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Southern African Customs Union (SACU): A viable building block for the African economic community

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The AU, in April 2006, passed a resolution on the rationalisation and harmonisation of Regional economic communities (RECs). A moratorium and suspension of recognition of RECs followed in July. Eight RECs were consequently identified as the building blocks to the African economic community (AEC). Interestingly, in Southern Africa, the youngest REC, the EAC has been identified as one of AEC's building blocs whilst Southern African Customs Union (SACU), the oldest and only functioning customs union was not. This paper highlights the benefits of identifying SACU as one of the AEC building blocs and goes on to urge a re-think in this regard.

Key words: Regional integration, trade, SADC, Africa Union, regional economic communities.

INTRODUCTION

Regional integration in Africa

Origins

The origins of the aim, intent and drive towards the establishment of institutions and programs for the (re)unification of the African continent are arguably deeply founded in the struggle against colonialism and colonial partition of the continent. This was inspired by deep Pan Africanist sentiments especially within the recently independent African states. This led to the establishment of the Organisation of African Unity (OAU) in 1963 with its objective of collectively finding a means of fighting the effects of colonialism.

However, Manalesi et al. (2000) note that "those who had heralded the OAU as the dawn of a new era soon realized that it was nothing more than a weak organization compromised on the twilight zone between the Monrovia, the Brazzaville and the Casablanca blocks with no political unity in sight." They go on further to contend that it was this compromise at the outset that undermined the OAU's ability to deal frankly and decisively with African affairs.

This notwithstanding, 1980 saw a more concerted effort to jump-start continental integration efforts with the conception at the OAU Extraordinary Summit of the Lagos Plan of Action to increase Africa's self-reliance. This marked a major step towards integration, paving the way for the eventual establishment of the African Economic Community (AEC).

The African Union (AU)

The African Union was christened in Durban in July 2002, after a transition period of three years and preceded by several Summit and Ministerial meetings. The Africa Union (2004) states that "the AU was celebrated by all

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Table 1. The six stages to the africa economic community.

S/N	Phase
1	*First phase, 1994–99.* Strengthening regional economic communities and establishing them where they do not exist.
2	*Second phase, 1999–2007.* Freezing tariffs, non-tariff barriers, customs duties, and internal taxes at their May 1994 levels and gradually harmonizing policies and implementing multinational programmes in all economic sectors—particularly agriculture, industry, transport, communications, and energy.
3	*Third phase, 2007–17.* Consolidating free trade zones and customs unions through progressive elimination of tariffs, non-tariff barriers, and other restrictions to trade, and adopting common external tariffs.
4	*Fourth phase, 2017–19.* Finalizing coordination and harmonization of policies and programmes in trade and other sectors as a precursor to full realization of the African Common Market and African Economic Community, with all regional economic communities. This phase should result in the free movement of people, with rights of residence and establishment among the regional economic communities.
5	*Fifth phase, 2019–23.* Consolidating the continent-wide African Common Market resulting from the fourth phase.
6	*Sixth phase, 2023–28.* Realizing the vision of the African Economic Community, with complete economic, political, social, and cultural integration and with common structures, facilities, and functions, including a single African central bank, a single African currency, a pan-African parliament, and a pan-African economic and monetary union.

and sundry as a historic opportunity, both conceptually and programmatically, to revive the Pan-Africanism born at the close of the 19th century, and to endow Africa with the requisite capacities to take up the challenges of the 21st century, namely: speedy and sustainable development, poverty eradication and the continent's integration into the global economy and society as a respected player." The African Union, through its commission- the African Union Commission- has the strategic role of Operationalising the Abuja Treaty.

The African Economic Community

On 3rd June, 1991, the Abuja Treaty, proposing the establishment of an African Economic Community, was adopted by the majority of OAU member states thus marking the beginning of what Kennes (1999) calls the second wave of African regional integration. Thirty-four African countries signed the treaty in Abuja, Nigeria; to create an African Economic Community (AEC) by 2025. This marked, by all accounts, the maturity of an elusive idea contemplated for, planned and attempted over many years by various stakeholders of the continent.

Unpacking the Abuja Treaty: Towards an African Economic community

The Abuja Treaty has been operational since May 1994 and provides the legal, institutional, economic and political foundation for the establishment of its numerous institutions. The African Economic Community is envisaged to promote economic, social and cultural development as well as African economic integration in pursuit of self-sufficiency and endogenous development.

The Abuja Treaty foresaw the implementation of African integration over six distinct stages through a 34 year life span with distinct time periods envisaged for each stage and a rider foreseeing the possible need to extend certain periods for the preserve of efficiency (Table 1).

The objectives of the community are spelt out in Article 4(1) of the treaty; eloquently articulating that the community's goal does not stop at trade or trade promotion but full economic and political convergence and unification of the continent. Article 4 (2) provides the numerous ways in which the objectives of the AEC are to be achieved. Article 5 obliges signatory states to create favorable conditions for the development of the AEC including the enacting and/or dissemination of any legislation consistent and necessary for the implementation of the provisions of the Abuja Treaty. This is further buttressed by several other articles of the treaty calling for the dissolution of trade barriers. Given the dismal record that African states have in implementing continental treaties, the extent to which these articles will be successfully implemented remain to be seen. What is definite is the extent to which their implementation will be complex (Ndulo, 1992; Leshaba, 2002).

African Regional Economic Communities and their Rationalisation

From the foregoing, the important role of regional economic communities in Africa stands out. They inevitably form the nucleus from which continental integration can be consolidated. The United Nations Economic Commission for Africa (UNECA) (2006) notes that whilst most RECs are in the second stage of the integration process, "overlapping mandates and objectives, duplicated integration policies, and the multiple membership by African countries appear to be slowing integration, reducing the RECs effectiveness, and stretching thin limited financial resources." To this extent it then notes as does other commentators on regional integration in Africa that whilst there still exists controversy and divergence on the meaning of rationalisation, "there is quasi-unanimity that rationalisation is necessary for the African integration scheme."

Rationalisation of RECs in the African Integration scheme needs to be contextualised within the Abuja Treaty. The treaty breaks the continent into five regional communities meant to act as building blocks of the future integrated continent namely Northern Africa, Western Africa, Central Africa, Eastern Africa and Southern Africa. Although this would logically result in five RECs, the situation on the ground is different as portrayed by the figure below.

There currently exists at least fourteen economic communities in Africa and coincidentally with the exception of the Economic Community of West African States (ECOWAS); none of them fall within the framework of the Abuja treaty. Most of these RECs co-habit in regional spaces with overlapping membership. Of the 54 African countries, UNECA (2004) notes that six are members of at least one REC; 26 belong to two RECs and 20 belong to at least three RECs.

Recognising the problem that ever increasing numbers of RECs present to continental integration, the OAU decided, during its 1997 summit, to designate seven RECs as the relevant ones, namely: the Inter-Governmental Authority on Development (IGAD), the Common Market for East and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC), the Community of Sahel – Saharan States (CENSAD), the Economic Community of Central African States (ECCAS) and the Arab Maghreb Union (UMA). That done, there was no concerted follow through on how the remaining RECs not identified as building blocs would fit into the AEC project nor was there a clarification on the manner in which the RECs were identified.

More recently, during the first conference for African Ministers in charge of integration that took place in Ouagadougou, Burkina Faso in March 2006, a resolution on the rationalisation and harmonisation of RECs noted "with concern the constraints posed by a proliferation of RECs and the challenges these constraints pose to taking the process of continental integration forward towards the African Economic Community." This was closely followed by the Decision on the Moratorium on the Recognition of RECs in July 2006, which effectively suspended the recognition of new RECs with the exception of the seven RECs identified in 1997 plus the East Africa Community as the eighth.

The case against overlapping membership does not only seem to be in line with the vision of the Abuja Treaty but also seems to be awash with supporters. Aryeetey and Oduro (1996) quote McCarthy (1995) as arguing that "it is difficult to envisage how SADC and COMESA, given their convergence to both sectoral cooperation and trade integration, can live and prosper with the overlapping membership of the Southern African countries."

In a statement opening the African Union private sector forum in Banjul Gambia in June 2006, the African Union Commissioner for Economic Affairs, Dr. Maxwell Mkwezalamba remarked that "Indeed the RECS are recognised as the building blocks of the African Economic Community in the Abuja Treaty establishing the African Economic Community. However, more could have been achieved in this process had there not been any problems associated with the overlapping and multiple memberships to regional economic communities (RECs) of member states…". This school of thought seems to be supported by the United Nations Economic Commission for Africa which notes in its Assessing Regional integration in Africa (ARIA) (2002) publication that:

"The many regional economic communities with overlapping memberships are perceived as wasting effort and resources. Having multiple groups adds to the work of harmonization and coordination and complicates the eventual fusion of regional economic communities into the African Union. This has prompted calls to rationalize integration. The considerable dialogue on this subject has yielded some tangible results, with clearer definitions of the mandates, objectives, and responsibilities of institutions serving the same constituents*."*

The decision to actively steer the rationalisation of RECs taken by the African Union in 2006 not only seems plausible but indeed necessary. However, whilst plausible, it leaves three substantive questions unanswered:

1. Firstly, clarity is yet to be given on how the building block RECs were identified; initially in 1997 and even more on how the EAC was included in the updated list in 2006. More in line with the scope of the paper is the concern with the exclusion of SACU, the world's oldest customs union and Africa's only functioning customs union.
2. Secondly, the eight building blocs do not necessarily follow the configuration as espoused by the Abuja treaty which broke the continent into five blocs.
3. Lastly, and more importantly so is the fact that despite all these efforts the AU still lacks a strategic framework on how rationalisation should and will take place. To date, efforts have flirted with identifying the various options open with very little attempt made on the way forward. The resultant chicken and egg scenario is reflected when one examines the results of the Meeting of Experts on the Rationalisation of Regional Economic Communities for Central, North and West African regions held in Accra, Ghana in October 2006 and the Meeting of Experts on the Rationalisation of Regional Economic Communities for Eastern and Southern Africa held in Lusaka, Zambia in March 2006. Two sad implications are apparent when one

Table 2. The regional integration timetable in Southern Africa.

	Free Trade Area	Customs Union	Common Market	Economic Union
SADC	2008	2010	2015	2016
SACU	1910	1910	Exists partially	Not elaborated upon
COMESA	2001	2001	Not elaborated upon	Not elaborated upon
EAC	2004	2005	Not elaborated upon	Not elaborated upon

Source: *Adopted from Gibb R. 2006.

examines the reports of the two meetings:

a. That there is still no political will to conclude the way forward in the REC rationalisation process on the continent. This argument is drawn from the fact that both reports contain recommendations (and analyses) already contained in the UNECA ARIA I report of 2004 suggesting some form of cyclical redundancy
b. That despite there being clear options on how rationalisation of RECs can proceed; maintaining the status quo (at least in the short term) seems to be the route that will be pursued. This results in the proposition that this paper throws, that it is more likely that EPA negotiations will chart and drive Africa's integration path with the unfortunate result that priority will be deflected to the Economic Partnership Agreements (EPA) negotiations and away from the AEC.

From the above springs the papers contention that, "given the current existence of the South Africa- European Union Trade and Development Cooperation Agreement (SA/EU TDCA); SACU will without doubt be a major building bloc in the African integration agenda."

Regional Integration in Southern Africa

Jakobeit et al. (2005) contend that the Eastern and Southern African region is characterized by an overlap of membership among Regional Economic Communities (RECs) "to an extent unparalleled anywhere else in the world." In this region, four major RECs co-exist amidst an interesting and complex web of programme duplication and similarities in objectives. These RECs are the Southern African Development Community (SADC), the Common Market of Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Customs Union (SACU). The Similarity in their regional integration objectives is illustrated in Table 2. The nobility of these objectives withstanding, the mediocrity of the current situation must be seen in the context of overlapping membership.

Within Southern Africa, three RECs co-exist; namely SADC, SACU and COMESA. With the exception of Mozambique, all countries in the region are members of at least two RECs. UNECA (2006) identified COMESA and SADC as the two main RECs with considerable overlaps and duplicated goals. This has brought about problems in the regional integration project. UNECA (2006) highlights that multiple membership of RECs has been further complicated by the fact that some states which are members of both SADC and COMESA are part of the COMESA FTA which is certainly different to the foreseen SADC FTA.

However, despite the existence of these three RECs in the region, the study only takes a look at SADC and SACU. An explanation of the reasoning behind this, is that of the three blocs, SADC and COMESA have been identified as building blocks of the AEC. However, recent events as reflected by the ongoing EPA negotiations have served to strengthen COMESA whilst SADC has been split into two configurations. The reasoning of the study is hence that COMESA, or at least the East and Southern Africa (ESA) configuration will remain a building block of the AEC. However, it is the study's contention that already undermined and disintegrated the ongoing EPA negotiations. SADC will in the medium to long term be swallowed by an expanded SACU region - hence the comparison of only SADC and SACU.

The Southern African Customs Union (SACU)

SACU is touted as the oldest customs union in the world and as the only functional customs union in Africa. Its members are South Africa, Botswana, Lesotho, Namibia and Swaziland. All members of SACU are also members of the Southern African Development Community (SADC). Additionally, Swaziland is also a member of COMESA, a situation which it will inevitably have to soon do away with by streamlining its membership.

Founded in 1910 with the signing of the Customs Union Agreement between the Union of South Africa and the three British administered protectorates of Botswana, Lesotho and Swaziland, the agreement was replaced by another one in 1969 and later by the 2002 Agreement. All SACU members with the exception of Botswana are also members of the Common Monetary Area (CMA) otherwise referred to as the 'Rand Zone'.

The new SACU agreement of 2002 envisions the establishment of an organisation with "common policies and common institutions." Mirroring the multilateral trade platform, the new SACU is to be a rules-based organisation with the integration of the economies of its member states into the global village at its core. Notably, the new SACU Agreement establishes a tribunal to settle disputes related to the implementation and interpretation of the agreement. Part 8 of the agreement further provides for common policies to be adopted by member states in a number of areas. The SACU agreement also requires member states to establish a common negotiating mechanism and policy mandates for future negotiations between SACU and third parties. Additionally and "potentially divisive," is the accession clause in the new agreement, whose effects are discussed briefly later in the paper. It is noteworthy here that SACU is recognised by the WTO and has already submitted to two Trade Policy Reviews with the last one having been in 2003.

The Southern Africa Development Community (SADC)

The SADCC was established in 1980 in terms of the 'Lusaka Declaration: Southern Africa: Towards Economic Liberation.' Schoeman (2002) and Anglin (1983) contend that any assertion or attempt at viewing SADC as purely an "attempt at economic regionalism or development coordination and cooperation" is misplaced and devoid of the OAU's 1980 Lagos Plan of Action context, in which the institution derived its impetus under the principle of sub-regional economic cooperation as building blocs for a continental economic union."

SADCC, at its inception, was essentially a politically motivated response and 'defensive mechanism' by the Front line States (FLS) (comprising of Angola, Mozambique, Botswana, Tanzania, Zambia and Zimbabwe) to apartheid South Africa's government's policy of 'constellation of states' in the region. In this regard, SADCC's main objective was to reduce economic dependence on and vulnerability to apartheid South Africa.

SADC has a remarkably broad agenda with an essentially political lineage dating back to the 'frontline states'. Its areas of cooperation are spelt out in its Protocols as well as other instruments. Its membership consists of 14 countries, including Botswana. Its regional integration agenda covers more than just trade; although, the 1996 Trade Protocol is viewed as the primary driving engine.

SADC and SACU: A Situational Analysis

Unlike the SADC region, still struggling to establish a Free Trade Area, SACU is far ahead. As already stated, it is Africa's only functional Customs Union. Makochekanwa (2006) uses the table below to closely examine the two blocs' respective trade objectives. He notes that the objectives of both blocs "converge in some areas, and also diverge in other areas." This is illustrated in Table 3. In the table, Makochekanwa compared the two bloc's objectives by pairing them "to see whether there is convergence or divergence." He notes, as shown in the table, that objectives one to three exhibit relative convergence. Clearly both regions intend to promote free movement of goods within their region, increase investment and diversify and industrialize their economic regions.

Makochekanwa, however, goes on to note that the "two regions' objectives begin to differ when one looks at respective objectives numbered 4. Though at first, one may consider the two objectives to be the same, a critical consideration points out to the fact that they are different." He notes that on one hand, SADC is aiming for complimentarity between national and regional strategies and programmes. This he notes suggests that member states are free to make their own national policies. On the other hand, SACU explicitly obliges member states to take steps towards common policies and strategies. This, he notes, can explain SACU's label as a successful customs union. The absence of obligation on the part of SADC member states to harmonise policies and strategies he concludes, has meant that, "even without other external obstacles, the integration programme effort maybe partly diluted (Makochekanwa, 2006)".

Making the Case for SACU

Both SACU and SADC seem to exhibit somewhat similar goals and objectives; with SACU goals being more narrowed down and more tangible as opposed to SADC's broader integration agenda.

SADC's ambitious regional integration plan includes: a Free Trade Area by 2008, a Customs Union by 2010, a common market by 2015 and an economic union by 2016. Although, a number of authoritative voices have expressed the unlikely possibility of this being attained, the current plan remains as is.

SACU's plan beyond the current customs union remains unclear, hence, probably lending credence to the assertion amongst certain quarters of the abandoning of the SACU project in favour of the SADC agenda once a SADC customs union has been achieved. This is further supported by the fact that SACU has not been identified by the AU as an African Economic Community (AEC) building block theoretically crippling any ambitions of consolidation or expanding its customs union agenda in the region.

The intention in this section however, is to prove the contrary and make a case on why SACU will inevitably end up as one of the building block REC of the AEC as opposed to SADC. Whilst it remains to be seen if the AU

Table 3. SADC and SACU trade objectives.

Objective (randomly numbered)	SADC trade protocol objectives	SACU objectives	Objectives convergence /divergence
1	To further liberalize intra-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements…	To facilitate the cross-border movement of goods between the territories of the Member States	Converge
2	To contribute towards the improvement of the climate for domestic, cross-border and foreign investment.	To substantially increase investment opportunities in the Common Customs Area.	Converge
3	To enhance the economic diversification and industrialization of the Region	To enhance economic development, diversification, industrialization and competitiveness of Member States	Converge
4	Achieve complimentarity between national and regional strategies and programmes+	To facilitate the development of common policies and strategies	Divergence
5	To establish a Free Trade Area in the SADC Region	To promote the integration of Member States into the global economy through enhanced trade and investment	Divergence

will change heart and find a way of incorporating SACU as one of AEC's building block RECs, the arguments below suggests a re-think of SACU's exclusion amongst the building blocks. The following three core arguments are hence advanced as the reasons.

Economic partnership agreements negotiations and the existence of the SA-EU TDCA

This 'external' factor though not interrogated in the paper, is very important and influential as far as the African regional integration path will evolve. Sandrey and Fundira (2007) note that the current EPA negotiations have left Southern Africa at a crossroads with two major outcomes possible:

1. The first is the consolidation within SACU behind the SA-EU TDCA
2. The second though different, still involves SACU at the core

Draper et al. (2007) are cautiously resolute and contend that "Given SACU's impressive record of longevity, its relative importance to all member states, the fact that it already represents an effectively functioning regional trading arrangement, and that it includes South Africa (a point also looked at below), the regions economic powerhouse, it is probable that if a 'variable geometry' regional framework does emerge in Southern Africa, SACU will be at its core"

This study contends that SADC has been greatly compromised by the EPA negotiations which has seen it disintegrating into two blocs; one negotiating under the ESA configuration with only the SACU four BLNS countries, South Africa, Mozambique, Angola and Tanzania remaining as part of the SADC configuration.

Interesting to note is the fact that the resultant composition of the SADC configuration has left the SACU member states plus Mozambique, Angola and Tanzania with opinions almost converging on the contention that Tanzania concentrates its efforts on the East Africa Community. It is most likely that the resultant SADC configuration is going to comprise of SACU + Mozambique. With Mozambique already reportedly willing to join SACU, the SADC configuration might indeed just end up being a SACU configuration.

A number of other studies have analysed and attempted to forecast the possible path that regional integration will take in Southern Africa in the wake of EPAs. Importantly, it must be noted that these analyses are necessarily speculative in nature and do not profess any pin point accuracy.

With specific reference to the forecasted regional integration paths and options open to the region within the context of EPAs, literature and expert analyses consulted in this study, interestingly, almost all predict implicitly or otherwise, that "EPAs will result in the re-enforcement of the integration of SACU economies." This underscores the naivety of assuming that SACU has no active role in the regional integration process.

Additionally, and with regards to SADC, the studies differ but essentially emphasise the blurry and "either" or inherent nature of attempting to predict SADC's future. For example, Stevens and Kenan (2005) contend that whilst stress on regionalism due to EPAs negotiations cuts across all ACP regions, they exhibit a "special form" for SADC. This they attribute to "the pre-existence of the TDCA and of SACU." This certainly suggests some relative weakness of SADC to SACU as regards driving regional integration.

Tekere (2005) is more emphatic and downplays SADC's ability to drive the regional trade integration agenda, because trade integration is more advanced in SACU and COMESA. He concluded by stating that "the achievement of a SADC CU in 2010 as planned in the Regional Indicative Strategic Development Paper (RISDP) is not realistic and a non starter in the medium term."

SADC is hence seen as far as trade is concerned, to be clearly behind SACU. Value is further added to this analogy by the fact that the SADC configuration of the EPA negotiations stands realistically threatened by being "gobbled" up into the SA-EU TDCA. In this regard, this paper proposes that the future will lead to the gradual expansion of SACU with the eventual merging of SADC and SACU. Given that SACU is already a functioning CU, it would only be prudent to build up on SACU than to try and build an entirely new CU of which SACU states will be expected to be member of.

SACU's Longevity and Deep Integration

As stated earlier, SACU is the world's oldest customs union and Africa's only functioning customs union. The institution has evolved from an apartheid tool to subdue its neighbours and ensure their economic dependence on South Africa to a democratic, consensus-driven institution, embracing the dictates of the multilateral trading system. Hess and Hess contend that "SACU, which has been functioning in one form or another for over a hundred years, is not going to disappear in the near future."

Additionally and although, all SACU states are also members of SADC, it is unlikely that SACU will give way for SADC. The reasoning is, as stated above, due to the fact that SACU is already a functioning CU, way ahead of SADC. It would only be prudent to build up on SACU than to try and build an entirely new CU of which SACU states will be expected to be member of.

SACU's success as a custom's union is evidenced by the fact that it was commended by WTO member states for adopting an outward looking trade policy. Additionally, SACU's ongoing negotiations with other RECs in both the developed and developing world underscores the advanced stage at which it is relative to SADC.

Whilst SADC still grapples with establishing a free trade area, SACU:

1. started and concluded a free trade area agreement with the European Free Trade Association (EFTA),
2. is involved in negotiations with the US and Mercado Común del Sur (MERCOSUR) and is,
3. Preparing for negotiations with China, India and Brazil.

From the above, it is clear that SACU can offer valuable experience and insight for the African Union as regards fulfilling the mandate of the Abuja Treaty.

SACU; Home of the Region's Economic Powerhouse

"We are all aware of the critical role that the private sector plays and continues to play in the development and integration of the African economy…We are convinced that the creation of an integrated African market where there is free movement of goods and services, capital and people across borders is essential for Africa's socio-economic and political development… The African political leadership recognises that you have a critical role to play in the process and I urge you to seize the opportunity so that the African private sector can grow from being small and medium enterprises to African multinationals that drive the integration process" (Dr. Maxwell Mkwezalamba, Economic Affairs Commissioner, Africa Union 2005).

"Never mind the rhetoric about Nepad, the African Union, the Pan-African parliament and other institutions designed to create greater political and economic integration on the continent; the real action is happening at the corporate coal face."

The Abuja Treaty makes no explicit reference to a strategy to engage the private sector in the integration project. However, if the reasoning from the first quotation above is anything to go by then the African Union's position on the role of the private sector in the integration process is laid bare. This, plus the considerable prominence subsequent AU and AU related initiatives and declarations have attached to the role of the private sector suggests a recognition that the African private sector has as much a role to play as the state sector in delivering continental integration.

Given this commitment to private sector led growth, it only stands to reason that the South African private sector has an enormous role to play in bringing about regional and continental integration. This is because, owing to its size and level of development, the economy of post-apartheid South Africa is considerably larger than that of any other on the continent. According to the World Bank development indicators for 2002, the South African economy contributes 19% of the total continental GDP, and “is responsible for around 40% of the continents industrial output.”

Whilst it can be argued that South Africa and its private sector can still contribute to regional integration through SADC; the argument still stands that South Africa’s primary interest lies in SACU where its commitments are more binding than is the case with SADC. This is simply based on the mere fact that South Africa exists in a legally binding customs union with the other SACU states.

From these three core arguments, the paper deduces that SACU whilst not a *de jure* AEC building block is and/or will inevitably adopt a *de facto* leadership role in Southern Africa.

Conclusion

This study is firm on its assertion, which has also been shown to be supported by many other trade analysts. SACU, largely due to the effects of the ongoing EPA negotiations stands poised to lead the regional integration process in Southern Africa. The study hence recommends a re-think on the part of the African Union as to the RECs that comprise the AEC building blocks in Southern Africa.

In doing this, the recommendation is not to do away with SADC. Rather, the African Union should take the lead in facilitating an agreement between the two RECs (SADC and SACU) as to the way forward and what their different roles can and/or will be. However, in doing this the AU must only be cognizant of the ten guiding principles of rationalization as articulated by the UNECA, economic rationale and existing reality.

In this regard and with the guiding principles in mind, it is only reality that SACU is a well functioning customs union way ahead of SADC in terms of integration. This is a fact that can be hardly disputed. It would hence, be against rational economic sense to expect SADC to lead SACU in the integration process. Rather, as the more advanced of the two, it only makes sense that SACU leads. Lastly, the study would like to emphasise that such a move would only be in the interest of meeting the targets of the Abuja Treaty. This would be due to the fact that uncertainty, doubts and suspicions on the role of these two Southern African RECs in the regional integration process will be removed. This would then pave the way for efforts to be focused solely on the actual integration agenda.

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