

The SACU agreement

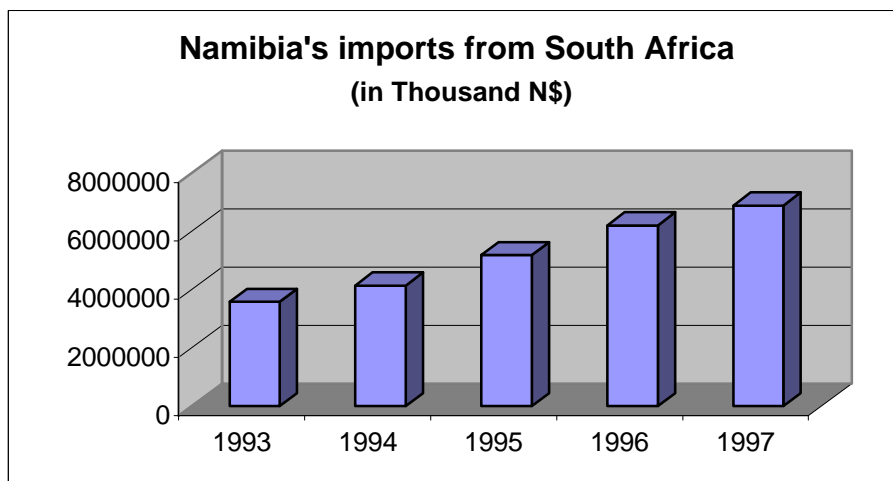
I. Introduction

South Africa, Botswana, Lesotho and Swaziland established the Southern African Customs Union (SACU) in 1969 as a continuance of their custom union arrangements, which are in force since 1910. The founding members wanted to maintain the free interchange of goods, i.e. they renounced quantitative restrictions and any other duties on goods grown, produced or manufactured in SACU and agreed on the same tariffs and trade regulations for imports from outside the common customs area. The goal of SACU is an improved economic development for the whole area and in particular for the less advanced members.

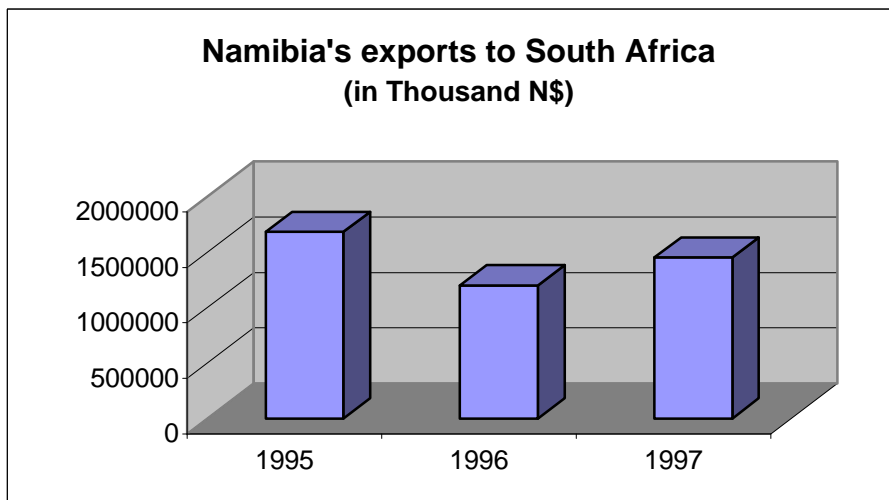
As SACU was established during Apartheid it is highly dominated by South Africa and does not show a democratic structure. South Africa determines the law relation to customs, excise and sales duties. All duties collected have to be paid to the Consolidated Revenue Fund of South Africa and every member shares from this Fund; but the formula of the share is not transparent. Botswana, Lesotho, Namibia and Swaziland are trying to re-negotiate the SACU agreement. Their goal is to establish a secretariat, which should act in the interest of whole SACU and is able to democratize the Customs Union.

II. Namibia's trade within SACU

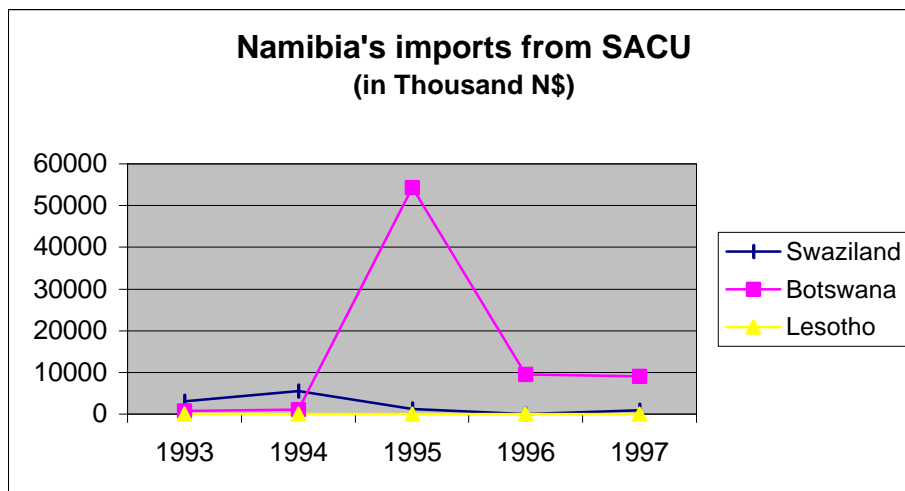
SACU is – next to SADC - Namibia's most important trading partner. Nearly of Namibia's imports from SACU originates from South Africa (value 1997: N\$ 6,889 Millions). The imported goods with the highest value are vehicles, electrical machinery, mineral fuels, articles of iron and steel, beverages and spirits, paper, sugar, articles of apparel, pharmaceutical products, rubber and plastics.



Source: Central Statistics Office of Namibia



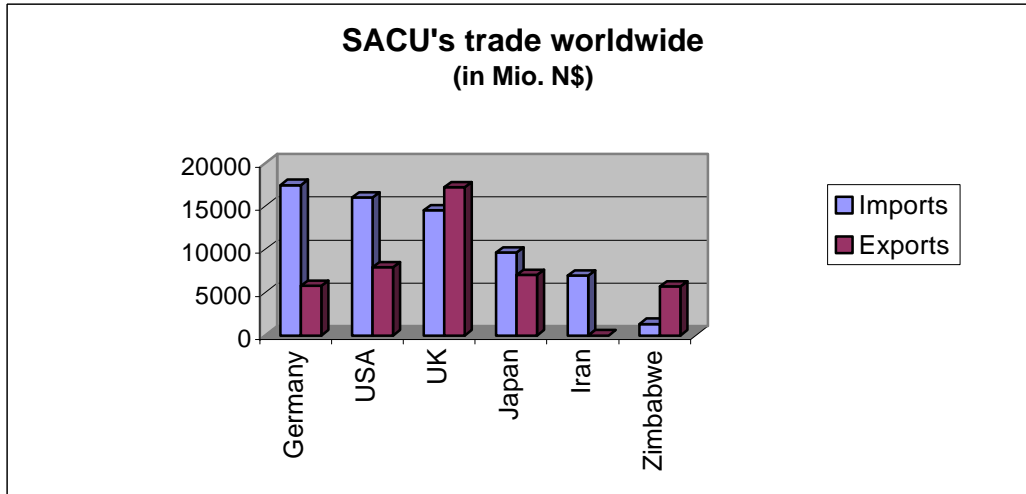
Namibia's trade with the other SACU countries is very low. Worth mentioning exports went only to Botswana: N\$ 13.2 Millions in 1995 and N\$ 12.0 Millions in 1996. Nearly the same happened with Namibia's imports from SACU. In 1995 Botswana delivered goods for more than N\$ 50 Millions otherwise imports from Botswana, Swaziland and Lesotho are low.



Namibian exporters who want to trade within SACU need only the invoice of the goods and a completed goods declaration form. You will find an example of the form on page...

III. SACU's trade worldwide

In 1997 SACU imported about N\$ 118,249 Millions and exported about N\$ 94,269 Millions in total. The main import countries are Germany, USA and UK while the biggest export countries are UK, USA and Japan. Zimbabwe is also a big market: In 1997 it received N\$ 5,707 Millions of SACU's exports (rang 5 worldwide).



Source: Standard Corporate and Merchant Bank: Foreign Trade Bulletin, January 1999, page 9.

III. Import regulations

Imposition of import duties

The Customs Union provides for identical import duties, customs, excise and sales duties. Differences in laws concerning sales duties, rebates, refunds or drawbacks, which are approved by any contracting party, are excepted from this prescription. SACU members are only allowed to change their customs duties in case of national disaster, in terms of obligation under any international agreement or if any member state agreed to an appropriate inquiry. Besides this, South Africa is responsible for the processing of claims for drawback of any duties. Payment of such claims shall be effected from the Consolidated Revenue Fund.

IV. Transit of goods

The transit of imported or exported goods through SACU shall not be subject to transport rate discrimination. The tariffs of any member state shall not disadvantage any other member state. Freedom of transit without discrimination has to be provided but in case of protection the public moral, health or security tariff barriers can be imposed. Nevertheless, goods destined for Botswana, Lesotho, Namibia or Swaziland and imported through any place of entry in South Africa shall be entered for customs, excise and sales duties. South Africa has to pay customs, excise or sales duties only for transit of imported goods through the other member states while Botswana, Lesotho, Namibia and Swaziland have to pay for transit as well as for direct imported goods (incl. parcels).

For any further information you are asked to contact Mr. Dennis Hyman, Ministry of Finance, Tel. 209 9111 or NCCI, Mr. Sam Geiseb, Head of Corporate Services Department, Tel. 22 88 09, Fax 22 80 09.