	28.7%	33.1%	29.5%
% of SACU revenue to GDP	7.80%	12.4%	10.3%	11.9%	11.50%
Total Expenditure	**38.67**	**40.74**	**45.04**	**48.86**	**54.15**
Recurrent	28.84	32.11	32.98	36.69	41.3
Development	9.56	8.28	12.12	12.24	12.93
Balance(% of GDP)	**-0.2%**	**0.8%**	**0.3%**	**1.0%**	**0.8%**
GDP, current prices	**107 306**	**112 855**	**127 227**	**136 140**	**155 735**

Source: Botswana Ministry of Finance and Development Planning

1.4.2 It was projected that in 2015/16, a budget surplus of 0.8 percent of GDP would be attained. There would also be an improvement in revenue estimated at P55.38 billion, mainly underpinned by tax and the SACU receipts.

1.5 ECONOMIC OUTLOOK

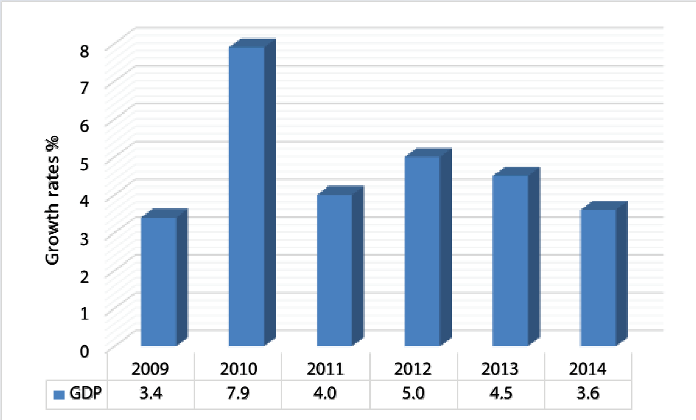
1.5.1 Economic growth was projected to remain positive, mainly driven by the non-mining sectors such as Trade, Hotels and Restaurants, Finance and Banking, and Social and Personal Services. The establishment of a Steel Manufacturing Plant in Selebi-Phikwe, and the rolling out of the postal and banking services to the rural areas were expected to provide a positive boost to the economy. Efforts were under way to reduce reliance on two volatile sources of revenue, namely, the mining sector and SACU revenue. Botswana's plans to diversify the economy also include measures to address supply-side constraints, in particular, electricity and water supply shortages.

2 LESOTHO

2.1 REAL SECTOR DEVELOPMENTS

2.2.1 In real terms, the Lesotho economy grew by 3.6 percent in 2014 compared to 4.5 percent in 2013 (**Figure 3**). The economic slowdown was due to negative performance of the manufacturing sector, which declined by 10.9 percent. The construction sector also experienced a decline of 10.0 percent. The primary sector recorded a positive growth of 9.7 percent, which partly offset contractions in the manufacturing and construction sectors.

Figure 3: Lesotho Real GDP Growth



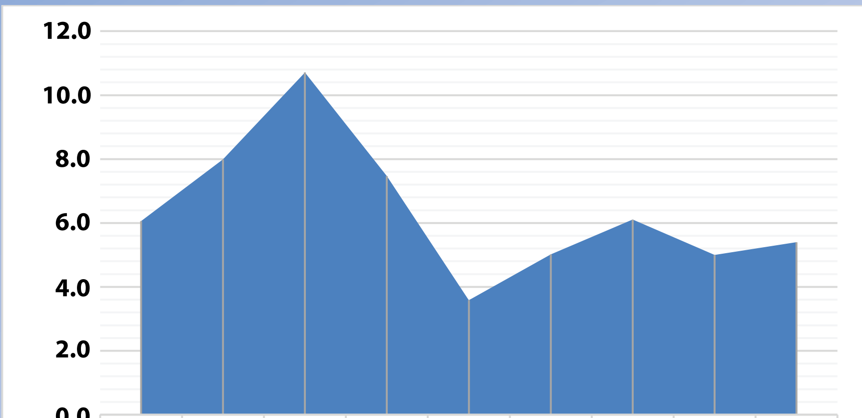
Source: Lesotho Bureau of Statistics, Ministry of Finance

2.1.2 On infrastructure development, construction related to the Metolong Dam, Millennium Challenge Compact (MCC) and other public investments in infrastructure were expected to have a further positive impetus on economic growth.

2.2 PRICE DEVELOPMENTS

2.2.1 Headline inflation, as measured by percentage change in the Consumer Price Index (CPI), increased by 5.4 percent in 2014 compared to 5 percent in 2013 as shown in **Figure 4**. The moderate increase was in line with subdued global food prices which declined in 2013, and downward pressure on administered prices in lesotho.

Figure 4: Lesotho Inflation Rate



	2006	2007	2008	2009	2010	2011	2012	2013	2014
CPI	6.1	8.0	10.7	7.5	3.6	5.0	6.1	5.0	5.4

Source: Lesotho Bureau of Statistics

2.2.2 Inflation outlook was modest amidst lower oil prices.

2.3 MONETARY DEVELOPMENTS AND INTEREST RATES

2.3.1 The interest rate movements continued to be aligned to developments in South Africa's monetary policy environment and interest rates movements. This is in part due to Lesotho's membership of the Common Monetary Area (CMA). The Government maintained adequate reserves for the monetary stability and this translated into five months of import cover.Lesotho needs to maintain adequate foreign reserves in order to maintain the Loti peg with the South African Rand.

2.4 GOVERNMENT FINANCE

2.4.1 Total revenue, including grants, amounting to M14.20 billion **in the** 2013/14 Financial Year was projected to reach M15.75 billion in the 2014/15 Financial Year **(Table 2).** The increase was due to an increase in tax revenue and SACU receipts. SACU revenue contributed an estimated 44.6 percent of total Government revenue. The total expenditure amounted to M15.47 billion in 2014/15, which represented an estimated 1.2 percent of GDP in surplus.

2.4.2 The projected outturn for 2013/14 showed that total revenue (including grants) amounted to M14.2 billion whilst the total expenditure reached M13.54 billion, resulting in another surplus of 4.2 percent of the GDP. Total revenue increased by 7 percent mainly boosted by SACU revenue, which amounted to M6.05 billion, equivalent to 42 percent of total revenue whilst income tax and VAT increased to M3.15 billion and 1.95 billion respectively. Total expenditure amounted to M13.5 billion of which compensation of employees totalled M4.39 billion whilst goods and services amounted to M2.99 billion. Capital expenditure amounted to M3.92 billion.

Table 2: Lesotho Government Budgetary Operations (M billions)

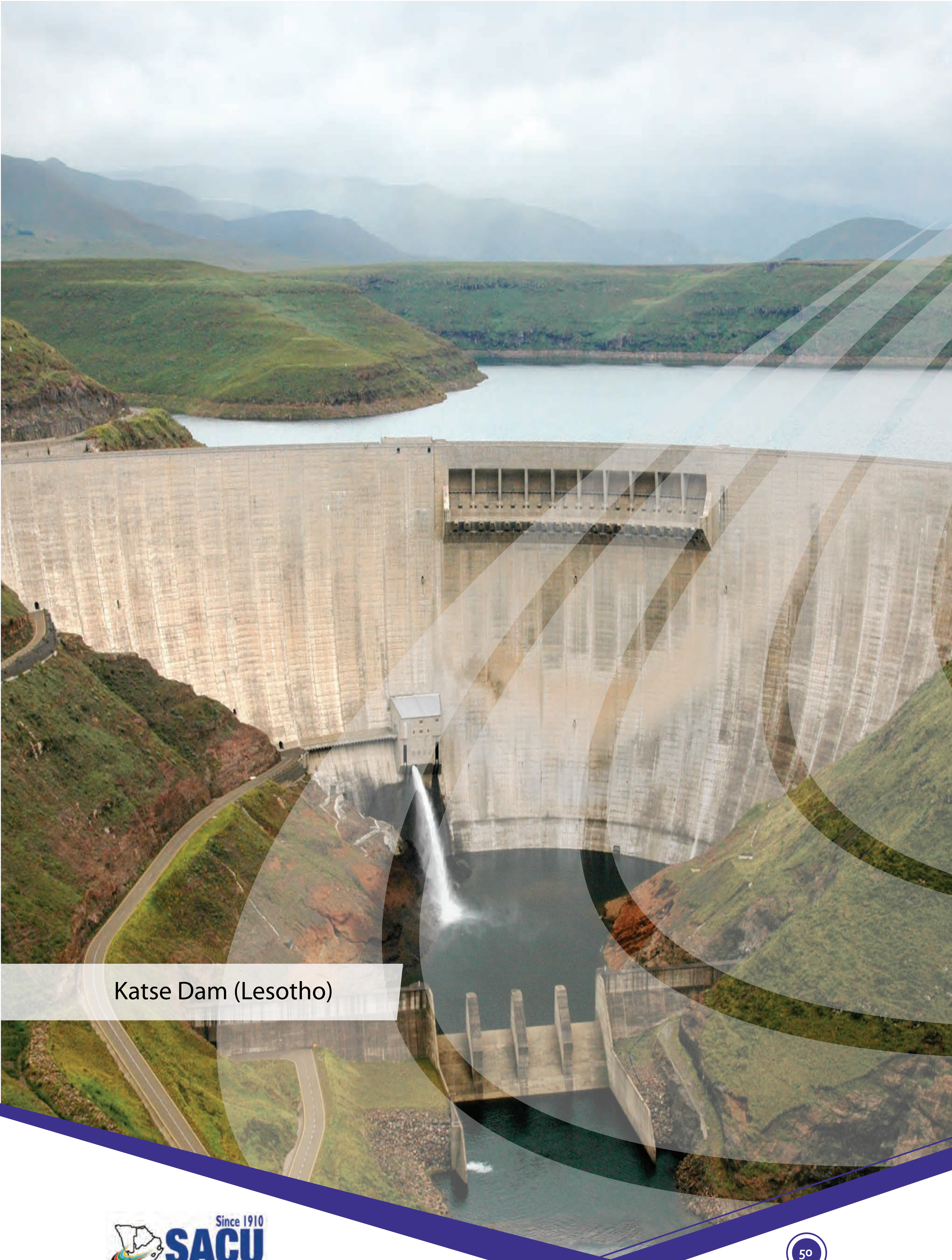
	2011/12 (outturn)	2012/13 (outturn)	2013/14 (outturn)	2014/15 (provisional)	2015/16 (estimate)
Total Revenue and Grants	**9.62**	**13.15**	**14.20**	**15.75**	**15.32**
Tax Revenue	4.28	4.60	5.85	6.36	6.52
SACU	2.75	5.97	6.05	7.03	6.4
% of SACU to total revenue	*29%*	*45.4%*	*42.6%*	*44.6%*	41.8%
% of SACU revenue to GDP	*14.4%*	*30.7%*	*27.5%*	*28.6%*	25.3%
Non-Tax Revenue	1.14	0.88	1.10	1.31	1.45
Grants	1.44	1.70	1.20	1.04	0.96
Total Expenditure	**7.46**	**12.16**	**13.54**	**15.47**	**17.91**
Recurrent	6.92	8.76	10.34	11.61	11.46
Development	4.04	4.14	3.97	5.00	4.73
Balance(% of GDP)	**-10**	**4.9%**	**4.2%**	**1.2%**	**-4.0%**
GDP, current prices	19 087.8	19 832.9	22 006.7	24 535.6	25 387.1

Source: Lesotho Ministry of Finance

2.4.3 The 2015/16 budget projection highlights revenue at M15.32 billion whilst expenditure was expected to total M17.91 billion. This translates into lower total revenue and grants compared to 2014/15, indicating potential challenges in adequacy of financial resources, as expenditure increases and are likely to result in a fiscal deficit of 4.0 percent of GDP.

2.5 ECONOMIC OUTLOOK

2.5.1 The economic growth prospects remained weak in the medium term with economic growth projected to decelerate to 1.0 percent in 2015/16. However, it was expected that the clothing and textile industry and Lesotho Highlands Water Project phase II, and other related industries would boost growth. Efforts were underway to diversify the economy and promote private sector development and SMMEs.



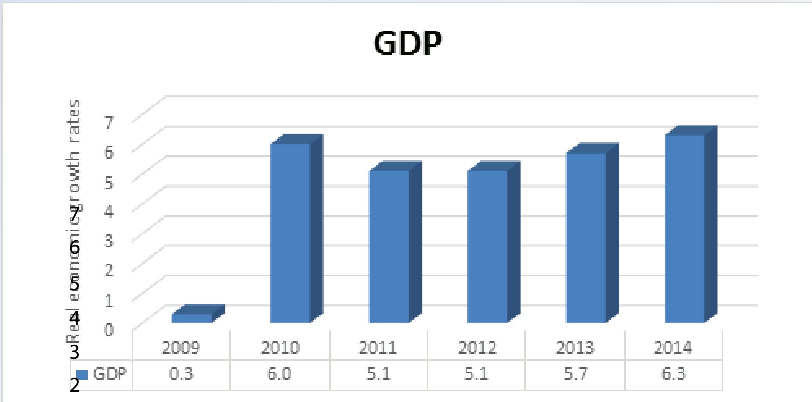
Katse Dam (Lesotho)

3 NAMIBIA

3.1 REAL SECTOR DEVELOPMENTS

3.1.1 The Namibian economy grew by a higher rate of 6.3 percent of GDP in 2014 (**Figure 5)** compared to 5.7 percent in 2013. The growth was supported by a strong expansion of output in secondary industries, due to increased construction activities. This was further supported by the recovery in the primary industry sector. The rebound in the mining sector was underpinned by increased investment in this sector and a surge in the retail sector. The positive public consumption expenditure also complemented the favourable outcome.

Figure 5: Namibia GDP Growth Rates



Source: Namibia Statistics Agency

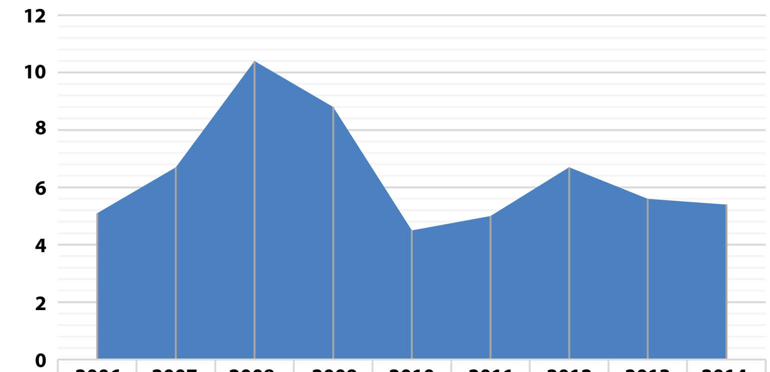
7
6
5
4
3
2
1
0

2009	2010	2011	2012	2013	2014
0.3	6.0	5.1	5.1	5.7	6.3

3.2 PRICE DEVELOPMENTS

3.2.1 In line with a low inflation rate in the Common Monetary Area (CMA), Namibia's inflation rate decelerated to 5.4 percent in 2014 (**Figure 6)**. The level was in line with regional price developments and was consistent with food price decreases in the global market and low international oil prices, which supported a stable inflation outlook.

Figure 6: Namibia Inflation Rate



	2006	2007	2008	2009	2010	2011	2012	2013	2014
CPI	5.1	6.7	10.6	8.8	4.5	5.0	6.7	5.6	5.4

Source: Namibia Statistics Agency

3.2.2 During the first half of 2014, inflation showed an upward trend, increasing from 4.9 percent in December 2013 and reaching 6.1 percent in June 2014 mainly driven by an increase in food and transport prices. However, it slowed down in the second half of 2014.

3.3 MONETARY DEVELOPMENTS AND INTEREST RATES

3.3.1 Namibia has been pursuing an accommodative monetary policy. However, the repo rate was increased by a cumulative 75 basis points since June 2014, from 5.50 percent in May 2013. This was in part to keep consumer borrowing in check and ensure a predictable outlook for inflation.

3.4 GOVERNMENT FINANCE

3.4.1 The Namibian Government has been pursuing an expansionary fiscal policy for an extended period of time. The fiscal expansion was underpinned by the introduction of the Targeted Intervention Program for Employment and Economic Growth (TIPEEG), which targeted investment in infrastructure and transport, agriculture, housing and sanitation, and tourism.

3.4.2 In 2013/14, total revenue and grants amounted to N$43.9 billion **(Table 3).** The revenue was underpinned by tax revenue and the SACU receipts. In the 2014/15 Financial Year, revenue and grants were recorded at N$52.5 billion. SACU receipts were estimated at N$18.1 billion, translating to 34 percent of total Government revenue. Expenditure amounted to N$60.3 billion whilst development budget amounted to N$9.6 billion. In 2015/16, the revenue and grants were estimated at N$58.42 billion, while expenditure was estimated at N$67.0 billion

Table 3: Namibia Government Budgetary Operations (N$ billions)

	2011/12 (outturn)	2012/13 (outturn)	2013/14 (outturn)	2014/15 (provisional)	2015/16 (estimate)
Total Revenue	29.92	38.0	43.9	52.5	58.42
Tax Revenue	27.19	35.3	40.9	49.2	56.03
Non- Tax Revenue	2.55	2.5	2.8	3.2	2.35
Grants	0.017	0.02	0.02	0.007	0.0045
SACU	7.14	13.8	14.7	18.1	17.12
% to Total Revenue	24%	36%	34%	34%	29%
% to GDP	9%	12%	12%	14%	10%
Total Expenditure	35.35	38.1	47.8	60.3	67.08
Recurrent	28.39	32.6	37.6	48.1	52.12
Development	6.96	5.6	7.3	9.6	11.1
% to GDP	-7.1	-0.1	-3.7	-5.2	5.3
GDP at market prices	83 780.0			149 993.0	164 643.0

Source: Ministry of Finance

3.5 ECONOMIC OUTLOOK

3.5.1 The Namibian economy was projected to grow by 4.5 percent in 2015/16 and further increase by 5.1 percent in the medium term. The mining industry was expected to be the engine of growth with plans to establish the uranium mining and industrial chemical projects in the medium term. On the demand side, economic growth would be boosted by exports related to an increase in uranium mining whilst consumption demand was expected to remain constant. There were several planned policy interventions and major infrastructural projects expected to boost economic growth.

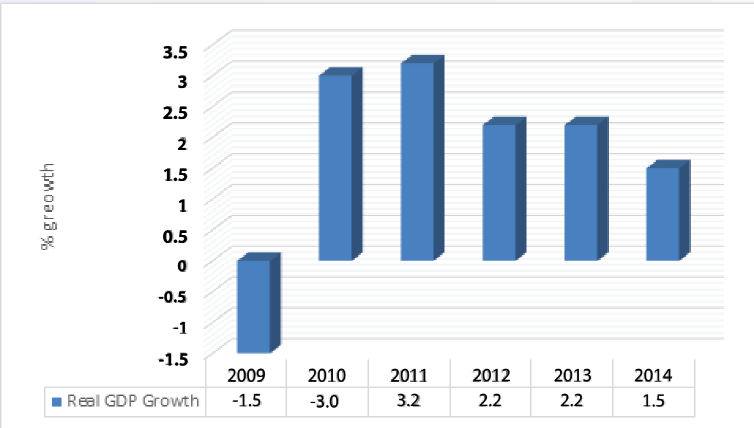

Bidvest Fisheries (Namibia)

4 SOUTH AFRICA

4.1 REAL SECTOR DEVELOPMENT

In real terms, the South African economy slowed to 1.5 percent in 2014 from 2.2 percent recorded in 2013 (**Figure 7**). The growth rate continued to be below the Government target of more than 5 percent as outlined in the National Development Plan. Supply side constraints and labour unrest remained a challenge to growth. The slowdown in the major trading partners, such as the EU, also affected prospects for increased productive capacity and exports. The service sector growth of 2.2 percent in 2014 counter-balanced the negative growth in the mining and manufacturing sectors, as a result of protracted strikes.

Figure 7: South Africa Real GDP Growth Rates

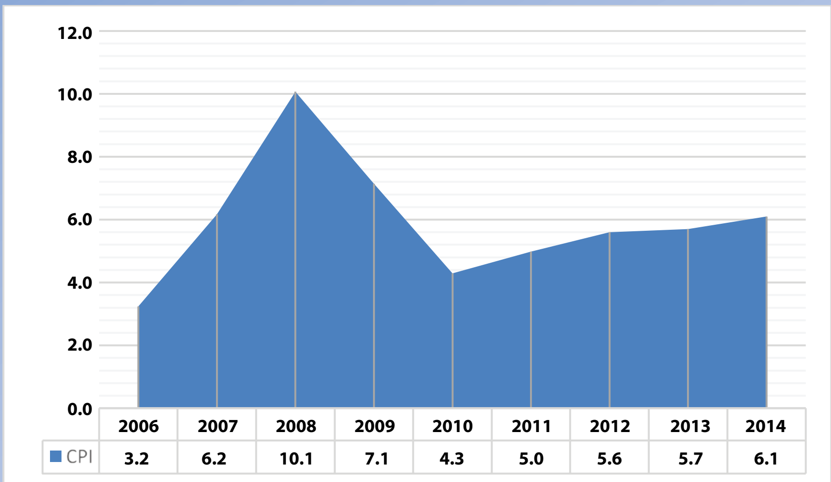


Source: Statistics South Africa

4.2 PRICE DEVELOPMENTS

5.2.1 In line with regional developments, headline inflation increased by 6.1 percent in 2014 compared to 5.7 percent in 2013 (**Figure 8)**. The rate was outside the South African Reserve Bank's target of a 3-6 percent inflation rate. Inflation outlook remained stable although a recent depreciation of the Rand was likely to lead to upward pressure on inflation. The low oil prices and slowdown in global food prices were however likely to curb the rate of growth of inflation, going forward.

Figure 8: South Africa Inflation Rate



Source: Statistics South Africa

4.3 MONETARY DEVELOPMENTS AND INTEREST RATES

The South African Reserve Bank maintained an accommodative monetary policy in order to spur growth and employment. However, the repo rate was increased in January 2014 by 50 basis points to 5.5 percent. In November 2014, it was observed that inflation had declined and the Reserve Bank maintained the repo rate unchanged at 5.75 percent.

4.4 GOVERNMENT FINANCE

4.4.1 Total revenue for 2014/15 was recorded at R1091.0 billion, and this was underpinned, mainly, by the tax revenue. The SACU receipts estimated at R36.8 billion insignificant in relation to the total revenue.

The expenditure was estimated at R105.36 billion translating in a fiscal deficit of 3.9 percent of GDP"

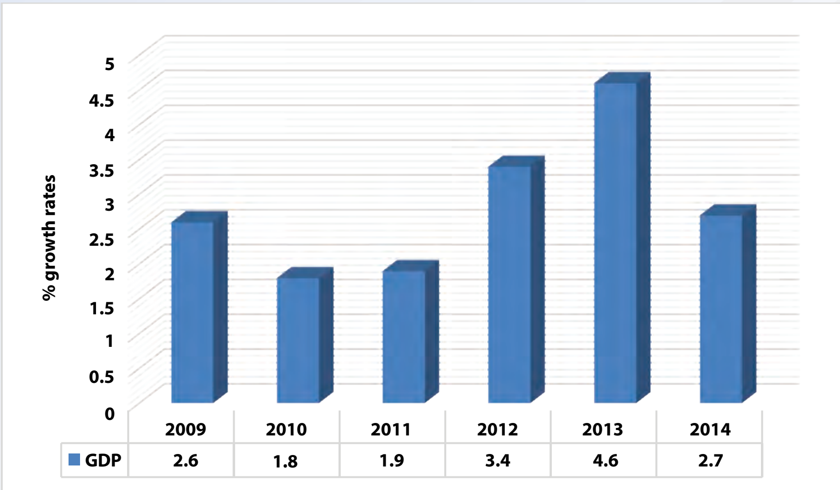
Motor Vehicle Industry (South Africa)

5 SWAZILAND

5.1 REAL SECTOR DEVELOPMENT

Swaziland's economy grew by 2.7 percent in 2014 compared to 4.6 percent in 2013 **(Figure 9)**. This slowdown was largely due to a weak performance in the mining and manufacturing sectors. The mining sector contracted by 23 percent in 2014, compared to growth of 19 percent in 2013. Falling international commodity prices also negatively affected prospects for growth. The manufacturing sector slowed down to 1.3 percent in 2014 from 1.9 percent the previous year. This stemmed from weakened performance in the textile industry and labour disputes.

Figure 9: Swaziland Real GDP Growth Rates

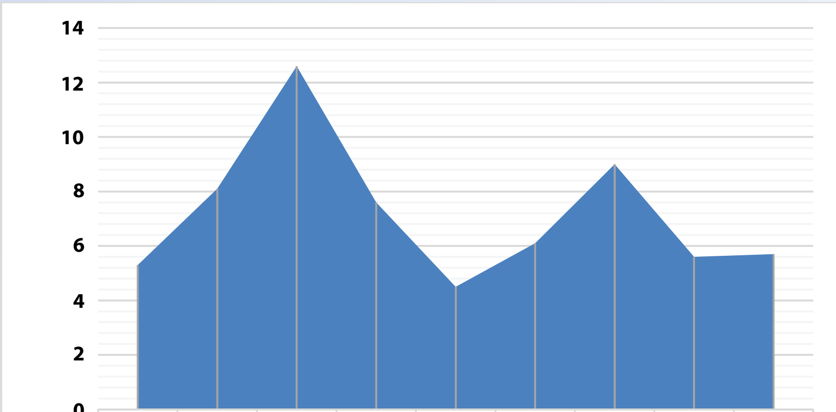


Source: Swaziland Central Statistics Office

5.2 PRICE DEVELOPMENTS

Inflation rate moderated to 5.7 percent in 2014 compared to 5.6 percent in 2013. Food inflation averaged 6.3 percent in 2014 compared to 5.7 percent in the previous year. Transport inflation increased to 8.8 percent up from 2.4 percent in 2013. The low oil price and slowdown in global food prices were likely to keep inflation subdued.

Figure 10: Swaziland Inflation Rate



	2006	2007	2008	2009	2010	2011	2012	2013	2014
CPI	5.3	8.1	12.6	7.6	4.5	6.1	9.0	5.6	5.7

Source: Swaziland Central Statistics Office

5.3 MONETARY DEVELOPMENTS AND INTEREST RATES

5.3.1 Swaziland is a member of the CMA and therefore its monetary policy stance is aligned to South Africa's. The banking sector remained sound during the period, and all commercial banks were profitable. The loans and advances grew by 1.6 percent, and the low rate of loans and advances was largely post global financial crisis rebound from 2013. Credit to the private sector also declined to 7.0 percent compared to the 15.0 percent recorded in the previous year. This was in line with the slowdown in the domestic economy.

5.4 GOVERNMENT FINANCE

5.4.1 In the 2013/14 financial year, total revenue was recorded at E12.91 billion, mainly supported by tax revenue and the SACU receipts amounting to E7.15 billion **(Table 5)**. This translated to 55 percent of the total Government revenue. In the 2014/15 Financial Year, revenue grew to E14.84 billion against an expenditure of E15.66 billion. The revenue for 2015/16 was projected at E14.61 billion, while expenditure was estimated at E15.95 billion. SACU receipts were expected to play an important role estimated at fifty percent of the total Government revenue.

Table 5: Swaziland Government Budgetary Operations (E billions)

	2011/12 (outturn)	2012/13 (outturn)	2013/14 (outturn)	2014/15 (provisional)	2015/16 (estimate)
Total Revenue	7.48	11.99	12.91	14.84	14.61
Tax Revenue	7.05	9.33	9.50	10.07	9.84
Non Tax Revenue	0.42	0.44	0.42	0.57	0.59
Grants	0.035	0.043	0.18	0.78	0.27
SACU	2.88	7.06	7.15	7.49	6.82
% to Total Revenue	39%	59%	55%	50%	47%
% to GDP	7.9%	19.3%	16.8%	16.1%	16.1%*
Total Expenditure	9.13	10.52	13.05	15.66	15.95
Recurrent	8.11	8.57	9.86	11.06	11.74
Capital	1.02	1.43	2.43	3.66	3.22
% to GDP	-3.7	4.2	0.5	-1.7	-2.5
GDP at market prices(calendar)	**36 538.0**	**42 633.0**	**46 513.0**	**50 662.0**	**50 662.0***

Source: Swaziland Ministry of Finance *Estimate

5.4.2 In the 2015/16 Financial Year, revenue was expected to slow down in line with the lower economic growth. Nonetheless, expenditure would be increasing and it was anticipated that the shortfall would be addressed through additional borrowing.

5.5 ECONOMIC OUTLOOK

5.5.1 Swaziland's economic growth was projected to slow-down to 1.7 percent in 2015 mainly driven by the deceleration in the secondary and tertiary sectors. The economy was projected to grow marginally by an average of 2.0 percent in the medium term. It was expected that the effective implementation of the Investor Road Map would induce economic diversification and growth. The Government was putting measures in place to reduce reliance on SACU receipts by diversifying the economy and enhancing domestic revenue collection. Plans were underway to attract foreign investment on major infrastructural projects.

Sugar Cane Fields (Swaziland)

ANNEX 2

INTRA -SACU IMPORTS 2012/13

Intra- SACU imports stood at R135.1 billion in 2012/13 an increase of 20.7 per cent from R111.9 billion in 2011/12. The increase of 20.7 per cent in intra-SACU imports in 2012/13 was the highest growth recorded in the last five years. Botswana recorded the highest increase of 32.5 per cent followed by South Africa (30.0 per cent), Namibia (14.3 per cent), Swaziland (6.5 per cent) and Lesotho (5.7 per cent).

Table 1: Intra-SACU imports (in billions of Rands)

	2008/09	2009/10	2010/11	2011/12	2012/13
Botswana	31 898	29 809	30 639	35 711	47 315
Lesotho	10 246	10 775	11 240	12 029	12 718
Namibia	26 548	26 798	30 191	34 241	39 143
South Africa	14 809	16 494	17 339	17 114	22 256
Swaziland	10 814	13 675	13 938	12 793	13 629
SACU	**94 316**	**97 551**	**103 346**	**111 887**	**135 062**
Annual percentage change					
Botswana	26.3%	-6.5%	2.8%	16.6%	32.5%
Lesotho	10.8%	5.2%	4.3%	7.0%	5.7%
Namibia	14.4%	0.9%	12.7%	13.4%	14.3%
South Africa	0.3%	11.4%	5.1%	-1.3%	30.0%
Swaziland	17.3%	26.5%	1.9%	-8.2%	6.5%
SACU	**15.4%**	**3.4%**	**5.9%**	**8.3%**	**20.7%**

1.2 Botswana and Namibia continue to account for the highest share of total intra-SACU imports in 2012/13, accounting for 35 per cent and 29 per cent, respectively, followed by South Africa (16.5 per cent), Swaziland (10.1 per cent) and Lesotho (9.4 per cent). On the supply side, South Africa remains the main source of goods imported.

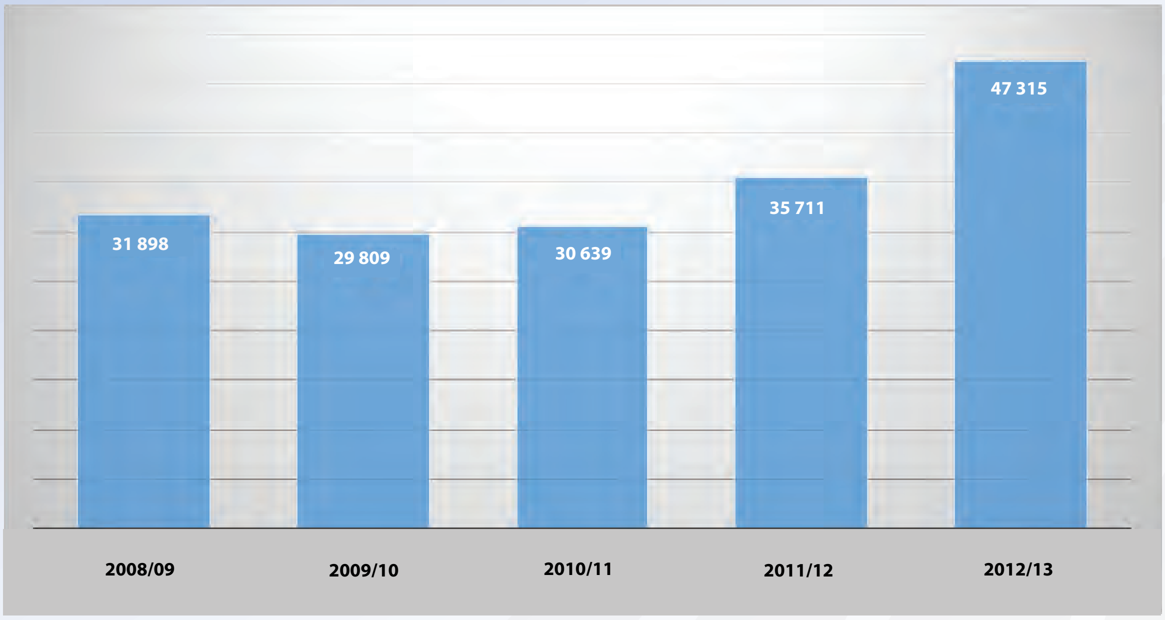
Table 2: Intra-SACU trade 2012/13

	Botswana	Lesotho	Namibia	South Africa	Swaziland	Total Exports
Botswana	0	29	1 346	4 005	10	5 390
Lesotho	85	0	1	2 141	33	2 260
Namibia	5 035	5	0	5 839	10	10 890
South Africa	42 138	12 654	37 620	0	13 576	105 988
Swaziland	57	31	175	10 271	0	10 534
Total Imports	47 315	12 718	39 143	22 256	13 629	135 062

The top five products imported within SACU were; *mineral fuels, mineral oils, electricity* (chapter 27) accounting for 13.0 per cent of total intra-SACU imports followed by *vehicles* (chapter 87) accounting for 8.3 per cent of total intra-SACU imports; *natural or cultured pearls, precious or semi-precious stones or metals* (chapter 71) accounting for 8.2 per cent of total intra-SACU imports; *machinery and mechanical appliances* (chapter 84) accounting for 6.7 per cent of total intra-SACU imports and *electric machinery and equipment*(chapter 85) accounting for 4.6 per cent of total intra-SACU imports.

2 BOTSWANA

2.1. Botswana's imports grew by 32.5 per cent to R47.3 billion in 2012/13 from R35.7 billion recorded in 2011/12. The increase was mainly attributed to an increase of R8.6 billion in *natural or cultured pearls, precious or semi-precious stones or metals* (chapter 71) due to the relocation of services for sorting, valuing and sales of diamonds from London to Gaborone.

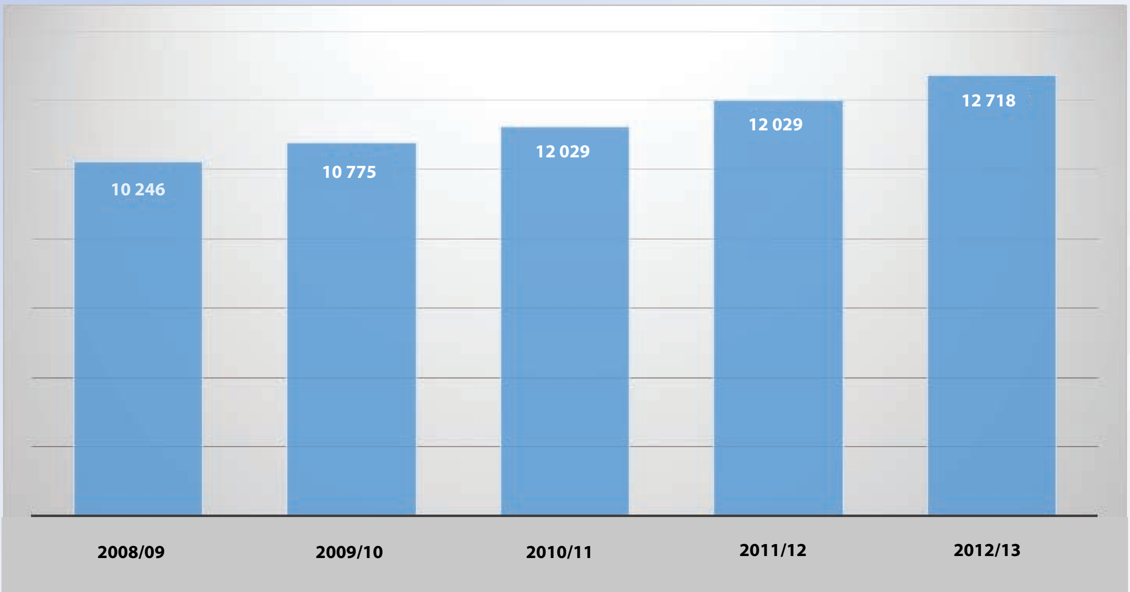


2.1. South Africa remains the main source of commodities imported into Botswana from the Common Customs Area in 2012/13, accounting for 89.1 per cent of total intra-SACU imports, a decline when compared to a share of 98.5 per cent of total intra-SACU imports recorded in 2011/12. The second main trading partner among the SACU Member States was Namibia accounting for 10.6 per cent of total intra-SACU imports, an increase from a share of 1.1 per cent recorded in 2011/12 followed by Lesotho (0.2 per cent from 0.3 per cent in 2011/12) and Swaziland (0.1 per cent unchanged from 2011/12).

2.3. The main commodities imported from other SACU Member States in 2012/13 were *mineral fuels, mineral oils, electricity* (chapter 27) accounting for 22.0 per cent of total intra-SACU imports followed by *natural or cultured pearls, precious or semi-precious stones or metals* (chapter 71) with a share of 18.5 per cent; *machinery and mechanical appliances* (chapter 84) with a share of 7.6 per cent; *vehicles* (chapter 87) with a share of 7.6 per cent; and *electric machinery and equipment* (chapter 85) with a share of 3.8 per cent.

3 LESOTHO

3.1 Lesotho's imports increased at a slower pace in 2012/13 increasing by 5.7 per cent to R12.7 billion compared to an increase of 7.0 per cent registered in 2011/12.

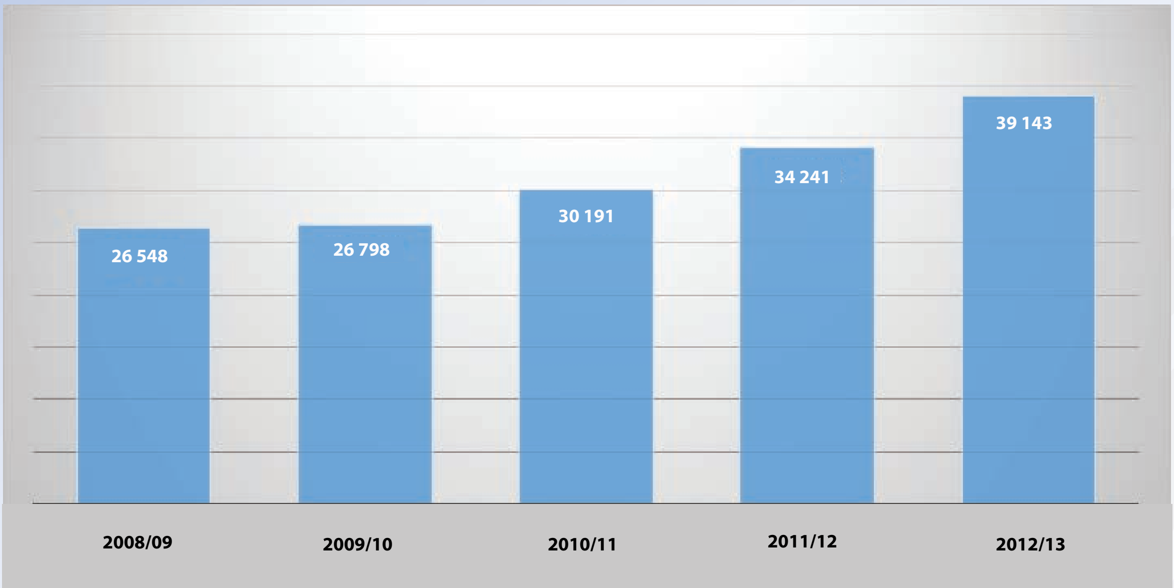


3.2 South Africa remains the main source of commodities imported into Lesotho from the Common Customs Area in 2012/13, accounting for 98.38 per cent of total intra-SACU imports, an increase when compared to a share of 89.44 per cent of total intra-SACU imports recorded in 2011/12. The second main trading partner among the SACU Member States was Swaziland accounting for 0.24 per cent of total intra-SACU imports, a decline from a share of 0.34 per cent recorded in 2011/12 followed by Botswana (0.23% up from 0.19% in 2011/12) and Namibia (0.04% down from 0.10% in 2011/12).

3.3 The main commodities imported from other SACU Member States in 2012/13 were *mineral fuels, mineral oils, electricity* (chapter 27) accounting for 14.6 per cent of total intra-SACU imports followed by *vehicles* (chapter 87) with a share of 7.5 per cent; *machinery and mechanical appliances* (chapter 84) with a share of 5.4 per cent and *electric machinery and equipment* (chapter 85) with a share of 5.0 per cent.

4 NAMIBIA

4.1 Namibia's imports continued to grow in 2012/13 increasing by 14.3 per cent to R39.1 billion from R34.2 billion recorded in 2011/12.



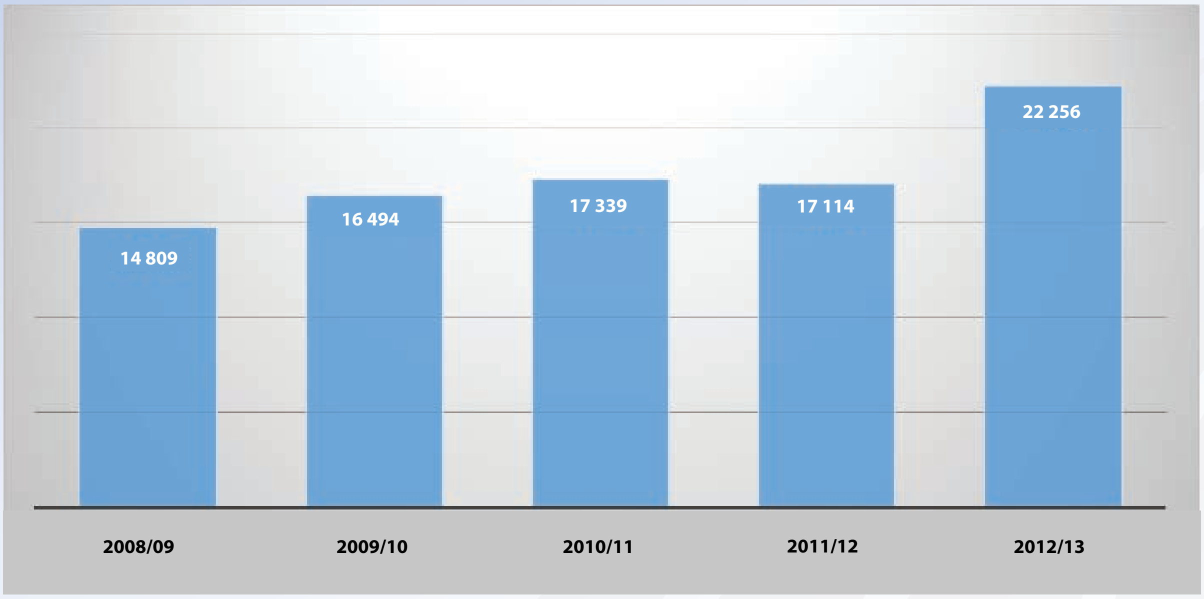
4.2 South Africa continues to remain the main source of commodities imported into Namibia from the Common Customs Area in 2012/13, accounting for 96.1 per cent of total intra-SACU imports, a decline when compared to a share of 98.9 per cent of total intra-SACU imports recorded in 2011/12. The second main trading partner among the SACU Member States was Botswana accounting for 3.4 per cent of total intra-SACU import, an increase from a share of 0.7 per cent recorded in 2011/12 followed by Swaziland (0.2% down from 0.4% in 2011/12). While insignificant imports values were recorded with Lesotho in 2012/13.

4.3 The main commodities imported from other SACU Member States in 2012/13 were *mineral fuels, mineral oils, electricity* (chapter 27) accounting for 14.3 per cent of total intra-SACU imports, followed by *vehicles (chapter 87)* with a share of 14.0 per cent; *machinery and mechanical appliances* (chapter 84) with a share of 8.8 per cent and *electric machinery and equipment*(chapter 85) with a share of 5.6 per cent.

-

5. SOUTH AFRICA

5.1 South Africa's imports grew by 30.0 per cent in 2012/13 to R17.1 billion from R22.3 billion from a decline of 1.3 per cent recorded in 2011/12. The increase was mainly reflected in *essential oils, perfumery, cosmetic or toilet preparations* (chapter 33); *miscellaneous chemical products* (chapter 38); and *natural or cultured pearls, precious or semi precious stones or metals (chapter 71)*



5.2 Swaziland remains the main source of commodities imported into South Africa from the Common Customs Area in 2012/13, accounting for 46.2 per cent of total intra-SACU imports compared to a share of 42.2 per cent of total intra-SACU imports recorded in 2011/12. The second main trading partner among the SACU Member States was Namibia accounting for 26.2 per cent of total intra-SACU import, a decline from a share of 31.4 per cent recorded in 2011/12 followed by Botswana (18.0% up from 14.9% in 2011/12) and Lesotho (9.6% down from 11.5% in 2011/12).

5.3 The main commodities imported from other SACU Member States in 2012/13 were *essential oils, perfumery, cosmetic or toilet preparations* (chapter 33) accounting for 13.9 per cent of total intra-SACU imports followed by *sugars and sugar confectionery* (chapter 17) with a share of 9.2 per cent; *miscellaneous chemical products* (chapter 38) with a share of 7.9 per cent of total intra-SACU imports; *beverages, spirits and vinegar (chapter 22)* with a share of 6.0 per cent; and *natural or cultured pearls, precious or semi-precious stones or metals* (chapter 71) with a share of 5.5 per cent.

6. SWAZILAND

6.1 Swaziland's imports recovered from a decline of 8.2 per cent recorde d in 2011/12 and increased by 6.5 per cent to R13.6 billion in 2012/13. The increase was mainly reflected in *mineral fuels, mineral oils, electricity (chapter 27)* and in sugars and sugar confectionery (chapter 17)

6.2 South Africa remains the main source of commodities imported into Swaziland from the Common Customs Area in 2012/13, accounting for 99.6 per cent of total intra-SACU imports compared to a share of 99.3 per cent of total intra-SACU imports recorded in 2011/12. The second main trading partner among the SACU Member States was Lesotho accounting for 0.2 per cent of total intra-SACU import, a decline from a share of 0.3 per cent recorded in 2011/12 followed by Namibia (0.1% unchanged from 2011/12) and Botswana (0.1% down from 0.2% in 2011/12).

6.3 The main commodities imported from other SACU Member States in 2012/13 were *mineral fuels, mineral oils, electricity* (chapter 27) accounting for 17.0 per cent of total intra-SACU imports followed by *vehicles* (chapter 87) with a share of 6.3 per cent; *machinery and mechanical appliances* (chapter 84) with a share of 5.4 per cent; and *electric machinery and equipment* (chapter 85) with a share of 4.0 per cent.

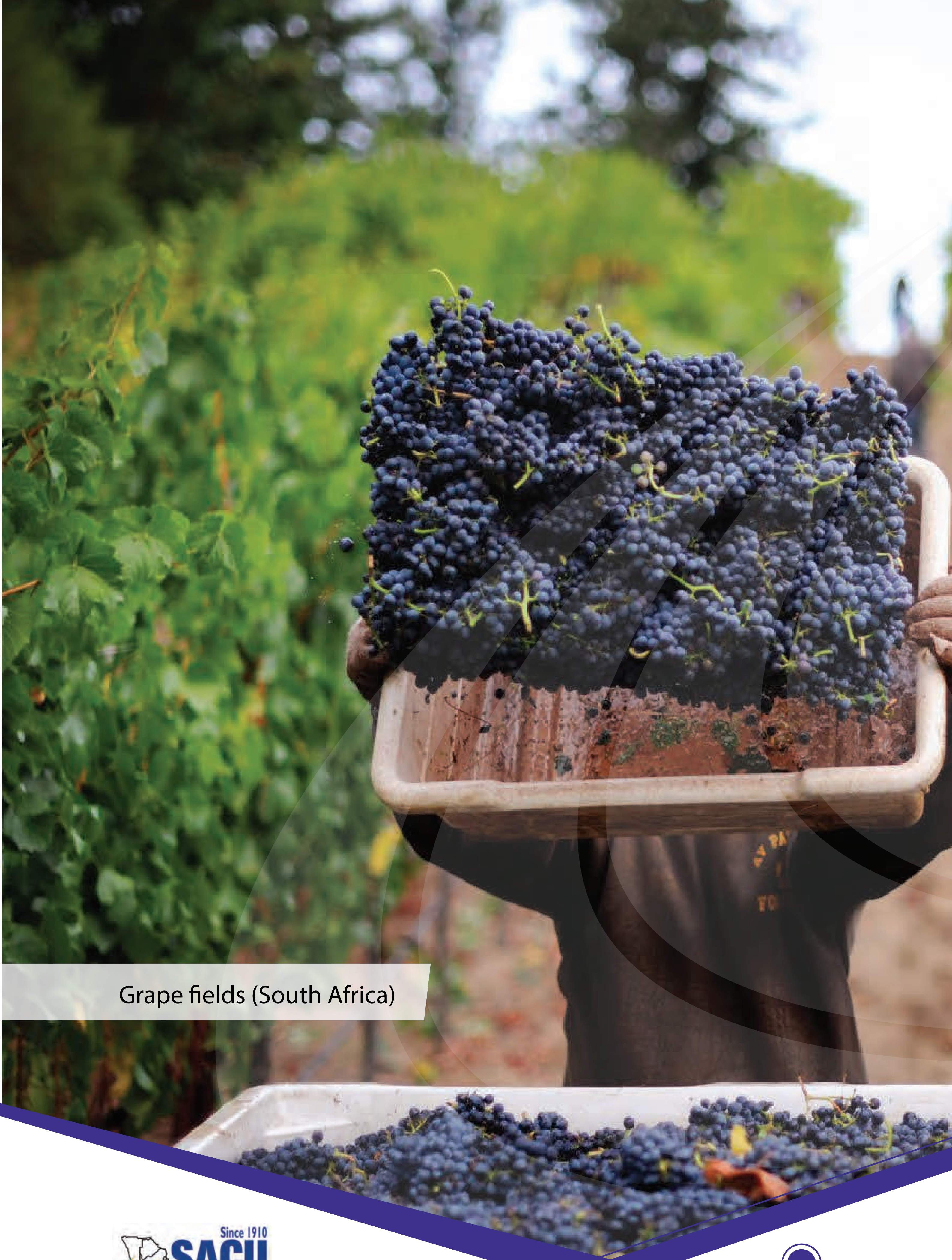
7. REVENUE SHARES

7.1 The CRP forecast increased by 1.1 per cent to R84.2 billion for 2015/16 compared to R83.3 billion in 2014/15. The distribution of the CRP in 2015/16 indicates that Botswana and South Africa increased their shares when compared to 2014/15, while Lesotho, Namibia and Swaziland recorded a decline in their shares of the CRP as reflected in **Table 3**.

Table 3: Trends in Member State's revenue shares (R millions)

	2011/12	2012/13	2013/14	2014/15	2015/16	Annual growth
Botswana	11 502	12 608	13 452	18 121	18 663	**3.0**
Lesotho	4 103	4 980	5 438	6 666	5 802	**-13.0**
Namibia	9 567	11 339	13 160	17 305	15 771	**-8.9**
South Africa	25 747	28 651	32 219	34 158	37 771	**10.6**
Swaziland	4 310	6 078	6 504	7 044	6 188	**-12.1**
Forecast of CRP[1]	**55 229**	**63 656**	**70 774**	**83 293**	**84 195**	**1.1**
% Share of CRP						
Botswana	20.8	19.8	19.0	21.8	22.2	
Lesotho	7.4	7.8	7.7	8.0	6.9	
Namibia	17.3	17.8	18.6	20.8	18.7	
South Africa	46.6	45.0	45.5	41.0	44.9	
Swaziland	7.8	9.5	9.2	8.5	7.3	

Does not represent actual payments made to Member States



Grape fields (South Africa)

ANNEX 3

SOUTHERN AFRICAN CUSTOMS UNION SECRETARIAT

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

Business address	Corner Lazarett and Feld Street Windhoek Namibia
Postal address	Private Bag 13285 Windhoek Namibia
Bankers	Standard Bank Namibia Limited
Auditors	Auditor General South Africa 300 Middel Street New Muckleneuk Pretoria South Africa PO Box 446 Pretoria 0001

The reports and statements set out below comprise the Annual Financial Statements for the Southern African Customs Union (SACU)Secretariat:

Since 1910 SACU SOUTHERN AFRICAN CUSTOMS UNION

APPROVAL AND STATEMENT OF RESPONSIBILITY

The Council of the Ministers, duly represented by the Chairperson of Council, has delegated the responsibility of monitoring, reviewing and managing the business operations to the Commission, Finance and Audit Committee and the Executive Secretary. The Annual Financial Statements are jointly signed by the Chairperson of the Council and the Executive Secretary.

The Commission and the Finance and Audit Committee meet quarterly to monitor and review the affairs of the Secretariat and then present to the Council.

The Executive Secretary, Executive Management and Internal Auditor are responsible for regular reviews and ensuring compliance with the policies and procedures in the day to day operations of the Secretariat. Further, the Secretariat is accountable for the implementation and maintenance of an adequate system of internal controls, dependable records and ensures the safeguarding of assets. The Secretariat is further accountable for ensuring that all transactions are duly authorised.

The financial statements have been prepared in accordance with the International Financial Reporting Standards, and are based on appropriate accounting policies which are consistently applied and supported by reasonable and prudent judgments and estimates.

The Auditor-General who is appointed by Council of Ministers, is responsible for the external audit process and to give an independent opinion on the fairness of the financial statements. The Auditor General's report is presented on pages 77 to 78.

The financial statements have been prepared on the going concern basis, since the Council members have every reason to believe that the Secretariat has adequate resources in place to continue in operation for the foreseeable future.

Against this background, on behalf of the Council, the Chairperson of Council and the Executive Secretary accept the responsibility for the annual financial statements set out on pages 79 to 120, which were approved on 2 December 2015 and are signed by:

Hon Pravin J Gordhan
Minister of Finance
CHAIRPERSON: COUNCIL OF MINISTERS

Paulina M Elago
EXECUTIVE SECRETARY

Report of the Auditor-General to the Council of Ministers on the Southern African Customs Union Secretariat

Introduction

I have audited the financial statements of the Southern African Customs Union (SACU) Secretariat set out on pages 7 to 31, which comprise the statement of financial position as at 31 March 2015, the statement of profit and loss and comprehensive income, statement of changes in equity, the cash flow statement as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

SACU Secretariat's responsibility for the financial statements

The Secretariat is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS), and for such internal control as the secretariat determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements , whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the SACU Secretariat as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with IFRS.

Report on other legal and regulatory requirements

Compliance with the 2002 SACU Agreement

I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My finding on material non-compliance with a specific matter in the SACU Agreement is as follows:

Council and Commission did not meet every quarter to drive the SACU agenda.

The Council of Ministers and the Commission did not have quarterly meetings, as required by article 8.9 and 9.8 respectively of the 2002 SACU Agreement to drive the SACU agenda. These governance structures should be resuscitated to strengthen the momentum in achieving the SACU programme objectives.

Internal control

I considered internal control relevant to my audit of the financial statements and compliance with legislation. The matter reported below is limited to the significant internal control deficiency identified through our review of the Information Technology (IT) environment.

Leadership

The SACU Secretariat did not have an approved IT governance framework which includes a business continuity and disaster recovery plan. This is due to the Council of Ministers and Commission not meeting as specified in paragraph 8 above of this report to approve these governance documents.

Auditor-General

Auditor-General
Pretoria
29 January 2016

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE COUNCIL

The Council of Ministers has pleasure in submitting their report together with the annual financial statements of the organization for the Financial Year ended 31 March 2015.

State of Affairs

The state of affairs of the Secretariat as at 31 March 2015 and the results of its Operations for the year then ended are fully set out in the Annual Financial Statements.

Results of Operations

The Secretariat recorded total spending amounting to R57,205,255 for the year under review, out of a budget of R68,384,663. The following provides comparative information:

	2015 R	**2014** R
Operating expenditure	53,569,983	51,789,195
Capital expenditure	3,635,272	44,906,150
	57,205,255	96,695,345

When formulating the annual budget, the Secretariat applies the activity-based approach in conjunction with the medium-term expenditure framework as a basis for planning. During the year under review, budget absorption was hampered by the suspension of the work programme and the absence of regular meetings of SACU Institutions, as well as the delayed appointment of the Deputy Executive Secretary.

Executive Management

The members of the executive management team who served during the year under review were:-

Ms. P.M. Elago – Executive Secretary (from 1 April 2014)

Mr. D.H. Mahlinza – Director: Trade Facilitation & Revenue Management (until 31 January 2015)

Mr. A.J. Faul – Director: Policy Development & Research

Ms. A. Andrade – Director: Corporate Services (from 15 July 2014)

Ms. N.D. Oitsile – Chief Legal Officer

The Secretariat and the SACU Council of Ministers

The Secretariat was established by the SACU Agreement, 2002, as the technical and administrative arm of the Southern African Customs Union (SACU). The SACU Council is the highest decision-making body of SACU and it is comprised of Ministers of Trade and Finance from the SACU Member States. The Member States are Botswana, Lesotho, Namibia, South Africa and Swaziland.

Subsequent events

No material events have occurred between the reporting date and the date of this report which could materially affect the Financial Statements or require additional disclosures regarding these events.

SOUTHERN AFRICAN CUSTOMS UNION SECRETARIAT
STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

	Note	2015	2014
		R	R
Assets			
Non-current assets			
Property, plant and equipment	5	65,844,703	66,635,229
		65,844,703	66,635,229
Current assets			
Cash and cash equivalents	8	97,473,421	83,016,363
Trade and other receivables	7	1,551,416	1,412,166
		99,024,837	84,428,529
Total assets		**164,869,540**	**151,063,758**
Capital and reserves			
Accumulated funds		151,252,253	124,820,342
		151,252,253	124,820,342
Current liabilities			
Trade and other payables	9	7,588,531	21,725,036
Deferred income		4,148,689	2,294,305
Provisions	10	1,880,067	2,224,075
		13,617,287	26,243,416
Total liabilities		**13,617,287**	**26,263,416**
Total reserves and liabilities		**164,869,540**	**151,063,758**

SOUTHERN AFRICAN CUSTOMS UNION SECRETARIAT
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2015

	Note	2015 R	2014 R
Total revenues and other income:			
Common revenue pool contribution	2	72,924,431	101,971,383
Realised savings from 2012/13 FY		2,294,305	-
Total income		**75,218,736**	**101,971,383**
Expenses:			
Tariff Board		(734,977)	(2,302,803)
Executive Secretary & Internal Audit		(7,713,020)	(6,723,134)
Legal Assurance		(3,143,555)	(4,003,135)
Communications		(2,065,882)	(2,541,270)
Trade Facilitation and Revenue Management		(9,085,554)	(10,895,142)
Policy Development and Research		(9,145,818)	(10,452,498)
Corporate Services		(21,807,988)	(14,812,427)
Total operating expenses	**17**	**(53,696,794)**	**(51,730,409)**
Operating surplus		**21,521,942**	**50,240,974**
Finance income	12	4,783,158	3,810,767
Profit/(loss) on disposal of fixed assets		152,851	(17,538)
Loss on foreign exchange	12	(26,040)	(41,248)
Surplus for the year		**26,431,911**	**53,992,955**
Other Comprehensive Income		-	-
Total comprehensive income for the year		**26,431,911**	**53,992,955**

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2015

	Note	Accumulated funds R	Total R
Balance at 31 March 2013		**70,827,387**	**70,827,387**
Surplus for the year		53,992,955	53,992,955
Other Comprehensive Income		-	-
Balance at 31 March 2014		**124,820,342**	**124,820,342**
Surplus for the year		26,431,911	26,431,911
Other Comprehensive Income		-	-
Balance at 31 March 2015		**151,252,253**	**151,252,253**

STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	2015 R	2014 R
Cash flows from operating activities			
Cash generated in operations	13	13,061,194	63,094,938
Interest received		4,783,158	3,810,767
Net cash from operating activities		17,844,352	66,905,705
Cash flows from investing activities			
Additions to property, plant and equipment	5	(3,635,272)	(44,906,150)
Proceeds on disposal property plant and equipment		247,978	2,460
Net cash from investing activities		(3,387,294)	(44,903,690)
Cash flows from financing activities			
Deferred income released	-	-	2,294,305
Net cash from financing activities	-	-	2,294,305
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	8	83,016,363	58,720,043
Cash and cash equivalents at end of year	8	**97,473,421**	

General information

The Secretariat has been established according to the SACU Agreement, 2002 and is responsible for the day-to-day administration of SACU.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Secretariat's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

1.2 Going concern

The Council has, at the time of preparation of the annual financial statements, a reasonable expectation that the SACU Secretariat will have adequate resources to continue operations in the foreseeable future. Thus, the going concern basis of accounting was adopted in preparing the annual financial statements. Further details are contained in the Report of the Council contained in the annual financial statements.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of the SACU Secretariat is the South African Rand (ZAR).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

1.4 Property, plant and equipment

Land is not depreciated as it is deemed to have an indefinite life.

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Secretariat and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings	5% (20 years)
- Motor vehicles	20% (5 years)
- Furniture and fittings	20% (5 years)
- Household furniture and fittings	20% (5 years)
- Office equipment	20% (5 years)
- IT Equipment and software	20% - 50% (2 – 5 years)
- Leasehold improvements	25% (4 years)

The residual values of the assets and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and variances are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

1.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less of the asset costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.6 Financial assets

The Secretariat classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as ‘held for trading’ unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Secretariat’s loans and receivables comprise ‘trade and other receivables’ and cash and cash equivalents in the Statement of Financial Position (note 7 and 8).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Regular purchases and sales of financial assets are recognised on the trade date being the date on which the Secretariat commits to purchase or sell the assets. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the Statement of Profit or Loss and Other Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Secretariat has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Profit or Loss and Other Comprehensive Income within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of other income when the Secretariat's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Profit or Loss and Other Comprehensive Income as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of other income. Dividends on available-for-sale equity instruments are recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of other income when the Secretariat's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Secretariat establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Secretariat assesses at each reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Statement of Profit or Loss and Other Comprehensive Income. Impairment losses recognised in the Statement of Profit or Loss and Other Comprehensive Income on equity instruments are not reversed through the Statement of Profit or Loss and Other Comprehensive Income. Impairment testing of trade receivables is described in note 2.6.

1.7 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Secretariat will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income within 'bad debt provision'. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'bad debt recovered' in the Statement of Profit or Loss and Other Comprehensive Income.

1.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of six months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

1.9 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Secretariat has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions. For banks and financial institutions, only reputable commercial institutions are accepted. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Council.

The Secretariat will only deal with financial institutions that conform to the following criteria:

- Should have minimum audited capital and reserves of R50 million.
- Must be registered in terms of the Namibia Banks Act, Unit Trust Control Act No. 54 of 1981 and/or with Namfisa.

Written quotations on interest rates will be required from at least three financial institutions and the investments will be placed with the counterparty with the highest offered interest rate - provided that criteria set above have been met.

The Secretariat will only invest in the following:

- Call and other term deposits at major banks
- Government of Namibia Treasury Bills and Government Stocks
- Money Market Unit Trust Funds registered in terms of the Unit Trust Control Act No. 54 of 1981.

Funds must be well diversified between authorised investment products and financial institutions so as to spread the risk.

Investment Type	**Maximum Percentage of portfolio**	**Purpose of investment**
Operational Bank Account	Up to 100% of total portfolio	These funds will be used to contribute towards the daily operations and will be deposited in a current account opened specifically for this purpose, which will be an interest-bearing account.
Bank Call account and Money Market Account	Up to 100% of total portfolio	These funds will be used to provide the Secretariat with immediately available funds for any unforeseen payments whilst maximising the interest return.
Bank Deposits and Treasury bills up to 12 months	Up to 80% of total portfolio.	These funds will be invested in money market instruments and term deposits to enable the Secretariat to have easy access to its funds but at the same time earn higher returns on its investments.

The table below shows the credit limit and balance of the major counterparties at the reporting date.

	31 March 2015		31 March 2014	
Counterparty	Credit limit	Balance R	Credit limit	Balance R
Standard Bank Namibia Ltd	-	97,470,242	R1m	83,012,074
Receiver of Revenue – VAT	None	424,397	None	618,944
Prepaid expenses	None	179,892	None	121,581
Interest receivable	None	7,219	None	6,812
WCO-SIDA receivable	None	939,908	None	664,829
Total Trade and other receivables		1,551,416		1,412,166
Total Counterparty balances		99,021,658		84,424,240

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The table below analyses the Secretariat's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2015	**Less than 1 year R**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Trade and other payables	7,588,531	–	–	–

At 31 March 2014	**Less than 1 year R**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**
Trade and other payables	21,725,036	–	–	–

3.2 Capital risk management

The Secretariat's objectives when managing capital are to safeguard the Secretariat's ability to continue as a going concern in order to provide benefits to the Member States.

3.3 Fair value estimation

The fair value of financial instruments approximates its carrying amount due to the short-term nature of these instruments.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Secretariat makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Residual value of land and buildings

No depreciation has been provided on land, since the land has significant residual value.

(b) Deferred income

The transfer of deferred income into the next financial year was approved with the budget for the next financial year.

5. Property, plant and equipment

	2015			2014 (restated, see note 16)		
	Cost/ valuation	Accumulated depreciation	Carrying value	Cost/ valuation	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
Land and buildings	62 441 864	(5 532 498)	56 909 366	25 523 806	(2 771 944)	22 751 862
Capital work in progress	-	-	-	41 989 513	-	41 989 513
Motor Vehicles	1 299 864	(828 790)	471 074	1 647 393	(995 212)	652 181
Furniture & Fittings	7 647 830	(748 371)	6 899 459	714 417	(589 871)	124 546
Household Furniture & Fittings	981 927	(834 484)	147 443	866 262	(810 881)	55 381
Office Equipment	157 776	(112 532)	45 244	361 108	(308 373)	52 735
IT Equipment	6 678 525	(5 306 408)	1 372 117	5 606 968	(4 625 590)	981 378
Leasehold Improvements	-	-	-	1 339 541	(1 311 908)	27 633
	79 207 786	**(13 363 083)**	**65 844 703**	**78 049 008**	**(11 413 779)**	**66 635 229**

The carrying amounts of property, plant and equipment can be reconciled as follows:

2015

Asset class	Carrying value at the beginning of the year	Additions	Disposals	Reclassification	Depreciation	Carrying value at the end of the year
	R	R	R	R	R	R
Land and buildings	22 751 862	-	-	36 918 058	(2 760 554)	56 909 366
Capital work in progress	41 989 513	1 769 683	-	(43 759 196)	-	-
Motor Vehicles	652 181	-	(2 421)	-	(178 686)	471 074
Furniture & Fittings	124 546	644 534	(78 441)	6 841 138	(632 318)	6 899 459
Household Furniture & Fittings	55 380	130 750	-	-	(38 687)	147 443
Office Equipment	52 735	14 966	(140)	-	(22 317)	45 244
IT Equipment	981 379	1 075 339	(376)	-	(684 225)	1 372 117
Leasehold Improvements	27 633	-	(13 748)	-	(13 885)	-
	66 635 229	**3 635 272**	**(95 126)**	-	**(4 330 672)**	**65 844 703**

2014

Asset class	Carrying value at the beginning of the year	Additions	Disposals	Depreciation	Carrying value at the end of the year
	R	R	R	R	R
Land and buildings	21 808 099	1 755 018	-	(811 255)	22 751 862
Capital work in progress (restated, see note 16)	-	41 989 513	-	-	41 989 513
Motor Vehicles	426 328	482 930	-	(257 077)	652 181
Furniture & Fittings	175 867	22 111	(8 462)	(64 970)	124 546
Household Furniture & Fittings	69 469	18 801	(684)	(32 206)	55 380
Office Equipment	110 255	18 843	(10 523)	(65 840)	52 735
IT Equipment	951 486	618 934	(329)	(588 712)	981 379
Leasehold Improvements	55 735	-	-	(28 102)	27 633
	23 597 239	44 906 150	(19 998)	(1 848 162)	66 635 229

6. Financial Instruments

6a. Financial instruments by category

	Loans and receivables	Assets at fair value through the profit and loss	Held-to-maturity	Available-for-sale	Total R
31 March 2015					
Assets as per Statement of Financial Position					
Trade and other receivables	1,551,416	–	–	–	1,551,416
Cash and cash equivalents	97,473,421	–	–	–	97,473,421
Total	**99,024,837**	**–**	**–**	**–**	**99,024,837**

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total R
Liabilities as per Statement of Financial Position			
Trade and other payables	–	7,588,531	7,588,531
Total	–	**7,588,531**	**7,588,531**

6. Financial Instruments

6a. Financial instruments by category

	Loans and receivables	Assets at fair value through the profit and loss	Held-to-maturity	Available-for-sale	Total R
31 March 2015					
Assets as per Statement of Financial Position					
Trade and other receivables	1,551,416	–	–	–	1,551,416
Cash and cash equivalents	97,473,421	–	–	–	97,473,421
Total	**99,024,837**	**–**	**–**	**–**	**99,024,837**

	Liabilities at fair value through the profit and loss	Other financial liabilities	Total R
Liabilities as per Statement of Financial Position			
Trade and other payables	–	7,588,531	7,588,531
Total	–	**7,588,531**	**7,588,531**

6b. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired are assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The counterparty balances and attributes are as follows:

	2015 R	2014 R
Trade receivables		
Counterparties without external credit rating, but who had no defaults in the past:		
Receiver of Revenue – VAT	424,397	618,944
Prepaid expenses	179,892	121,581
Interest receivable	7,219	6,812
Donor funding - WCO-SIDA receivable	939,908	664,829
Total trade receivables	**1,551,416**	**1,412,166**
Cash at bank and short-term bank deposits		
Standard Bank Namibia Limited	**97,470,242**	**83,012,074**
Total Financial Assets	**99,021,658**	**84,424,240**

The residual of the Statement of Financial Position item “Cash and cash equivalents” constitute cash on hand.

6b. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired are assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The counterparty balances and attributes are as follows:

	2015	**2014**
	R	R
Trade receivables		
Counterparties without external credit rating, but who had no defaults in the past:		
Receiver of Revenue – VAT	424,397	618,944
Prepaid expenses	179,892	121,581
Interest receivable	7,219	6,812
Donor funding – WCO-SIDA receivable	939,908	664,829
Total trade receivables	**1,551,416**	**1,412,166**
Cash at bank and short-term bank deposits		
Standard Bank Namibia Limited	**97,470,242**	**83,012,074**
Total Financial Assets	**99,021,658**	**84,424,240**

The residual of the Statement of Financial Position item “Cash and cash equivalents” constitute cash on hand.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Secretariat does not hold any collateral as security.

8. Cash and cash equivalents

	2015 R	2014 R
Standard Bank Current Account	532,152	832,469
Standard Bank Call Account	27,991,062	48,010,108
Standard Bank 32 day Deposit	68,957,065	34,183,164
Standard Bank Garage Card	(10,037)	(13,667)
Cash on hand	3,179	4,289
Total	**97,473,421**	**83,016,363**

9. Trade and other payables

	2015 R	2014 R
Trade creditors	1,979,238	2,284,465
Retention payable	1,151,201	2,115,228
Accruals and tenders committed	4,441,493	17,325,343
Staff payables	16,599	-
Total Trade and other payables	**7,588,531**	**21,725,036**

10. Provisions for other liabilities and charges

	2015 R	2014 R
At 1 April	2,224,075	2,731,016
Charged/(credited) to the Statement of Profit or Loss and Other Comprehensive Income:		
- Expenses charged to Statement of Profit or Loss and Other Comprehensive Income	1,880,067	1,658,283
- Payments made	(1,149,763)	(1,306,568)
- Unused amounts reversed	(1,074,312)	(858,656)
At 31 March	**1,880,067**	**2,224,075**

Provisions relate to:

The amount of R989,574 (2014: R1,074,312) is for leave pay which accrues on termination of the services of members of staff.

A further provision of R 890,493 (2014: R1,149,763) is made for the payment of performance bonuses to staff.

11. Employee benefit expense

	2015 R	2014 R
Wages and salaries	34,779,027	31,974,037
Number of employees	**38**	**40**

The Secretariat has a defined contribution provident fund plan for support staff. There are no liabilities for defined benefits as there is no defined benefit plan.

12. Finance income and costs

	2015 R	2014 R
Loss on foreign exchange	(26,040)	(41,248)
Finance income:		
- Interest income on short-term bank deposits	4,783,158	3,810,767
Net Finance Income	**4,757,118**	**3,769,519**

13. Cash generated from operations

	2015	2014
	R	R
Cash flows from operating activities		
Surplus/(Deficit)	**26,431,911**	**53,992,955**
Adjustment for:		
-Depreciation and amortization	4,330,671	1,848,162
- Non-cash adjustment to fixed assets	(152,851)	17,538
- Interest income	(4,783,158)	(3,810,767)
	25,826,573	(52,047,888)
Changes in working capital:		
Trade and other receivables	(139,250)	1,000,981
Trade and other payables	(14,136,505)	10,553,010
Deferred income	1,854,384	-
Provisions and employee benefits	(344,008)	(506,941)
	13,061,194	(63,094,938)

14. Commitments

Operating lease commitments – Secretariat as lessee

There are no future aggregate minimum lease payments under non-cancellable operating leases.

Tender Commitments

In relation to major tenders committed, the following commitments were not recognised:

- The outstanding progress payments for the construction of the SACU Headquarters building which has not been certified and recognised, totalled R1,173,844 (2014: R2,987,947);
- A tender for the implementation of an electronic budgeting tool amounting to R562,600 was committed but was not recognised as the contract has not been concluded and signed yet; and
- The purchase of a motor vehicle for the Deputy Executive Secretary was committed at R548,695, but was not recognised, because it was not delivered by financial year end.
- A commitment for the provision of network services has been made for the next financial year totalling R240,000.
- The Secretariat has also tendered and entered into agreements with three suppliers for the provision of the following services. Each of the contracts cover a three year period where the future commitments are as follows:

Description	2016	2017	2018
Short Term Insurance	141,372	141,372	106,029
Cleaning Services	469,420	469,420	391,183
Security Services	415,200	415,200	311,400
TOTAL	**1,025,992**	**1,025,992**	**808,612**

14. Commitments

Operating lease commitments – Secretariat as lessee

There are no future aggregate minimum lease payments under non-cancellable operating leases.

Tender Commitments

In relation to major tenders committed, the following commitments were not recognised:

- The outstanding progress payments for the construction of the SACU Headquarters building which has not been certified and recognised, totalled R1,173,844 (2014: R2,987,947);
- A tender for the implementation of an electronic budgeting tool amounting to R562,600 was committed but was not recognised as the contract has not been concluded and signed yet; and
- The purchase of a motor vehicle for the Deputy Executive Secretary was committed at R548,695, but was not recognised, because it was not delivered by financial year end.
- A commitment for the provision of network services has been made for the next financial year totalling R240,000.
- The Secretariat has also tendered and entered into agreements with three suppliers for the provision of the following services. Each of the contracts cover a three year period where the future commitments are as follows:

Description	**2016**	**2017**	**2018**
Short Term Insurance	141,372	141,372	106,029
Cleaning Services	469,420	469,420	391,183
Security Services	415,200	415,200	311,400
TOTAL	**1,025,992**	**1,025,992**	**808,612**

The compensation of key management personnel who served on the Executive Committee during the year was as follows:

	2015	2014
	R	R
Short-term employee benefits	10,864,238	9,472,964
	10,864,238	**9,472,964**

This compensation includes salaries and non-cash benefits.

16. Prior year correction of error

In the prior financial year the practical completion certificate was issued and an accrual was processed to reflect all construction costs due in the carrying value of the SACU Headquarters buildings, excluding retention. However, since then the subsequent construction costs certified as at 31 March 2015 have not equated the final account due. The carrying value of the fixed asset was overstated in the prior year and has been adjusted and reduced by R2,884,655 to agree with the payment certificate issued as at 31 March 2014. Accordingly the carrying value of the liability to the contractor was also reduced.

There was no effect on the opening balance of retained earnings on 1 April 2013 and there were no tax implications nor an impact on the surplus in the current or previous financial year. The only effect was on Construction Work in Progress under Property, Plant and Equipment, where the valuation and carrying value were reduced by R2,884,655. Similarly the carrying value of Current Liabilities was also affected, as follows:

Construction Work in Progress (WIP)	**2014**
Previously stated	44,874,168
Decrease in WIP	2 ,884,655
Restated on current annual financial statements	**41,989,513**

Current Liabilities	**2014**
Previously stated	24,609,691
Decrease in Accounts Payable	2,884,655
Restated on current annual financial statements	**21,725,036**

17. Detailed Statement of Profit or Loss and Other Comprehensive Income

	Note	2015	2014
		R	R
Income:			
Common revenue pool contribution		72,924,431	101,971,383
Realised Savings from 2012/13 FY		2,294,305	-
Total Income		**75,218,736**	**101,971,383**
Expenses:			
Advertising		(891,670)	(626,472)
Audit fees		(113,946)	(11,592)
Bank charges		(66,066)	(61,107)
Communication costs		(566,367)	(665,637)
Depreciation	5	(4,330,671)	(1,848,162)
Electricity, water and rates		(626,679)	(297,871)
General expenses		(19,477)	(11,379)
Hospitality expenses		(282,875)	(206,683)
Household expenses		(696,972)	(249,082)
Insurance		(124,119)	(52,646)
IT services		(712,434)	(647,070)
Media and Public relations		(338,629)	(905,564)
Motor vehicle expenses		(189,770)	(198,167)
Office Supplies		(440,235)	(306,806)
Professional fees		(1,348,578)	(4,889,994)
Recruitment costs		(186,318)	(194,872)
Relocation costs		(412,313)	(190,814)
Repairs and maintenance		(505,520)	(116,417)
Salaries	11	(34,779,027)	(31,974,037)
Security		(431,766)	(151,513)
Staff training and development		(301,116)	(436,425)
Subscriptions and reference materials		(109,222)	(31,681)
Travel, accommodation and subsistence		(4,874,113)	(6,222,943)
Workshops and conferences		(1,348,911)	(1,433,475)
Total expenses		**(53,696,794)**	**(51,730,409)**
Operating surplus		**21,521,942**	**50,240,974**
Profit/(loss) on disposal of fixed assets		152,851	(17,538)
Loss on foreign exchange	12	(26,040)	(41,248)
Interest income	12	4,783,158	3,810,767
Surplus for the year		**26,431,911**	**53,992,955**

SACU Since 1910 SOUTHERN AFRICAN CUSTOMS UNION

List of Abbreviations

AEO	Authorised Economic Operator
AGOA	African Growth and Opportunity Act
AIDS	Acquired Immune Deficiency Syndrome
BLNS	Botswana, Lesotho, Namibia, South Africa
CMA	Common Monetary Area
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
DTC	Diamond Trading Centre
EAC	East African Community
EPA	Economic Partnership Agreement
FAC	Finance and Audit Committee
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GNU	Globally Networked Customs
HIV	Human Immunodeficiency Virus
HQ	Headquarters
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standard
IMF	International Monetary Fund

LRA	Lesotho Revenue Authority
MCA	Millennium Challenge Account
MCC	Millennium Challenge Compact
MPC	Monetary Policy Committee
MRA	Mutual Recognition Annex
MTEF	Medium-term Expenditure
NDP	National Development Plan
NFA	Net Foreign Assets
SACU	Southern African Customs Union
SADC	Southern Africa Development Community
SARS	South African Revenue Authority
SNA	System of National Accounts
SOEs	State Owned Enterprises
SPS	Sanitary Phytosanitary Measure
SRA	Swaziland Revenue Authority
SSA	Sub-Saharan Africa
TBT	Technical Barriers to Trade
TC	Tender Committee
TIDCA	Trade, Investment and Development Cooperation Agreement

TIPEEG	Targeted Intervention Programme for Employment and Economic Growth
TLC	Technical Liaison Committees
TPR	Trade Policy Review
TTNF	Tripartite Trade Negotiation Forum
UB	Utility Blocks
UCR	Unique Consignment Reference
UNIDO	United Nations Industrial Development Organisation
VAT	Value Added Tax
WCO	World Customs Organisation
WEO	World Economic Outlook
WTO	World Trade Organisation
ZAR	South African Rand

List of Tables

List of Figures