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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY

### QUESTION NO. 1030

#### **Mr S Thambo (EFF) to ask the Minister of Trade, Industry and Competition:**

What plan has his department developed to mitigate the increase in cost of trade, goods and services which are inevitable consequences of the ongoing conflict between Iran and the State of Israel and United States coalition? NW1158E

#### **REPLY**

The Department of Trade, Industry and Competition (**the dtic**) sees South Africa's continuously expanding and deepening economic relations with the rest of the African continent as an important mitigation strategy. In the midst of the current global trade and continued uncertain economic dynamics, increasing protectionist measures, global trade wars, unilateral trade barriers, as well as the ongoing conflict between Iran and the State of Israel and United States coalition, the imperative of Africa's economic integration agenda cannot be overemphasized. One of the most successful flagship projects of the African Union's Agenda 2063, the African Continental Free Trade Area (AfCFTA), provides a new market beyond the Southern African Development Community (SADC) and is an apt platform for industrialization, economic development and sustainable growth, both for South Africa and the continent at large.

The AfCFTA offers South Africa significant economic benefits by providing preferential access to a continent-wide market of over 1.4 billion people, boosting exports of value-added goods, and strengthening regional supply chains. Africa is an important market for SA manufactured goods, and services. The continent is the destination for 27% of total SA exports, with manufactured goods accounting for 67% of SA's Continental export basket.



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As one of the most advanced countries in the implementation of the AfCFTA, South Africa is well positioned to become the continent's primary industrial and services hub. Key to this is the development and prioritization of regional value chains (e.g automotive, agro-processing, pharmaceuticals, minerals and green energy), focusing on the beneficiation of Africa's critical minerals. The establishment of integrated economic zones, including industrial parks, special economic zones and technology parks with efficient infrastructure assets, are critical to circumvent infrastructure deficits throughout Africa.

Cross border infrastructure development, logistics and the development of trade corridors remain a key priority for South Africa to facilitate and reduce the costs relating to the movement of goods and services. South Africa's most strategic role is acting as the "Service Entry Point" for global multinationals. In addition to its manufacturing capabilities, global firms (such as Google, Amazon, etc.) are using their South African offices to provide consulting and digital services to their continental branches, taking advantage of South Africa's legal stability and advanced digital infrastructure.

In addition to its trade with the Continent, South Africa is also working toward expansion of trade with East Asian countries. Engagements and trade agreements with these countries will serve to reduce trade costs through tariff reduction and trade facilitation measures.

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