

WORLD TRADE ORGANIZATION

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Committee on Regional Trade Agreements

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SOUTHERN AFRICAN CUSTOMS UNION (GOODS)

Questions and Replies

Addendum

The following communication, dated 10 March 2009, is being circulated at the request of the Southern African Customs Union.

This document reproduces the question addressed to the Parties and the response submitted.

Question from the Delegation of Japan

1. With regard to Paragraph 19 of the Factual Presentation (WT/REG231/2), could the Parties inform us about each Party's share of the customs component and about the related current data for calculation?

The Common Revenue Pool consists of three components, the customs component; the excise component; and a development component. Member States share in each of these components is based on the provisions of Annex 1 of the 2002 SACU Agreement, which deals with the Revenue Sharing Formula. Member States share of the customs component is calculated on the basis of intra-SACU imports. Each Member State's share is calculated from the Cost Insurance Freight (CIF) value of goods imported by that Member State from other SACU Member States in a given financial year. The CIF value of goods imported by a Member State from other Member States is taken as a percentage of the total CIF value of intra-SACU imports, which is used to determine the Member States share of the customs component of the Common Revenue Pool.

Intra-SACU trade data that is used for the calculation of Member State's shares is submitted to the Secretariat by Member States annually. Annex 1 of the 2002 SACU Agreement provides that each SACU Member State is required to submit actual data of intra-SACU imports and intra-SACU exports for the most recent financial year to the SACU Secretariat. The data submitted by Member States has to comply with a data integrity minimum standard. The standard lists potential risks and controls which should be applied to the data from its capture through to its summarization. It therefore provides a benchmark by which Member States data and processes for data capture can be evaluated and audited for purposes of applying the Revenue Sharing Formula. The Standard also assists Member States in the validation and testing of their data before submission to the Secretariat.

Once the data is received a process of data reconciliation is undertaken between Member States. A series of meetings are held in order to reconcile intra-SACU exports and intra-SACU imports between each Member State. This is done on the basis of data submitted and is done per HS code and per border post. The reconciliation process seeks to address any inconsistencies in data and verify the data submitted for the purpose of determining Member State's revenue shares. The reconciliation process is facilitated by the SACU Secretariat.

Upon completion of the data reconciliation process Member State's shares in each of the components of the Common Revenue Pool is determined based on the provisions of Annex 1 of the 2002 SACU Agreement. Member State's share of the customs component of the Common Revenue Pool is determined in the manner explained above. Member State's share in the excise component of the Common Revenue Pool is calculated from the value of each Member States GDP in a specific calendar year as a percentage of total SACU GDP in such year. Member State's share of the development component of the Common Revenue Pool is calculated as per the formula prescribed in Article 3(d) of Annex 1 of the 2002 SACU Agreement.

Table 1 presents an overview of each Member State's share of the customs component for the past three financial years:

| | 2005/06 FY | 2006/07 FY | 2007/08 FY |
|--------------|-------------------|-------------------|-------------------|
| Botswana | 29% | 25% | 29% |
| Lesotho | 14% | 12% | 13% |
| Namibia | 24% | 26% | 20% |
| Swaziland | 21% | 17% | 15% |
| South Africa | 12% | 20% | 23% |