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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

NATIONAL ASSEMBLY FOR WRITTEN REPLY

QUESTION 211

Mr FJ Mulder (FF Plus) to ask the Minister of Trade and Industry

- (1) Whether, with reference to the latest balance of trade figures for the Republic issued by the SA Revenue Service that show an accumulated general trade surplus of R116 billion for 2017 to the last quarter of 2019, and a trade deficit amounting to approximately R96 billion with China, his department is considering quotas on imports from China to protect local manufacturers and to prevent further job losses; if not, why not; if so, what are the (a) relevant details and (b) timelines;
- (2) whether he will make a statement on the matter? **NW286E**

REPLY

It is a fundamental pillar of current Government policy to support and nurture local manufacturing and support local jobs. This applies to both industrial as well as trade policy interventions.

There are two critical concerns relating to trade between South Africa and the People's Republic of China (PRC):

- First, the composition of trade between the two countries, which has generally been composed of exports by SA of raw materials (particularly minerals) and import of finished goods (consumer and capital goods). This impacts negatively on local value-addition and job creation.

- Second, high levels of under-invoicing and invoice-fraud by SA importers on goods sourced from other countries, including China, which results in a flood of imports of goods, damages local industries, deprives the fiscus of taxes due to it and distorts accuracy of trade data.

These concerns have been followed up with the Government of the PRC.

In respect of the first area, increased Chinese investment in SA manufacturing can assist to create a more sustainable trade composition. Examples of such investment in SA by Chinese investors that have been facilitated includes manufacturing operations in appliance manufacturing, truck and car assembly and high-voltage cable manufacturing.

In regard to the second concern, Government has stepped up actions against illegal imports, including seizing such goods.

Data distortions due in large part to under-invoicing (as well as some product data which does not show up in SA's bilateral trade data) mean that trade surplus/deficit data needs to be used with some caution. We compare SA data with those from trading partners to develop a fuller picture of trade-flows.

In respect of quotas, there are restrictions to what WTO members may apply in trade with each other.

Government is actively engaged in a range of measures to boost the competitiveness of the domestic industry. Tariff or trade remedies measures are utilised after a process of needs analysis confirms the necessity to implement such measures.

It is not considered appropriate to make a statement at this stage beyond the comments noted herein.

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