

SACU

Post-2016 Retreat Agenda

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Background

- New SACU Agreement, 2002 - democratised SACU (joint decision-making, joint institutions, common policies, common approach to trade relations with third parties, joint tariff setting mechanism, new RSF)
- Implementation progressed well until 2009 (Global Financial crisis, regime changes in South Africa)
- 2010 : FIFA World Cup in South Africa
- SACU had its first Summit (in Windhoek to celebrate SACU's 100 years of existence)



“at crossroads”

- However, behind the glamour and celebrations, serious questions were being asked about the future existence of the Customs Union

** SADC Customs Union; textiles/clothing industry challenges (DCCs); cracks in the WTO negotiations, tensions i.r.t. the signing of the Interim EPA, fiscal challenges & reductions in the SACU Revenue Pool pay-outs; conflicting positions on determination of tariffs and common industrial policies and other instruments, etc.*

- 2 more Summits in South Africa (July 2010 and March 2011) and the 4th and last Summit in April 2013 (Botswana Chair of SACU)

- Outcome of these Summits was a surprise to many (*SACU did not disintegrate, instead it agreed to deepen integration to an Economic Community (New Vision) and adopted a new Work Programme comprising 7 key areas*)

New Work Programme

- Development of Institutions
- Regional Industrialisation
- Trade Facilitation
- Unified Engagement in Trade Negotiations
- Review of the Revenue Sharing Arrangement
- Trade in Services
- Strengthening the Secretariat

What went wrong?

- June 2013 : Only 3 months after the 4th Summit, the SACU Council of Ministers held it's last ordinary meeting in Windhoek
- Since then the organization has been at an 'impasse'
- 3 core reasons for the impasse:
 - * tariff setting mechanism
 - * decision-making
 - * revenue sharing
- Council decided that a retreat is required to discuss these concerns
- Took 3 years for the Retreat to take place (June 2016, RSA)
- Took 9 months for the Report of the Retreat to be adopted

Retreat outcomes

- Purpose was to undertake an introspection on all issues in light of regional and global developments and national realities
- Also to evaluate the relevance of the SACU Work Programme and the SACU Agreement, 2002
- Outcomes in two main areas (Finance/Trade & Industry)
 - * Agreed to tackle controversial issues again (tariff setting, dispute settlement, policies, revenue) but not by using the SACU Treaty as a basis
 - * Agreed to consider revisions to the SACU Agreement, but not in the form of a blanket review

Post-Retreat

- Special Council meeting held last Friday
- Adopted the Retreat Report and agreed on a way forward
- Ministerial Task Teams established (Trade & Industry; Finance)
- Terms of Reference developed
- Work Programme with timelines developed
- Will report to Council and Summit at frequent intervals
- Council agreed to resume its quarterly meetings
- Next Summit planned for June 2017 in Swaziland

Reflection

- De ja vu – Have we seen this before?
- What is different this time?



Slowly moving away from the SACU Agreement (despite being the only legal framework in place)

- * Less binding commitments; more informal cooperative language
 - * Preservation of sovereignty & policy space
 - * Narrowing the scope on all levels (Services; CNM; tariffs; DSM)
 - * Revisiting decision-making provisions and practices
- Or is it a case of “less is more” or “bite-size chunks”

“Don’t hold your breath....”

or

“Watch this Space!!”

*The past is known to us all, but the future
will tell its own stories*

