



**MEETING OF CHIEF EXECUTIVES OF EAST AFRICAN COMMUNITY (EAC) AND OFFICIALS OF
THE SOUTHERN AFRICAN CUSTOMS UNION (SACU)
11th to 13th November 2008, ARUSHA, TANZANIA**

Joint Conclusions

1.0 Background

In October 2007, the Chairman of SACU Council of Ministers Hon. B. Gaolathe wrote to the then Chairman of the EAC Council of Ministers Hon. Eriya Kategaya expressing SACU's desire to enter into trade negotiations with the EAC. Hon. Gaolathe indicated that the expectation was that the negotiations would lead to establishment of a Free Trade Area (FTA) between the two regions and that SACU intended to undertake a familiarization study of the EAC in preparation for the possible negotiations with the EAC. In his response, Hon. Kategaya welcomed the opportunity and invited SACU to visit the EAC Secretariat to explore possibilities of linking with SACU with a view to establishing an FTA. Against this background, the SACU team was hosted at the EAC Secretariat from 11th to 13th November 2008. The list of delegates to the meeting and programme are herewith attached as *Annex 1 and II* respectively.

2.0 Opening of the meeting

The EAC delegation led by Secretary General Amb. Juma V. Mwapachu welcomed the SACU delegation to Arusha. In his opening remarks, he noted that the SACU visit had been long awaited, and he was glad that it had finally materialized. He further noted with pride that SACU and the EAC are the only two Customs Union in Africa and as such the two organizations should be working very closely together in sharing ideas and insights. He therefore welcomed the cooperation and hoped that it would propel the regional integration process in Africa to a higher level. He observed that the meeting had come at a crucial moment following the declaration made during the EAC-COMESA-SADC Tripartite Summit that the three RECs should establish an FTA. He noted that the tripartite arrangement has not involved SACU despite it being a key institution within the region that has made tremendous achievements in the integration agenda. He underscored the importance of ensuring the involvement of SACU in future discussions and illustrated that he had brought

and would continue to bring this matter to the attention of the Chief Executives of COMESA and SADC. He thanked SACU for initiating the cooperation and expressed optimism that the outcome will lead to better realization of the objectives of a wider integration in Africa.

The SACU delegation was led by Ms. Tswelopele C. Moremi, Executive Secretary of SACU. In her opening statement, she expressed her sincere appreciation for the invitation and thanked the EAC for the warm welcome and hospitality. She informed the meeting that the purpose of the visit was to exchange information at a technical level on the operations of our two Secretariats, and to undertake exploratory discussions on the possibility of establishing trade relations between SACU and the EAC.

She congratulated the EAC Secretary General for the successful recently concluded EAC, COMESA and SADC Tripartite Summit. She informed the meeting that SACU was aware of current developments and had followed with interest the outcomes where it was resolved that the three RECs should immediately start working towards a merger into a single REC with the objective of fast tracking the attainment of the African Economic Community. She noted the importance of this step in consolidating integration ambitions and initiatives and the positive contribution it would make towards addressing multiple membership complications.

She confirmed SACU's commitment to deepening economic and political integration in Africa in line with the Abuja Treaty and emphasized that SACU can be used as a nucleus and a strategic building block in the ambition to attain this important goal, given its experience and the number of years of its existence. In this regard, she noted that the EAC experience with regards to variable geometry could be of great value in the integration initiatives of SADC. She reiterated SACU's commitment to the goals of deeper integration and further informed the meeting that to confirm this commitment, SACU embraced the establishment of the SADC FTA in 2008 and was instrumental in its implementation. In this regard, SADC-EAC-COMESA Tripartite discussions at both technical and political level are of interest and importance to SACU.

She referred to the 2002 SACU Agreement that provides for deeper integration among the Member States through the development of Common Policies, Common Institutions, such as the Tribunal, the Tariff Board and the Secretariat. She commended the EAC on the strength of its institutions, and hoped that the visit would assist SACU in the development and consolidation of its own institutions. Further, the visit would help SACU to gain a better understanding of the EAC programmes and policy considerations as they continue with efforts to strengthen their own programmes and policy infrastructure.

She thanked the EAC Secretariat for the excellent arrangements made to facilitate the meeting and indicated that she looks forward to a return visit to the SACU Secretariat by the EAC in the near future to further pursue and build upon the cooperation arrangements.

In conclusion, the ensuing discussions between the Chief Executives observed that the implementation process of the outcome from the tripartite summit would be more beneficial with the participation of SACU given its long existence and technical experience as a Customs Union.

2.0 Main discussions

The main purpose of the meeting was to discuss SACU's proposal on exploring possible trade relations with the EAC. In addition, experiences were shared on the respective integration initiatives. Other areas of possible cooperation were identified.

The delegations gave presentations outlining the historical background to the RECs, provided an overview of their legal and institutional frameworks, the scope of programmes and future initiatives being pursued.

The meeting took note of regional integration initiatives in Africa including the outcome and implications of the recent EAC-COMESA and SADC tripartite summit. The meeting further exchanged information on the status of bilateral and international trade arrangements such as the EPA negotiations. The Secretariats shared operational and technical information such as monitoring performance through trade statistics, economic data and trade trends. Trade facilitation initiatives being pursued were also discussed, including establishment of one stop borders, customs documentation, customs reform and modernization programmes and interconnectivity of Customs.

In addition, there were discussions with regard to the organization and documentation of EAC meetings, and utilization of the website for stakeholder information.

3.0 Way Forward On Cooperation Between EAC And SACU

During the discussions, the parties identified the following areas of possible cooperation:

3.1 Trade Arrangements

Recognizing that the EAC region serves as a market for their region, the SACU delegation expressed the desire to explore possible trade arrangements with the EAC. During the deliberations, SACU gave the example of Swaziland which enjoys close trading links with COMESA Member States including those in the EAC. By virtue of her membership to COMESA, Swaziland has benefited from market access under the COMESA trade regime. However, this market access is currently enjoyed under a derogation which allows her not to reciprocate market access to COMESA countries. The implementation of a Customs Union by COMESA would not allow for the continuation of this derogation and would

affect Swaziland's market access into COMESA. The desire for the cooperation and a possible trade arrangement between SACU and the EAC therefore stems from the need to avoid this possible effect. The meeting also considered the proposal by SACU to undertake research on the impact of possible trade relations between the two RECs.

The EAC Secretariat noted SACU's desire for possible trade relations with the EAC, and in this regard the possibility of conducting joint research. It was noted that the proposal to establish trade relations would need to be presented to the EAC and SACU Partner/Member States for consideration and approval, and subsequent to the approval, a decision on undertaking the joint research would be taken. For this purpose, the EAC requested SACU to develop and submit a comprehensive proposal covering the envisaged trade arrangements and the detailed terms of reference for the proposed research by early next year.

3.2 Other Areas Of Cooperation

Arising from the discussions, the meeting took note that each organization has made significant achievements in some areas and has challenges in others. It is therefore crucial for the EAC and SACU to draw lessons and learn from each other in among others the following:

- Revenue collection, sharing and management
- Role of Internal border control within the Customs Union
- Free movement of goods within a single Customs territory
- Collection and publication of trade and economic data and statistics
- Functional scope of the Secretariat in relation to Customs administrations
- Determination, management and application of CET
- Rules of Origin regimes
- One stop border operations
- Export promotion schemes and EPZs
- Competition policy
- Standards harmonization including SPS measures
- Legislation and development of institutions
- Mechanisms for negotiating trade agreements
- Transport and infrastructure
- Trade in Services
- Legislative and judicial processes
- Outreach and stakeholder communication
- Documentation and organization of meetings

On the basis of the areas above, it was agreed that each Secretariat will assess the possible areas of cooperation with a view to developing joint cooperation programmes. This information will be exchanged in preparation for the next meeting that will consolidate the proposal into a comprehensive action plan.

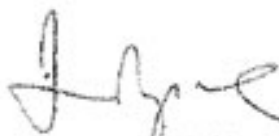
The Chief Executives agreed that it is important to concretize the discussions into a Memorandum of Understanding (MOU) that will guide the cooperation. The

EAC Secretariat will develop the draft MOU for discussion and conclusion at the next meeting which will take place in April 2009 in Windhoek, Namibia.

3.0 Conclusion

The meeting ended on a very positive note, with both delegations committing themselves to future cooperation and promotion of the regional integration efforts in Africa. To familiarize themselves with the operations of the other organs of the EAC, the SACU Chief Executive held a brief discussion with officials of the East African Legislative Assembly (EALA). She took note of the proposal by EALA to visit SACU, and informed the meeting that they will be honored to host the EALA delegation for which SACU will propose suitable dates for the visit. She also held brief discussions with officials of the East African Court of Justice (EACJ) who briefly explained the role of the court.

Signed this 13th day of November 2008 by the respective Heads of Delegations as here under:



Amb. Juma V. Mwapachu
Secretary General
EAC



Ms. Tswelopele C. Moremi
Executive Secretary
SACU

**MEETING OF OFFICIALS OF EAST AFRICAN COMMUNITY (EAC) SECRETARIAT AND
OFFICIALS OF THE SOUTHERN AFRICAN CUSTOMS UNION (SACU) SECRETARIAT
11TH TO 13TH NOVEMBER 2008, ARUSHA, TANZANIA**

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EAST AFRICAN COMMUNITY

PROGRAMME AND AGENDA FOR SOUTH AFRICA CUSTOMS UNION (SACU)
VISIT TO EAC11th – 13th November 2008

| DATE | TIME | ACTIVITIES | RESPONSIBILITY |
|---|---------------|--|--|
| 11.11.08 | 08.50 am | Arrival at JRO/Transfer to the Hotel | PAO, Security |
| MEETING OF TECHNICAL OFFICIALS (<i>Kilimanjaro Wing Room 541 5th Floor</i>) | | | |
| 11.11.08 | 10.30 -11.00 | Opening of the Meeting | Director Customs-EAC/SACU Head of Delegation |
| | 11.00-11.30 | Tea Break | All |
| | 11.30 – 13.00 | Presentation on the EAC: <ul style="list-style-type: none"> • Overview of Legal and institutional Framework of EAC • Overview of EAC Customs Union <ul style="list-style-type: none"> ○ Customs law ○ Tariff regimes ○ Revenue collection and sharing ○ Enforcement ○ Relationship between the Secretariat and Customs administration of | Director Customs EAC |

| | | | |
|----------|---------------|--|-------------------------|
| | | Member/Partner States ○ Future of the Customs Union. | |
| | 13.00 -14.30 | Lunch Break | All |
| | 14.30 – 15.30 | Presentation on SACU: <ul style="list-style-type: none"> • Legal and Institutional Framework of SACU • Functions and progress of the Customs Union <ul style="list-style-type: none"> ○ Customs law ○ Tariff regimes ○ Revenue collection and sharing ○ Enforcement ○ Relationship between the Secretariat and Customs administration of Member/Partner States ○ Future of the Customs Union. | SACU Head of Delegation |
| | 15.30-16.00 | Tea Break | All |
| | 16.00-17.00 | General Discussion | All |
| 12.11.08 | 9.00 –10.00 | Exchange of Information by both sides on: <ul style="list-style-type: none"> • Status of Regional Integration in Africa, current and future integration plans and implications for SACU and EAC (SADC and COMESA) • Outcome of EAC-SADC-COMESA Tripartite Summit and implication for EAC and SACU; • Update on bilateral and international trade arrangement and future trade negotiations (EPA | All |

| | | | |
|--|---------------|---|--|
| | | <p>and other trade agreements;</p> <ul style="list-style-type: none"> • Technical Information : Monitoring performance through trade statistics, economic data, and trade trends • Trade facilitation | |
| | 10.00 – 10.30 | Tea Break | All |
| | 10.30 –12.00 | Cooperation between SACU and EAC. | All |
| | 12.00-13.00 | Way Forward | All |
| | 13.00 -14.00 | Lunch Break | All |
| | 14.00 -16.00 | Writing of the Report | EAC Secretariat |
| | 16.00 -17.00 | Adoption of the Report | All |
| MEETING OF THE CHIEF EXECUTIVES OF THE EAC AND SACU | | | |
| <i>(Chairman's Room)</i> | | | |
| 13.11.00 | 09.30 -10.00 | <p>Opening of the Meeting:</p> <ul style="list-style-type: none"> • Statement by SG • Statement by ES-SACU | Secretary General EAC/Executive Secretary SACU |
| | 10.00-10.30 | Tea break | |
| | 10.30-11.30 | Consideration of the Report of the Technical Officials | SG/ES, Technical Officials |
| | 11.30- 12.30 | Adoption and signing of the Report | SG,EAC ES, SACU |
| | 12.30-13.00 | Group Photo | All |
| | 13.00 -14.30 | Lunch break | All |
| | 14.30 -15.30 | Courtesy call to the Speaker of the EALA | Clerk, EALA |
| | 15.30-16.30 | Courtesy call to the Registrar - EACJ | Registrar/Court Administrator |
| END OF THE VISIT | | | |