



Press Release on the conclusion of the 14th SA CU Council of Ministers' Meeting which was held in Gaborone Botswana 04 April 2008.

The 14th SACU Council of Ministers' Meeting was convened on 04 April 2008, under the Chairmanship of Hon. Baledzi Gaolathe, Minister of Finance and Development Planning for Botswana. The SACU Council of Ministers consists of the Ministers responsible for Finance and Ministers responsible for Trade from each of the five Member States - Botswana, Lesotho, Namibia, Swaziland and South Africa.

The Agenda considered by the Council was aimed primarily at ensuring the effective and efficient implementation of the 2002 SACU Agreement which came into force in July 2004. The Council of Ministers received a report from the Executive Secretary which outlined progress made and challenges faced by SACU in implementing the 2002 Agreement. The Report highlighted some strategic issues concerning the ongoing debate on regional integration, consolidation of SACU, the challenges of establishing SACU institutions, development of common policies and capacity building.

The Council conveyed their appreciation of the Executive Secretary's report and pledged their continued support in ensuring that the challenges faced by

the Organization are resolved and expedited in order that the SACU Regional Integration Agenda is achieved consequently leading to the consolidation of SACU and giving full effect to the renewed SACU Agreement.

In brief, the Council considered the following 5 main issues on the Agenda:

1. IMPLEMENTATION OF THE 2002 SACU AGREEMENT

The Council of Ministers noted that though the 2002 SACU Agreement is a modern Agreement with a strong commitment to develop common policies and common institutions in support of deepening regional and global integration, the implementation of the 2002 SACU Agreement is moving at a slow pace and this could have implications for the full achievement of the objectives of 2002 Agreement. Hence the Council meeting agreed for a refocused and dedicated approach in the implementation of the Agreement if SACU has to function as an effective Organization and meet external challenges.

2. REGIONAL INTEGRATION

The Council noted that there are immediate challenges at a regional and global level which has implications for SACU for its role in supporting regional integration. These challenges require immediate attention as it questions SACU's integrity and cohesion as a Customs Union. The challenges mainly revolve around the timetable for the SADC integration agenda and recent challenges in the Economic Partnership Agreement (EPA) negotiations. Council noted that, whilst SACU has been in existence over a long time, SACU has new challenges in dealing with regional integration and as such SACU has to change the way it has operated in the past to be able to deal with the current challenges. Council further called for a clear strategy and

sustained commitment and common vision towards an enabling environment for deeper Regional Integration.

3. CONSOLIDATION OF SACU

Council took note that in order to ensure forward movement on regional integration, there is a need to consolidate SACU so that it can play a viable role in achieving the objectives of the SACU Agreement. These objectives centres around facilitating trade in goods, the development of common policies, creation of effective and efficient institutions, and promoting the integration of Member States into the global economy through trade negotiations.

Council noted that the study on consolidating SACU has to be finalised so that the recommendations are decided upon in the context of their proactive relevance to the SADC Regional Integration Agenda. Commission noted that there may be a need to revisit the study on the impact analysis to contextualise the current processes unfolding at the SADC regional integration agenda as well as the immediate challenges posed by the SADC-EC EPA negotiations.

Council noted that this two studies currently being undertaken under the auspice of the SACU Task Team on Regional Integration will address some of the challenges faced under the consolidation of SACU. These include the alignment and effectiveness of SACU institutions such as the Commission and the Technical Liaison Committees. Council noted the need for SACU institutions to align themselves to the principles and objectives underpinning the 2002 SACU Agreement.

4. TRADE RELATIONS WITH THIRD PARTIES

Council noted that the absence of common policies, a provision catered for under Chapter 8 of the Agreement, compounds the challenges SACU faces during negotiations with third parties. A case in point being the SADC – EC EPA Negotiations. Member States need to preserve the integrity of SACU by working together in reconciling national differences.

Council further noted the progress made in the Trade Negotiations with third parties, namely the SACU – India Preferential Trade Agreement (PTA) Negotiations, the SACU-USA TIDCA Negotiations and the finalization of the SACU – MERCOSUR Preferential Trade Agreement. Council also noted that all SACU Member States have now ratified the SACU EFTA Free Trade Agreement, and as a result the Agreement will now enter into force on 1 May 2008.

Council further approved for signature a Memorandum of Understanding between SACU and India, as well as a Trade, Investment and Development Cooperation Agreement (TIDCA) between SACU and the US.

5. CAPACITY BUILDING IN SACU

Council noted that there are capacity challenges in SACU that undermine the full implementation of the new SACU Agreement. There is therefore a need to capacitate skills at Member States' level on areas concerning its trade and policy agenda and allowing the Secretariat, national institutions and the other SACU bodies to assist in this process.

CONCLUSION

Interactions during the meeting covered emerging perspectives on the above issues and issues of common interest in the area of Economic Integration for the benefit of the Member States.

The Council Directed that in an effort to expedite the implementation of the 2002 SACU Agreement and address the current Challenges faced by SACU, the SACU Task Team on Regional Integration should widen the scope of their forth-coming meeting on the outcome of the SACU studies and also deliberate on the five key areas raised above.

SACU Secretariat

Windhoek, Namibia

09 April 2008.

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