

Why Southern Customs Union should not be an economic community

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Southern African Customs Union (SACU) heads of state and government at their meeting on 22 April 2010 in Windhoek, Namibia adopted and signed a new vision and mission for SACU to be an economic community. They decided that SACU should be an economic community advancing regional integration. They recognised the role that SACU “can play as a building block for deeper regional integration in Southern Africa”.¹ Its vision is for SACU to be an “economic community with equitable and sustainable development, dedicated to the welfare of its people for a common future”.² Among declared objectives of its mission is for SACU to “serve as an engine for regional integration and development, industrial and economic diversification, the expansion of intra-regional trade and investment, and global competitiveness” and to “serve as a building block of an ever closer community among the peoples of Southern Africa”.³ This declaration constitutes in essence the repetition of what Southern African Development Community (SADC) is doing in the area of regional integration. This raises the fundamental question why is SACU heads of state and government are spending time, energy and resources repeating what SADC is doing by trying to transform the customs union into a regional economic community. Central to this question is another question as to if they are committed to the advancement of regional integration in practice why do they not demonstrate their commitment within SADC of which all their countries are members.

This declaration does not mean that SACU is already an economic community advancing Southern African regional integration. This means that its heads of state and government have declared that it should move towards economic community in order for it to achieve declared objectives of its mission. This is affirmed by SACU heads of state and government at their meeting on 22 April 2010 when they “noted that in order to ensure that SACU ... achieves its vision, it has to be transformed into a vehicle for regional economic integration capable of promoting equitable development”.⁴ They also affirmed this reality at their meeting on 16 July 2010 in Pretoria, South Africa when they “directed Ministers” or the Council of Ministers to “promote win-win solutions” to problems faced by SACU, to “conclude the establishment of institutions”, to strengthen “the capacity” in the SACU “Secretariat”.⁵ SACU heads of state and government at this meeting also directed the Council of Ministers, among others, to:

- Ensuring that all work on industrial policy, industrial policy, competition policy, unfair trade practices and other priority commitments on the SACU Agreement are being implemented;
- Developing a SACU trade and tariff policy, and trade strategy that support industrialisation in SACU;
- Developing deliberate initiatives to promote intra-SACU trade;
- Exploring the possibility of a review of the 20002 SACU Agreement; and
- Consideration of the sharing of SACU Revenue.⁶

SACU heads of state and government meeting on 16 July 2010 also affirmed the fact that SACU is not already an economic community advancing regional integration when it also directed its Council of Ministers to define “a roadmap for moving towards an Economic

Community and Monetary Union” and to position it “at the centre of the regional economic integration agenda”.⁷

The implementation of SACU heads of state and government’s decision for SACU to be an economic community will have implications for SADC in its regional integration agenda. If implemented, it will lead SACU challenging SADC by competing with it in advancing regional integration.

Should the declaration of SACU heads of state and government for SACU to be an economic community be taken seriously? President Hifikepunye Pohamba of Namibia disputed this declaration in his SACU centenary celebration address on 22 April 2010 in Windhoek, Namibia as follows:

The integration within SACU is important for the wider regional integration under the auspices of the Southern African Development Community. In this context, the integration strategy for SACU will also have positive contribution to the broader economic integration in the SADC region. After all, every SACU member state also belongs to SADC.

Throughout our discussion this morning, we recognised the important role that SADC continues to play in the integration of our region. The strategies that we have discussed are complementary to the SACU plan of action in respect of regional integration.

We also recognised the important role that SACU, as a sub-group within SADC, can play in spearheading the integration process within the larger, Southern Africa region. In this respect, SACU maintains high levels of synergy with SADC in respect of the integration agenda.⁸

Was President Pohamba speaking on behalf of SACU heads of state and government and SACU? If he was speaking on their behalf then it means that this declaration by SACU heads of state and government and SACU was disputed by the very same SACU heads of state and government and SACU on the same day they made it.

President Seretse Khama Ian Khama of Botswana in his SACU centenary celebration address on 22 April 2010 in Windhoek, Namibia emphasised the position articulated by Pohamba as follows:

In exploring avenues for deeper regional integration, we should be cognisant of the need to consolidate and implement our commitments as per the SACU 2002 Agreement. However, as we implement the ideals of SACU we must also take into account our membership to and objectives of SADC as we move forward in our regional integration initiatives. This is because it is only through working together as a team in the wider SADC context that we can ensure smooth regional integration in Southern Africa.⁹

Central to the position articulated by Pohamba emphasised by Khama is that Southern African countries contribute towards the achievement of regional integration through SADC not SACU. This position means not only that SACU is not already an economic community advancing Southern African regional integration. It means also that the fact that all SACU countries are members of SADC is such that SACU is “a sub-group within SADC” and that the integration of its members is complementary to Southern African regional integration led by SADC. It also means that the integration of SACU members is not Southern African regional integration. It is the process complementing or supporting Southern African regional integration. The issue of SACU as “a sub-group within SADC” means that there is a

possibility for it to be integrated into SADC. There is the structural and fundamental need for this possibility to be materialised. Central to the materialisation of this possibility is the issue of doing justice to the obligation of the members of SADC to strengthen it as the regional economic community through which they contribute towards the achievement of African continental integration.

Attempts to transform SACU into an economic community advancing regional integration will serve to increase problems in the cause for regional and continental integration. The multiplicity of overlapping memberships in regional economic communities constitutes various problems for coordination and harmonisation policies and programmes of regional economic communities. In raising the question as to whether regional economic communities are drivers or impediments of African continental integration in its study on the need to assess African continental integration and rationalise regional economic communities, the United Nations Economic Commission for Africa concluded that central in the consequences for the multiplicity of overlapping memberships in regional economic communities are several drawbacks such as:

- Fragmented economic spaces and approaches to regional integration.
- Increased cost of membership in regional economic communities.
- Unhealthy rivalry for donor funds.
- Contradictory obligations and loyalties for member countries.
- Inconsistent objectives and conflicting operational mandates.
- Duplicated efforts.
- Reduced ability for regional economic communities to pursue coherent and effective integration programmes.¹⁰

Thus regional economic communities have been serving as impediments, not effective drivers of regional and African continental integration. According to the Strategic Plan of the Commission of the African Union, regional economic communities have various obvious disadvantages to serve as the effective drivers of regional and continental integration process. Some of these disadvantages are:

1. Lack of leadership and the impossibility of mapping out harmonised and coordinated goals; and, therefore, the impossibility of undertaking any organised planning;
2. dispersal of studies, approaches, programmes, actions, and solutions;
3. competition, which thwarts solidarity and blurs the sense of sacrifice for the common good;
4. dispersal of resources and initiatives, stretched dangerously thin and rendered ineffective;
5. competition and, at times, even contradiction in the cooperation, partnership, and assistance requests presented to bilateral and institutional development partners, a factor which contributes to “donor fatigue”;
6. proliferation of community headquarters, staff positions, and meetings – all of which place a huge financial burden on states.¹¹

SACU should not to be transformed into an economic community advancing regional integration. This is critical in ensuring that its members, among others, are not to waste time, energy and resources “vying for” its “recognition and space” while the relevant issue is the

strengthening and the use of the regional economic community they already have in the achievement of Southern African and African continental regional integration. The integration of SACU into SADC and not to transform it into an economic community in the name that it will advance regional integration are of strategic importance. This strategic importance can best be understood if we come to grips with the reality that:

Right from the days when the Abuja Treaty was being mooted much was said about the need to rationalise and harmonise! The AEC [African Economic Community] was to be achieved using the Regional Economic Communities (RECs) as building blocks. But, where are we? The decision had been taken to work on the basis of the five RECs, strengthen them and build on them. No sooner had that decision been taken than Member States started to lobby for the recognition of other sub-regional groupings as RECs! Obviously, what now obtains is a multiplicity of Regional Economic Communities! We are yet to develop the capacity to say no in Africa! Today the AU is meant to work with eight RECs, not to talk of other sub-groupings vying for recognition and space!¹²

It is paramount importance for Southern African countries in their regional integration agenda, firstly, to have a concentrated focus. Secondly, to increase their efficient and effective operations in terms of implementation of decisions in their advancement of the regional integration project. This importance is such that they should avoid the issue of having different standards, competing interests and unnecessary costs in terms of human, financial and infrastructural resources to their officials and offices to the regional integration communities such as SADC and COMESA and SACU customs union. Central to this importance is the issue of the rationale utilisation of human and financial resources. What are benefits and losses to their being members of SADC, COMESA regional economic communities and SACU customs union? What are their advantages and disadvantages of being members of these organisations? It is also of paramount importance for them to best and effectively contribute towards solid regional identity and streamlining of policies in their efforts towards the achievement of regional integration and continental integration. Any attempt to transform SACU into an economic community will be a means of doing injustice to the best and effective way of contributing towards Southern African regional integration.

Notes and References

¹ Southern African Customs Union, Final Communiqué: The Heads of State and Government meeting of the Member States of the Southern African Customs Union, 22 April 2010, Windhoek, Namibia, 2010, page 1 of 3.

² Ibid., page 2 of 3.

³ Ibid.

⁴ Ibid.

⁵ Southern African Customs Union, Communiqué: The Heads of State and Government meeting of the Member States of the Southern African Customs Union, 16 July, Pretoria, South Africa, 2010, page 2 of 3.

⁶ Ibid.

⁷ Ibid.

⁸ Hifikepunye Pohamba, Address by His Excellency Hifikepunye Pohamba, President of Namibia, on the occasion of the launch of SACU's Centenary Celebrations on 22 April 2010, Windhoek, Namibia, Southern African Customs Union. SACU Annual Report 2009/10: Implementing a common agenda towards regional integration in Southern Africa,

Windhoek: SACU, 2010 p. 64.

⁹ Seretse Khama Ian Khama, Statement by His Excellency Lt. General Seretse Khama Ian Khama, President of the Republic of Botswana, at the 2010 SACU Heads of State and Government Meeting on 22 April 2010, Windhoek, Namibia, Southern African Customs Union. SACU Annual Report 2009/10: Implementing a common agenda towards regional integration in Southern Africa, Windhoek: SACU, 2010, p. 68.

¹⁰ United Nations Economic Commission for Africa. 'The Drivers of Regional Integration for Africa's Development', Assessing Regional Integration in Africa 11: Rationalizing Regional Economic Communities, Addis Ababa: Economic Community Commission for Africa, 2004, p. 7.

¹¹ African Union, quoted in African Capacity Building Foundation, A Survey of the Capacity Needs of African's Regional Economic Communities: An African Capacity Building Foundation Operations Research, Harare: African Capacity Building Foundation, 2008, pp. 66-7.

¹² Vijay Singh Makhan, Making Regional Integration Work in Africa: A Reflection on Strategies and institutional Requirements, African Capacity Building Foundation Development Memoirs Series, Knowledge Management Department, Harare: African Capacity Building Foundation, July 2009, pp. 20-1.

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