



**SACU Factual Review by the World Trade Organization, (WTO),
Committee on Regional Trade Arrangements (CRTA), 20 – 21 April
2009, Geneva, Switzerland.**

Introduction

The Executive Secretary of SACU, Ms Tswelopele Moremi accompanied by the Director Policy Development and Research, Mr. Anton Faul and the Trade Negotiations Coordinator Mr. Reginald Selelo attended the SACU Factual Review by the World Trade Organization (WTO) Committee on Regional Trade Arrangements (CRTA) in Geneva Switzerland from the 20 – 21 April 2009.

Monday, 20 April 2009, marked an important mile stone in the history of SACU, when the 2002 SACU Agreement was formally considered by the World Trade Organization following its notification in 2007. The official notification of SACU Agreement on 25 June 2007 was followed by a factual review of SACU by the WTO Membership on this day. The factual review was also used as an opportunity to publicize SACU to the rest of the world.

As members of the WTO, SACU Member States are bound by the WTO principles governing trade. Certain obligations arise from being a WTO member, one being that, SACU trade policies must be reviewed

periodically by the WTO Membership; another being that, SACU as a Regional Trade Arrangement (RTA), must undergo a factual review of the agreement (2002 SACU Agreement) governing the treaty's establishment of the RTA. The factual review is undertaken by the WTO Membership.

Background to the Notification of the 2002 SACU Agreement to the World Trade Organization

The process of notifying SACU to the WTO gained momentum at the 10th SACU Council meeting held in April 2007, where Member States contemplated on whether the notification of SACU to the WTO would be beneficial, and also considered whether this would result in onerous and new commitments for SACU. The SACU Council of Ministers agreed that SACU should be notified to the WTO under Article XXIV of the GATT. Following this, SACU was officially notified to the WTO on 25 June 2007, after ensuring legal and practical requirements for SACU to be notified to the WTO.

The Factual Review Process

Subsequent to the notification of a RTA to the WTO, an assessment and factual review is held by the WTO membership. The assessment comprises of two aspects. The first being a factual evaluation of the Customs Union / Free Trade Area (FTA), which is a transparency exercise. The second being a legal consistency exercise, to test the legal compliance of the treaty establishing the Customs Union / FTA.

The WTO undertook the Factual Review of SACU at the 53rd Session of the Committee on Regional Trade Agreements (CRTA) on 20-21 April

2009 at the WTO Headquarters in Geneva, Switzerland. Representatives from all SACU Member States were present.

In preparation for the factual review of SACU, the WTO Secretariat prepared a **general incidence calculation report** and a **factual presentation background paper on SACU**. These reports were prepared in conjunction with officials from all SACU Member States. The reports on SACU were circulated in October 2008 to all SACU Member States for their information as well as the rest of the WTO Membership for their scrutiny. Following their circulation, WTO Member States had time to comment and raise written questions on the reports, with an opportunity for SACU Member States to respond.

SACU received written questions from several countries, including Canada, Japan, the United States, and Chinese Taipei. The written questions and the answers provided by SACU were translated by the WTO Secretariat into all the official languages of the WTO and distributed, to all WTO Members before the 53rd CRTA Meeting held on 20-21 April 2009.

53rd CRTA Meeting held on 20-21 April 2009

On behalf of SACU Member States, Lesotho, as the current Chair of SACU, delivered a statement to the CRTA meeting. The Chair of SACU

pointed out that the 2002 SACU Agreement was a comprehensive Agreement when compared to the 1969 and the 1910 SACU Agreements in that the 2002 Agreement does not only cover revenue-sharing but provides for deeper integration, enhanced economic cooperation through common institutions, common policies, dispute settlement mechanisms. It also provides for a new and transparent Revenue Sharing Formula, as well as joint mechanisms to deal with trade negotiations with third parties.

The Chairperson alluded to the main objective of SACU being to enhance trade amongst its Member States by facilitating the free movement of goods, whilst deepening integration through cooperation in the development of mutually beneficial economic and trade policies. At the same time, the Agreement recognizes the different levels of economic development of the Member States and the need to provide for their economic development.

In conclusion, the Chairperson of SACU emphasized that SACU presented an ideal tool for trade liberalization in Southern Africa as it facilitates the integration of the economies of its Member States into the global trading system.

In response to the statement made by the SACU Chair, the delegation of the United States of America thanked and commended SACU for the progress made in liberalizing trade amongst the SACU Member States.

She further commended SACU on the comprehensive scope and coverage of the SACU Agreement, indicated that it is a comprehensive agreement both in regional and international terms. She also recognized the important role played by SACU, both regionally and internationally. She further recognized SACU's diverse Membership and encouraged SACU to push forward with further trade liberalization in future.

In a response to the statement delivered by SACU, the delegation of Japan acknowledged and thanked SACU for the comprehensive responses and substantial information provided to her enquiries. Japan indicated her satisfaction with the response provided by SACU.

A few follow up questions were raised by the delegations of United States of America and the European Commission. Written responses were provided by SACU on these enquiries to the satisfaction of the USA and the European Commission.

The CRTA Chairperson, in his concluding remarks, thanked SACU for the hard work and for the manner in which it prepared for and conducted the Factual Review. He commended SACU for the progress made in integrating its members into the global economy and announced that the SACU Factual review has been completed successfully.

Conclusion

The successful conclusion of the SACU Factual Review provides a good foundation for the joint Factual Review of the SACU-EFTA FTA later this

year in November. It also paves the way for SACU's preparations for its Trade Policy Review scheduled for 4-6 November 2009.

In addition to the Factual Review, Secretariat officials also engaged the EFTA Secretariat during its visit to Geneva, with a view to continue the cooperation and joint activities established under the SACU-EFTA FTA and also to build on the existing cooperation relationship in place since 2006 between the two Secretariats. In this regard, the Secretariats discussed approaches to trade negotiations and follow-up issues relating to the work of the Joint Committee established under the hospices of the FTA, whose first meeting was held from 3 – 4 February 2009 in Pretoria, South Africa. Finally, the two Secretariats extensively discussed preparations for the upcoming Export Seminars to be held in the SACU Region in July 2009 and the Joint Factual Review of the SACU-EFTA FTA to take place later this year in November.

END

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