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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NO. 526

Mr S H Mbuyane (ANC) to ask the Minister of Trade, Industry and Competition

In view of the Covid-19 pandemic and the subsequent nationwide lockdown to curb the spread of Covid-19 that disrupted socio-economic activities, including the implementation of the African Continental Free Trade Area, what is the status of developments with regard to economic diplomacy and the economic integration of the continent?

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REPLY

The impact of the pandemic on economic diplomacy has been uneven:

- On the one hand, it has limited the ability to hold face-to-face meetings and initially this slowed down economic diplomacy efforts; and even later, it could not fully replace the rapport that comes from physical meetings.
- On the other hand, once virtual meetings became the 'new normal', more meetings could be held than would otherwise be the case and it introduced more flexibility in scheduling.

Work was undertaken in the following fora:

- The African Continental Free Trade Area (AfCFTA) structures
- The Southern African Customs Union (SACU)
- The G20 Trade Ministers

- BRICS Industry Ministers
- The SADC structures and
- The SADC-COMESA-EAC Tripartite Free Trade Area (TFTA) organs
- Bilateral meetings.

Due to the pandemic and the decision by the African Union Commission in March 2020 to suspend all AU meetings, work on the African continental Free Trade Area (AfCFTA) was initially unable to proceed and negotiations were halted. As a result, the 13th Extra-Ordinary Summit proposed for 30 May 2020, that would have considered progress with arrangements for preferential trade, was postponed to 5 December 2020 with a proposal that preferential trade under the AfCFTA preferences should commence in 2021.

Though there were (and are) challenges with using virtual platforms for negotiations, including problems of connectivity and data security, work on the AfCFTA restarted to meet the new deadlines.

In September 2020, South Africa took over the chairship of the AU Ministers of Trade and a focused work programme that will lead to the Extra-Ordinary Summit in December 2020 was agreed to by all Members. This work programme aims to finalise the technical and legal matters that will allow preferential trade under the AfCFTA. Important progress has been registered in respect to agreement on Rules of Origin and focus is now on increasing the number of tariff offers from the AU members states. This, together with agreement on necessary documentation to facilitate preferential trade, will provide a firm basis on which to operationalise the AfCFTA by 2021.

On work in SACU, South Africa was elected to Chair SACU in July 2020, for a period of one year. A Ministerial level strategic session was convened in August and resolved to streamline and re-focus the SACU work program in a more strategic manner. Work on industrialisation and the development of intra-SACU value chains will be taken forward through a new committee of senior experts in industrial development, export and investment promotion. The objective is to strengthen SACU's position as industrial and innovation hub on the African continent as the AfCFTA is operationalised. We also resolved to link this work more directly to negotiating positions under the AfCFTA to ensure that the agreement fosters greater industrial development across Africa with

rules of origin that encourage greater levels of African content in traded products. We are seeking to promote a Made in Africa Agenda.

Under the SADC-COMESA-EAC Tripartite Free Trade Area, guidelines were developed to facilitate trade during the COVID-19 period and were approved by an extra-ordinary meeting of the Tripartite Council of Ministers on 29 July 2020.

The priority item of work on trade under SADC involves the Angola's accession to the Trade Protocol. Although there have been delays due to the pandemic, SACU has had technical engagements with Angola on their tariff offer. Angola's accession to the SADC free trade area promises to strengthen integration in our region and create new opportunities for regional trade and growth.

South Africa participated in a series of intense engagements at the G20. Two Trade and Investment Ministers meetings have held, the most recent on 22 September 2020. South Africa advocated a rebalance in global supply chains towards national and regional production to address the strategic vulnerabilities that had become apparent during the pandemic of overdependence on a few sources of supply of medicines, health products and in some cases, basic food. We also engaged in discussions on the direction for WTO reform advocating the importance of a multilateral trading system that is inclusive and supports development. In particular, we reaffirmed the importance of the principles of Special and Differential Treatment and 'less than full reciprocity', to take into account different levels of economic development across the global economy. We raised concern at the steady fragmentation of the trading system, the importance of decisions by consensus, and the growing risks of a dispute settlement system that is disabled.

Other meetings held included

- informal consultations of Trade Ministers at the WTO
- a meeting of industry Ministers at G20/OECD level on excess capacity in global steel production
- BRICS meeting on the importance of re-establishing global supply chains alongside greater attention of national and regional production of critical health, food and other basic products. Preparations are underway for the Summit of Heads of State and Government on 17 November 2020.

- Bilateral meetings, for example with Nigeria and Japan (virtual) and with France (physical).

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