

**MINISTRY**

**INTERNATIONAL RELATIONS AND COOPERATION**

REPUBLIC OF SOUTH AFRICA

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

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3699**. Mrs T P Msane (EFF) to ask the Minister of International Relations and Cooperation:**

In light of the fact that the Economic Community of West African States is looking at establishing a common currency for the bloc, on what date is it envisaged that the SA Customs Union will look into such ideas? NW4531E

**REPLY:**

At the onset, it should be clarified that the Economic Community of West African States (ECOWAS) is a Regional Economic Community (REC), while the Southern African Customs Union (SACU) is a trade bloc, which is composed of a free trade area with a common external tariff amongst the member countries.

The SACU is the oldest Customs Union in the world which was formed in 1910 among countries of Southern Africa namely: - Botswana, Eswatini, Lesotho, Namibia, and South Africa, with headquarters in Windhoek, Namibia. Since adopting the 2002 Agreement, SACU has often been used as a benchmark for arrangement of this nature, particularly in the African continent where different regions seek to integrate their economies further.

The SACU is complemented well by the Common Monetary Area (CMA) wherein four of the

five countries are member namely: - South Africa, Eswatini, Lesotho and Namibia. Under this arrangement, the South African Rand is a legal tender. The South African Rand therefore is the common currency in the CMA.

Botswana is the only member of SACU that does not recognise the Rand as a legal tender

due to its withdrawal from the arrangement in 1975, which replaced the Rand as the official

legal tender in 1976. The revised and improved version of this arrangement was adopted in

February 1992 when the Multilateral Monetary Agreement (MMA) which underpins the CMA was signed and came into force in 1994. The South African Rand is therefore a common currency in four of the five Member States of SACU, which also belong to the CMA. No date has been set to get Botswana back into the CMA.