



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 3576

Ms E L Powell (DA) to ask the Minister of Trade, Industry and Competition:

Given the recent imposition of steep tariffs by the United States of America (USA) on South African exports, particularly in the automotive sector, and the uncertainty surrounding the renewal of the African Growth and Opportunity Act, what (a) specific actions have been undertaken by his department to address the specified challenges and (b) measures have been implemented to restore and strengthen trade relations with the USA? NW4071E

REPLY:

- (a) Following engagements with the industry **the dtic** has sought to strengthen its negotiating position with the United States of America (USA) with recent data and information from the industry whilst encouraging the industry to explore other markets for their products.

The increase in tariffs by the US on imported vehicles will impact negatively on South Africa's automotive exports, including component manufacturers. The preferential trade into the US market is important for automotive production in South Africa. South Africa benefits from duty-free access into the US market under AGOA. A considerable number of auto producers currently supplying automotive components and built-up vehicles will become less competitive, which might result in the loss of jobs across the value chain. **the dtic**, working with the industry is working on measures to mitigate the impact. This will entail diversifying the export markets, strategic investments in technology and efficiency improvements.

Apart from the efforts to maintain access to the US market, the Department is also continuously working to diversify and expand South Africa's global trade footprint. To this effect, 22 priority markets have been identified which also cover key markets in Africa, the European Union (EU), the Middle-East and BRICS. In addition to these markets there is also focus on key ASEAN partners, Turkey and North African markets.

Furthermore, **the dtic**, in collaboration with some Special Economic Zones is intensifying its investment promotion drive to attract new vehicle manufacturers from China into the country so as to ensure the sustainability of the industry and create employment opportunities.

- (b) South Africa has submitted a Framework Deal to enhance mutually beneficial trade and investment relations, as well as to mitigate against the reciprocal tariffs that the United States imposed against all countries, including South Africa. The Framework Deal that SA submitted to the US constitute a proposal that will be subjected to negotiations between the two countries aimed at enhancing mutually beneficial trade and investment relations.

In addition, in the engagements between Minister Tau and his counterpart, the United States Trade Representative Ambassador Jamieson Greer, the two countries recognised the existing SA-US Trade and Investment Framework Agreement (TIFA) as a platform for engagement to discuss issues of mutual interest.

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