

STATUS OF TRADE RELATIONS AND ONGOING TRADE NEGOTIATIONS

Presentation to the Portfolio Committee on
Trade, Industry and Competition
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the dtic

Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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Presentation Outline

- Global trade and geopolitical environment
- SA's approach to trade relations and trade policy
- SA's trade agreements
- Annex A: Additional information

Global Environment and Geopolitics



Global Environment

- Backlash on trade liberalisation and globalization; further exacerbated by COVID, low economic growth
- Rise in unilateralism and protectionism - use of various policy tools by developed countries:
 - tariffs, safeguards, Non-tariff barriers (SPS and TBT)
 - local content requirement
 - green protectionism
 - **Carbon border adjustment mechanism** affecting iron and steel, and derivatives (screws, bolts and washers), iron ore, fertilizer, aluminium, cement, chemicals, and electricity
 - **EU Deforestation Regulations** (29 June 2023) - to export the identified products into the EU, companies will need to show that these products were not produced on land that was deforested or degraded since 31 December 2020. 7 products: cattle, cocoa, coffee, palm-oil, soya, wood and rubber; including products that contain or have been produced using these commodities (e.g. beef, leather, chocolate, printed paper and furniture)
- Fragmentation of international trade: plurilateralisation of the MTS, supply-chain disruptions, near and friendshoring
 - how to strategically position SA?
- Industrial policy is back, not only for environment purposes but for national security
- Green industrialization leading to another scramble for Africa's critical raw materials

Rising geopolitics tension with impact on trade

- US – China trade wars, with spillover to European Union and other G7 countries
 - Could spill over to SA through diversion of Chinese exports to alternative markets
- US Sanctions (with extraterritorial effect) on:
 - Russia
 - Iran
 - Cuba
 - Impacting on SA's trade with Russia and Iran
- Geopolitical tensions with implications for trade
 - Russia-Ukraine with implications for agriculture value chains – exposing vulnerability of Africa to imports
 - E.g. increase in fertilizer prices – an important input in agriculture
 - Israel-Palestine conflict and further escalation in the Middle East
 - it has implications for trade with the Middle East, e.g. through shipping costs and risk insurance
 - the adverse effects are most acute in economies that are net energy importers
 - risks for global economic growth

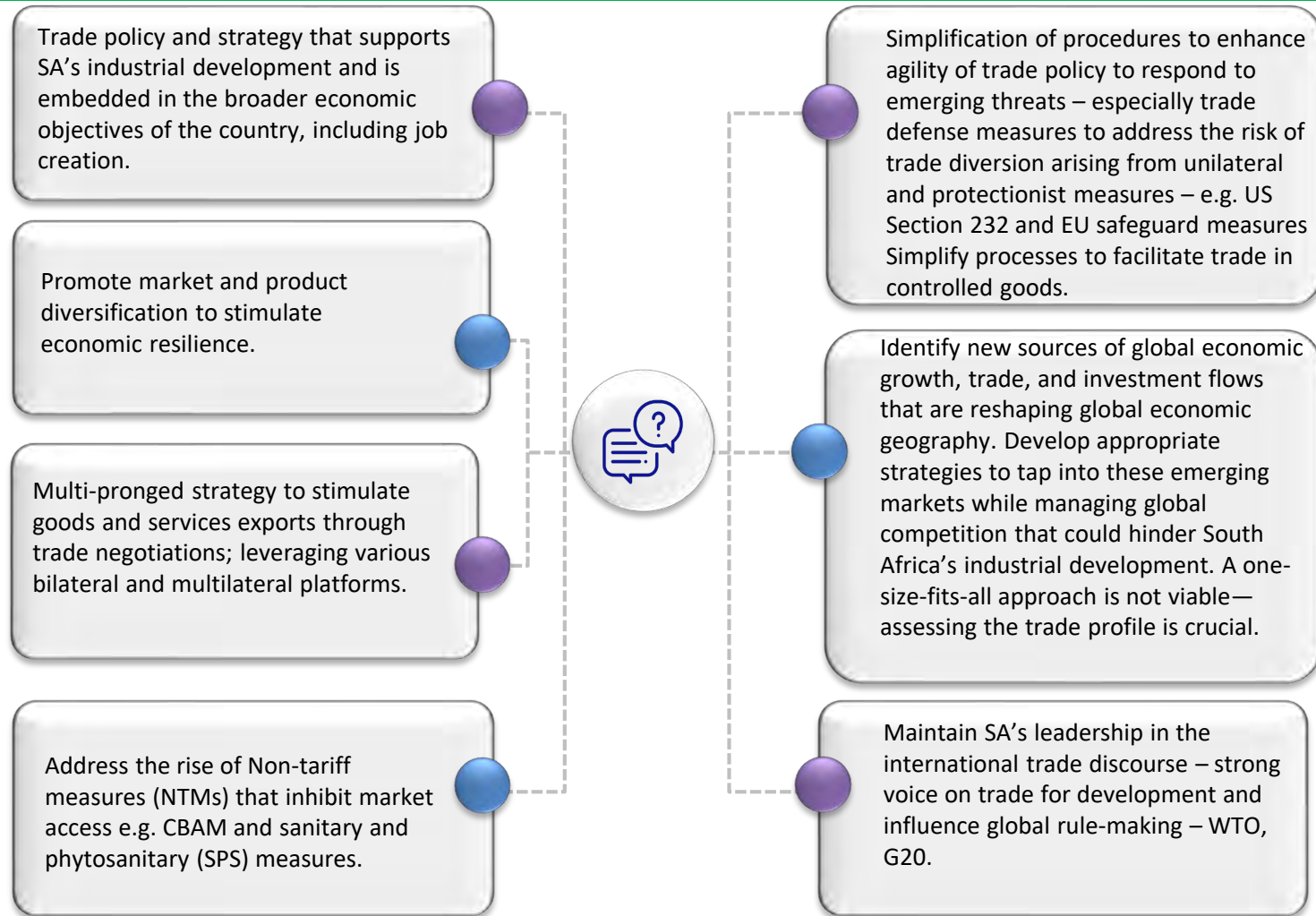
Rising geopolitics tension with impact on trade (2)

- Focus on trade aims to support SA's export-led industrialisation by:
 - prioritizing development integration in Africa
 - diversification of exports to the rest of the world to value-added products
 - ensuring multilateral trade rules do not constrain SA's industrialisation efforts
- This is achieved by addressing market access barriers (trade negotiations and addressing non-tariff barriers).
 - Geopolitical tension on several fronts could impact on SA's export-led industrialization drive.

Strategic approach to trade relations



STRATEGIC FOCUS - SA TRADE POLICY



Key priorities

Africa

- Implement AfCFTA and finalise outstanding negotiations
- Consolidation of existing trade agreements (SACU, SADC, TFTA)
- African integration is a longstanding continental objective to overcome limitations of small fragmented economies established under colonialism.
- South Africa takes a Developmental Integration approach - focus on market integration, infrastructure and industrialisation development to foster regional value chains

Developing countries

- promote value-added exports; currently SA exports mainly primary products, and imports manufactured products
- Advance an investment-led trade strategy - attract investment in SA's labour-intensive sectors
- Cooperation on supply-chains for SA's participation in their manufacturing value chains
- Similar production structures which complicates negotiation of FTAs

Developed countries

- promote value-added exports
- Facilitate inward investment into SA's productive sectors
- Cooperation on technology transfer - sources of technology
- Address NTB – rise in SPS, TBT and CBAMs:
- Preserve SA's policy space -increasingly FTAs cover behind the border issues (e.g. investment, e-commerce, government procurement, state-owned enterprises, intellectual property rights, labour, environment, competition, and movement of business persons)

Multilateral negotiations

- SA adopts a developmental approach:
- Seeks to address existing imbalances in the rules
- Seeks fair and balanced multilateral outcomes
- Seeks outcomes that enable SA to address emerging challenges such as pandemics, food security
- Secure policy space to pursue industrialisation

Approach to trade relations

Strategic priority	Mechanisms to achieve it
Increase SA exports in key markets	<ul style="list-style-type: none"> • Negotiating preferential/free trade agreements provide new market access opportunities and improve the competitiveness of SA products in those markets – AfCFTA a priority - Trade agreements are reciprocal; therefore SA must be cautious in considering new proposals for FTAs • Resolve tariff barriers and Non-tariff barriers faced by exporters
Industrialisation	<ul style="list-style-type: none"> • Ensure trade rules create a level playing field but also maintain policy space to implement national development policy • Implement trade defense measures to protect SA industrial capabilities against unfair trade • Use trade measures with greater agility to support firms in distress and to promote growth and fair competition e.g. create rebate were necessary to enhance competitiveness; export taxes • Amendment of Patent Act to promote local production of pharmaceutical products • Address circumvention of higher import duties by monitoring shifts in import patterns - ITAC • Leverage provisions of trade agreements with key trade partners to promote value-addition – extended cumulation with EU and UK for Evs; export taxes
Job creation	Trade agreements create environment to expand demand for SA products, increasing employment

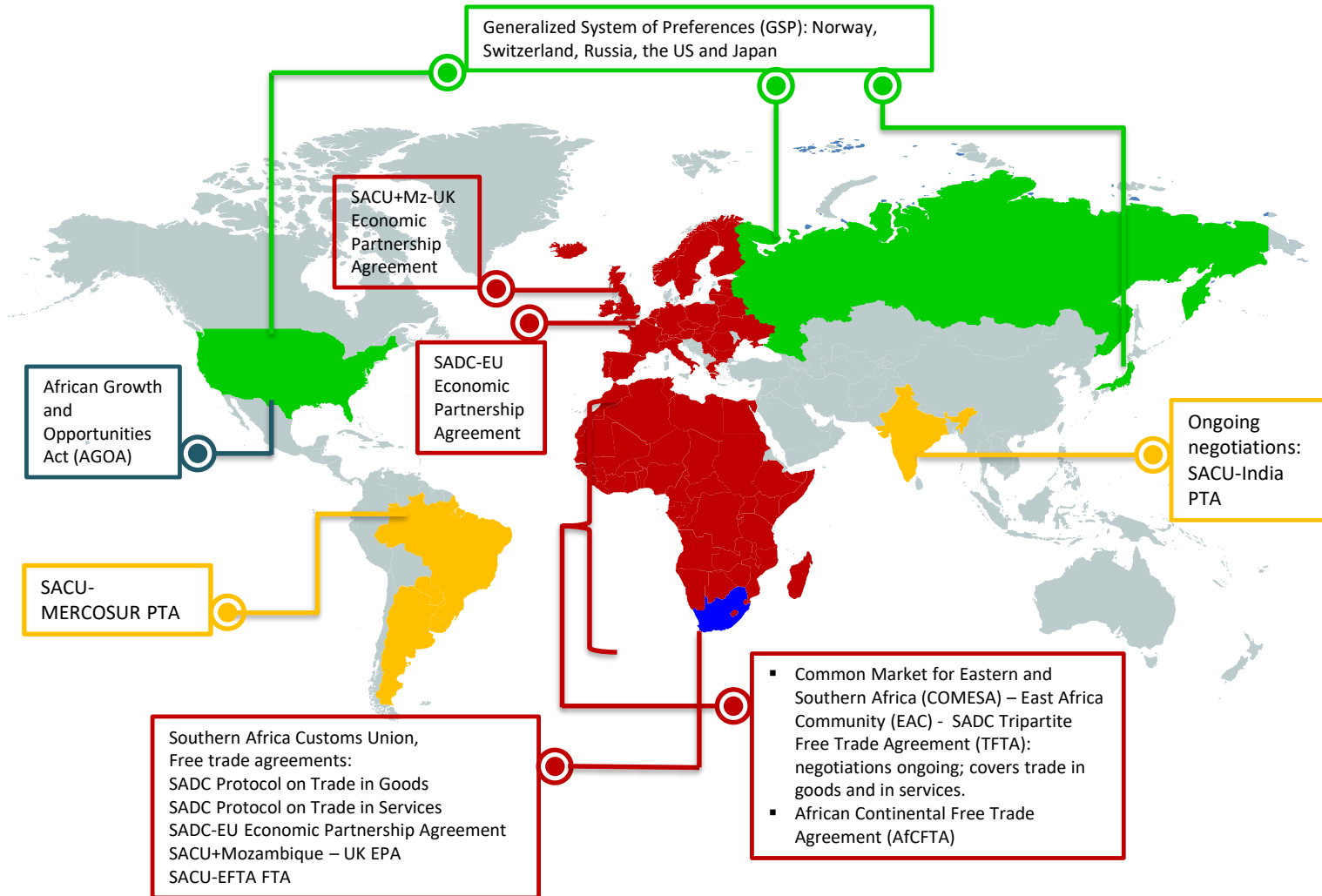
SA's Trade Policy Orientation

- SA pursues a strategic approach to trade policy, primarily geared to supporting SA industrial development and employment growth.
- SA's TP seeks to improve our trade performance by increasing manufactured exports
- Resonates globally: "return" of industrial policy to strengthen national industrial capabilities and promote trade
- In Africa, SA has worked to advance continental economic integration and industrialization
- Bilateral engagements beyond Africa aim to increase value-added exports
- Multilaterally, SA adopts a developmental approach: seek to address existing imbalances in the rules and secure policy space to pursue industrialisation
- As a member of a customs union, SA negotiates trade agreements as part of SACU
- While trade can contribute to growing the domestic industry and create jobs, fair competition must be maintained between domestic and foreign producers.
- The key trade policy tools that have been utilised include subsidies, tariffs, export taxes, including trade defense measures such as safeguards (e.g. steel and aluminium sector).
- SA will step up efforts to ensure that trade defense instruments are deployed effectively against unfair and injurious imports and to level the playing field; we are reviewing legislation to streamline the application and investigation processes to enable swift and more effective action.
- SA to ensure strategic, rather than 'ad-hoc' deployment of 'offensive' trade instruments, including to address the threat and impact of trade diversion.

Status of trade relations and trade negotiations and agreements



SA TRADE AGREEMENTS



SA's Trade Agreements (2)

- SA is also party to multilateral trade agreements: several agreements under the World Trade Organisation (WTO), covering trade in goods and in services, and several agreements that set rules e.g. the Subsidies & Countervailing Agreement; and the dispute settlement body
- Note, BRICS is not in the list as it is not a reciprocal preferential agreement but an arrangement that promotes mutually beneficial cooperation among Members:
 - There is at this time no intention to pursue preferential trade in BRICS
 - BRICS is a forum for cooperation, rather than rule making or binding agreements

More detail on these agreements and current status of negotiations are contained in **Annex A**.

Trade with preferential partners (2023; R billion)

	GLOBAL TOTAL	SACU	Rest of SADC	Rest of Africa	EU 27	United Kingdom	EFTA	Mercosur	USA
Exports									
Agriculture	155,04	16,55	18,05	4,80	35,24	10,55	0,61	0,16	154,81
Manufacturing	1 551,76	174,43	227,25	42,41	276,50	80,14	7,26	8,48	142,30
Mining	452,88	2,13	54,97	5,31	70,89	8,60	3,76	2,26	6,89
Other	10,42	174,43	227,25	0,03	0,16	0,12	0,04	0,00	0,07
Total	2 170,10	193,15	300,30	52,55	382,79	99,41	11,68	10,89	154,81
Imports									
Agriculture	62,46	5,59	7,63	1,74	15,22	0,88	0,90	7,63	2,11
Manufacturing	1 883,36	51,39	24,01	59,25	444,54	32,44	12,34	24,01	134,61
Mining	15,05	2,35	0,06	0,07	1,14	0,14	0,00	0,06	1,21
Other	3,25	0,01	0,00	0,01	0,04	0,03	0,01	0,00	0,01
Total	1 964,11	59,34	31,70	61,07	460,93	33,48	13,25	31,70	137,94
Trade balance									
Agriculture	92,59	10,96	10,41	3,06	20,02	9,67	-0,29	-7,48	152,70
Manufacturing	-331,60	123,04	203,24	-16,83	-168,04	47,70	-5,08	-15,53	7,69
Mining	437,84	-0,22	54,91	5,24	69,75	8,46	3,76	2,19	5,68
Other	7,17	174,41	227,25	0,01	0,13	0,09	0,04	0,00	0,06
Total	205,99	133,82	268,60	-8,52	-78,14	65,93	-1,57	-20,81	16,87

Data source: SARS data in the dtic SIC classification.

Trade with selected partners (2023; R billion)

	GLOBAL TOTAL	Middle East	Brazil	Russia	India	China	UAE	Saudi Arabia	Iran
Exports									
Agriculture	155,04	15,07	0,11	4,14	1,97	9,36	7,59	2,25	0,04
Manufacturing	1 551,76	49,53	5,98	0,90	22,24	68,76	35,29	5,24	0,04
Mining	452,88	8,81	2,23	0,00	65,03	148,38	3,71	0,56	0,23
Other	10,42	0,21	0,00	0,00	0,00	0,00	0,16	0,00	0,00
Total	2170,10	73,61	8,33	5,20	89,25	226,50	46,74	8,05	0,31
Imports									
Agriculture	62,46	0,44	6,33	2,15	3,67	2,82	0,06	0,06	0,01
Manufacturing	1883,36	236,93	20,03	5,81	134,58	400,70	73,42	57,48	0,02
Mining	15,05	1,13	0,06	1,70	0,19	0,83	0,27	0,51	0,00
Other	3,25	0,01	0,00	0,00	0,00	0,00	0,01	0,00	0,00
Total	1 964,11	238,51	26,43	9,66	138,45	404,35	73,76	58,06	0,03
Trade balance									
Agriculture	92,59	14,63	-6,22	2,00	-1,70	6,54	7,52	2,19	0,03
Manufacturing	-331,60	-187,40	-14,05	-4,91	-112,34	-331,94	-38,12	-52,24	0,02
Mining	437,84	7,68	2,17	-1,70	64,83	147,55	3,43	0,04	0,23
Other	7,17	0,19	0,00	0,00	0,00	0,00	0,15	0,00	0,00
Total	205,99	-164,90	-18,09	-4,46	-49,20	-177,85	-27,02	-50,01	0,28

Data source: SARS data in the dtic SIC classification.

FUTURE TRADE AGREEMENTS?



New opportunities/ markets/ trade agreements

- Since SA is in the Southern African Customs Union, a decision to negotiate new trade agreements must be made by all the SACU countries.
- SACU decision in last number of years were to focus on the negotiation of the AfCFTA and not to consider new free trade negotiations at this stage.
- With AfCFTA negotiations almost completed, work will now start in SACU to consider the possibility of new FTA negotiations. This means that the “butterfly strategy” developed in the past might be taken up.
- It must be kept in mind though that most resources are still focused on the finalization and implementation of the AfCFTA.
- It should be noted that tariffs are becoming less of a barrier in accessing new markets as the use of non-tariff barriers such as SPS and environmental measures have been sharply increasing in the last number of years.
- **the dtic** has been working with Department of Agriculture to open new market opportunities for a range of agricultural products.

Thank you



Annex A

Additional information

- African Economic Integration and African Continental Free Trade Area (AfCFTA)
- SADC-EU EPA
- SACU+Mozambique EPA
- SACU-EFTA FTA
- SACU-MERCOSUR PTA
- AGOA
- BRICS

African Economic Integration and African Continental Free Trade Area (AfCFTA)



African Economic Integration

Intra-Africa Trade

- In the context of global trade wars and fragmentation in international trade, integration in the Continent becomes even more important.
- Intra-Africa exports grew to 16.3% of Africa's total trade in 2018-2020; Low compared to intra-Asian trade (55%), intra-North American trade (49%), and intra-EU trade (63%)

AFRICA

- 17% of world population
- 4% of global GDP
- 2% of world manufacturing
- 3% share of world trade

Key SADC markets for SA

- Mozambique, Botswana, Namibia, Zimbabwe, Zambia
- Huge opportunity to expand exports to West, Central, East and North Africa
- Preferential trade already taking place: SACU, SADC and AfCFTA) - priority is negotiation of concessions based on development integration agenda

African markets are vital to African exporters

- main export market for 22 African countries
- Over ¾ of intra-Africa trade within regional blocs
- Intra-Africa trade is largely in value-added manufactured products

What is needed?

- Development of value chains to increase trade and investment: investment-led approach to build industrial capacity in RoAfrica
- Improving SA competitiveness is critical: Competition in the RoAfrica is increasing

African market is important for SA manufactured goods and services

- Destination for 26.8% (R547 bn) in 2023
- During 2021-2022, 59.9% of SA exports to RoAfrica were manufactured products (compared to 32.7% in its global export basket)
- Significant imports into SA: oil, electricity and gas, and water.



Progress in AfCFTA Negotiations and Implementation

- AfCFTA enhances intra-African trade through: elimination of tariffs; rules to manage non-tariff barriers; facilitate cooperation on customs, trade facilitation and transit; cooperation on technical barriers to trade and sanitary and phyto-sanitary measures
- AfCFTA establishes mechanism for the resolution of trade disputes
- Can stimulate Africa's industrial development and employment
- Can enhance investor climate in Africa and provide new market access opportunities

Trade in Goods:

- Liberalization of 90% of tariff lines agreed
- 54 countries are party to the AfCFTA; of these, 16 countries are already implementing
 - Algeria, Botswana, Cameroon, Egypt, Ghana, Kenya, Mauritius, Morocco, Rwanda, Tanzania, Tunisia, SA, Eswatini, Lesotho, Burundi and Uganda
- Currently this gives SA new market access into 10 countries
- SA already has 2-way trade under AfCFTA terms with some of these countries
- SA exports to date include refrigerators, cooking appliances paper, fruit, wine, cosmetics

Trade in Services:

- Current negotiations in 5 sectors: Finance, Tourism, Transport, Communication, and Business Services.
- 22 country schedules have been adopted for provisional implementation
- SA schedule being prepared for Cabinet consideration

Strategic thrust of the AfCFTA

- AfCFTA is based on a development integration approach and promotes inclusive growth and sustainable development underpinned by a continental market that facilitates the free movement of persons, capital, goods, and services. It is complemented by the following instruments:
 - Protocol on Investment to promote intra-Africa investment and establishes a balanced, predictable and transparent continental legal and institutional framework for investment to make Africa an attractive destination for investment
 - Protocol on Competition to ensure that competition contributes to trade, inclusive growth, industrialisation, innovation and sustainable economic development in Africa. The Protocol will help to create a fair and competitive business environment in Africa by promoting competition and addressing restrictive business practices.
 - Protocol on Digital Trade to create harmonised rules and principles to support intra-Africa trade in digital products and promotes the development of African platforms and enhances cooperation on digital matters to promote digital industrialisation.
 - Protocol on Women and Youth in Trade - aims to enhance the involvement of women and youth within the AfCFTA and outlines general provisions, objectives, and guidelines focused inclusive trade. It specifies the roles and responsibilities of State Parties in facilitating trade for women and youth, including access to finance, capacity building, digital trade, and protection against harassment.
 - Protocol on Intellectual Property rights - seeks to promote access to knowledge and technology transfer by emphasizing cooperation and the importance of using the flexibilities provided in existing international intellectual property rights regimes thus offers a route toward more self-reliant, sustainable, and resilient health systems.

AfCFTA Negotiations: ongoing work

- Remaining 10% of tariff lines to be negotiated: 7% for extended liberalisation period; 3% for exclusion from tariff liberalization
- Rules of Origin on 7.6% of tariff lines still being negotiated
 - Mainly autos and textiles & clothing - critical sectors for SA and the continent
 - No preferential trade can take place without agreed rules
 - Rules set at correct level are critical to support African industrialization (“Made in Africa”)
- Protocols concluded on Competition Policy; Investment; Intellectual Property Rights; Digital Trade; and Women and Youth in Trade
 - Outstanding work: negotiation of annexes
 - These Protocols will require ratification prior to entry into force.
- For Africa to realize the full benefits of the AfCFTA, in terms of economic development: trade integration and liberalisation must be accompanied by programmes to support African industrialisation, regional value chains and infrastructure development – *investment led trade approach*.
- The Protocols are intended to support trade, investment protection and inclusivity.

Way forward

- Conclusion of outstanding negotiations both on tariffs and rules of origin
- Ratification of Protocols pending conclusion of the Annexes
- Supplement the work on the AfCFTA with a targeted programme to address the trade infrastructure (logistics and trade facilitation related aspects) through trade corridors and the development of regional value chains
- Targeted approach to address non-adherence to commitments and NTBs
- Implementation of the AfCFTA
 - Phase down of duties as per the commitments
 - Facilitating inclusion of countries that complete their legal procedures

SADC-EU Economic Partnership Agreement



SADC-EU Economic Partnership Agreement

- The Economic Partnership Agreement (EPA) with the EU is in force since 10 October 2016.
- As a bloc, the European Union (EU) is South Africa's largest trading partner.
- Total trade between SA and EU has increased by 44% over the past 5 years, to R846 billion in 2023.
 - SA exports in 2023: R384 billion (27% of this was vehicles)
 - SA imports in 2023: R462 billion
- Trade balance between SA and the EU has been fluctuating over the past 5 years, most recently recording a deficit in 2023.
 - The EU has consistently enjoyed a significant trade surplus in manufactured products.
- South Africa's goods export basket comprises approximately 10% Agriculture & agro-processing; 59% Minerals & metals; and 31% Manufactured products. (2022)
- South Africa enjoys a trade surplus in Goods trade, but a deficit in Services trade.
- The EU also benefits from the net flow of dividends on returns in SA, by €916bn.
- SADC-EU EPA is to be reviewed no later than five years after its entry into force – SA should attempt to address the imbalances in the review.

SADC-EU Economic Partnership Agreement

- SA had hoped the EPA would change the structure of the SA-EU trade but the data illustrates differently - more effort should be put to change the structure of trade

Trade in goods (2022)	EU imports from SA	EU exports to SA	Trade balance for EU
Manufactured products	€9.6bn	€20.5bn	+ €10.9 bn
Agriculture/food	€3.2bn	€2.0bn	- €1.3 bn
Commodities	€18.6bn	€3.6bn	- €15.0 bn
Total	€31.4bn	€26.1bn	- €5.4 bn

- South Africa's goods export basket comprises approximately 10% Agriculture & agro-processing; 59% Minerals & metals; and 31% Manufactured products. (2022)
- South Africa enjoys a trade surplus in Goods trade, but a deficit in Services trade.

Trade in Services (2021)	EU imports from SA	EU exports to SA	Trade balance for EU
Services	€3bn	€7.9bn	+ €4.9 bn

- The EU also benefits from the net flow of dividends on returns in SA, by €916bn.
- SADC-EU EPA is to be reviewed no later than five years after its entry into force – SA should attempt to address the imbalances in the review.

SADC-EU EPA – EU non tariff measures (NTMs) cont.

- The SADC-EPAs while it has increased our trade in goods has not lived up to expectations due to the following:
 - Trade is mainly still in primary products and raw materials.
 - Where there is growth in manufacturing – it is mainly concentrated on autos
- EU actions also hamper further benefits for SADC-EPA states
 - Use of regulatory and other non-tariff measures - rise in SPS and TBT measures that are more trade restrictive and EU does not seem interested to explore least trade restrictive measures while ready to do so for other trading partners e.g. Israel in the case of citrus.
 - We are witnessing a range of market restrictions that have been put in place, including in relation to citrus, horses, game meat, poultry, steel, automobiles, wine certification and Amarula
- Rise in environmental protectionism.
 - CBAM -Economic research estimates that the economic impact of CBAM for South Africa could be US\$1.5 billion per annum with this number set to increase as the CBAM covers more and more products in future. Products affected are: aluminium, cement, ceramics, fertiliser, glass, hydrogen, iron and steel
 - Deforestation measures - came into effect on 29 June 2023 and companies have 18 until 30/12/2025 after postponement of implementation by 12 months. Most important SA products at risk: Pneumatic tyres, of rubber; Wood pulp, paper; Tanned hides and skins; leather; Charcoal, fuelwood; Various articles of wood for building; furniture; Chocolate

SA's response to environmental protectionism (cont.)

- SA is concerned about unilateral and protectionist measures and SA views the EU CBAM to be a border measure that impacts trade, especially of developing countries & LDCs
- In July 2023, the dtic on behalf of Government communicated to the EU that “CBAM has the effect of transferring the burden of climate action onto developing economies, and places undue and unjust burdens on our country and industries”
- The African Group of Countries (SA incl) also raised this at the WTO
- The SA delegation continues to raise its concerns in various multilateral platforms and calls for multilateral solutions that are cooperative and not punitive to promote a just transition in line with the principles of common but differentiated responsibility.
- SA also calls for adherence to climate finance and technology transfer obligations that developed countries have committed to.
- Importantly, an exemption or at the least longer transition periods for African countries should be considered.

SACU+Mozambique-UK EPA



SACU+Mozambique-UK Economic Partnership Agreement

- EPA with the UK “rolled over” the SADC-EU EPA commitments into new agreement to avoid trade disruption when the UK exited the EU on 31 January 2020.
- The SACUM-UK EPA entered into force on 1 January 2021.
- Total trade between SA and the UK increased from R110.2 billion in 2019 to R133 billion in 2023, while our exports increased from R67.7 billion in 2019 to R99.2 billion in 2023.
- SA’s top 5 export products to the UK constituted 46% of SA total exports in 2023. About 37% of these top-5 exports were minerals such as platinum, palladium and rhodium. The remaining 9% was contributed by vehicles for transport of goods.
- This shows that trade with UK is concentrated on raw materials.
- The Agreement included a list of follow-up issues under a Built-in Agenda such as Tariff Rate Quotas, Export Taxes and Sanitary and Phytosanitary (SPS) matters.
- Currently the Parties are engaged in technical exchanges on the provisions of the Agreement and preparing for the first Joint Council meeting.

UK CBAM

- The United Kingdom also published a proposed CBAM measure in March 2024 and provided opportunity to comment on this proposal until 13 June 2024.
- In the UK's introduction to the CBAM it is mentioned that the "UK CBAM is to address carbon leakage risk" and the sectors identified to mitigate carbon leakage in are: aluminium, cement, ceramics, fertiliser, glass, hydrogen, iron and steel.
- Based on the list of goods covered under the UK CBAM, a total of US\$223 million (approximately R4.3 billion) of South African exports (based on 2023 data) is at risk in the short term. This is about 4.2% of all South African exports to the UK, and about 0.2% of total South African exports to the world.
- The dtic worked with industry stakeholders to prepare a response that was submitted to the UK in June 2024 highlighting the implications of the proposed CBAM on the SA economy and calling for an exemption or longer transition period.

SACU-EFTA



SACU-European Free Trade Association (EFTA) Free Trade Agreement (FTA)

- FTA in place with EFTA countries since 1 May 2008.
- EFTA countries: Switzerland, Norway, Iceland and Liechtenstein.
- Total trade between EFTA States and SA decreased from R28 billion in 2019 to R25.3 billion in 2023. South Africa's exports decreased from R14.3 billion to R11.7 billion.
- Parties are currently reviewing the Agreement.
- Main issues for review: market access for agriculture, Rules of Origin, and trade and sustainable development provisions.

SACU-MERCOSUR



Implementation of the SACU-MERCOSUR Preferential Trade Agreement

- Preferential Trade Agreement (PTA) entered into force in April 2014 from the SACU side.
- MERCOSUR offers tariff preferences for 1 064 product lines across 16 sectors.
- SACU offers tariff preferences for 1 052 product lines across 17 sectors.
- In 2022:
 - South African exports to MERCOSUR reached US\$711 million, a 3.6% increase from 2021.
 - 21.9% of exports were machinery followed by mineral fuels and vehicles at 11% and 10.4% respectively in 2022.
 - South African imports from MERCOSUR reached US\$2.12 billion, a 16.3% increase from 2021.
 - 12.5% of imports were meat and edible meat offal, followed by commodities not elsewhere specified and cereals at 10.3% and 9.2% respectively.
- Both SACU and MERCOSUR are working to increase utilization of the preferences.

BRICS



SA's BRICS approach

- Build on strong bilateral relations with BRICS partners, including, new members (Iran, Saudi Arabia, UAE, Egypt and Ethiopia). *Note: Argentina withdrew its membership.*
- Facilitating foreign direct investment into the productive sectors with BRICS partners including new members.
- Explore new areas of economic and trade cooperation.
- Use it as a platform to amplify the voice of emerging and developing countries on global issues of interest through coordination of messages and positions, where possible.
- Coordinated message on global governance reform issues related to the UN, Bretton Woods institutions and the WTO.
- Build mutually-beneficial trade and investment relations that promote value-added trade and economic transformation with BRICS partners, including new members.
- Deepen economic cooperation to advance SA's development imperatives.

AGOA



African Growth and Opportunity Act

South Africa exports to the US under three trade regimes:

- the reciprocal 'Most-Favoured Nation' terms (MFN) of the World Trade Organisation (WTO)
- unilateral (or 'non-reciprocal') preferential market access under the African Growth and Opportunities Act (AGOA), and
- unilateral preferential market access under the Generalised System of Preferences (GSP) programme.
- AGOA:
 - Introduced in May 2000 for a time-bound period to 2008
 - Extended in 2004 to expire on 30 September 2015
 - Extended in 2015 to expire in 2025
- GSP:
 - Expired in December 2020
 - Legally integrated into AGOA for all AGOA beneficiary countries which means that GSP treatment continues for all AGOA beneficiary countries
- In 2022:
 - Total SA exports to the US accounted for 8% of global SA exports.
 - AGOA + GSP accounted for 25% of total SA exports to the US.
 - SA exports under AGOA accounted for 1.7% of SA's global exports.
 - SA exports under AGOA and GSP together accounted for about 2.4% of total SA global exports.

US Bills to renew AGOA beyond 2025

- Senator John Kennedy introduced the AGOA Extension Act of 2023 on 28 September 2023, for extension of the AGOA Act for 20 years.
- Senator Coons released a discussion paper on 6th November 2023 titled “*AGOA Renewal Act of 2023*” aimed at: i) extending AGOA by 16 years; ii) modification to the graduation eligibility criteria; iii) the review of the annual AGOA eligibility review to three years; and iv) that South Africa be subjected to the out-of-cycle review.
- Senators Chris Coons (D-Delaware) and James Risch (R-Idaho) on 11 April 2024 introduced “AGOA Renewal and Improvement Act of 2024”.

Next steps towards renewal of AGOA:

- The House Ways and Means Committee or Senate Finance Committee that would develop and introduce the final bill; reportedly likely to mirror Coons and Risch bill.
- Some members of Congress are pushing for passing of the renewal bill this year.
- 2024 is an election year in the United States, which will affect the White House, House of Representatives, and Senate. Therefore, African countries to lobby for passing of AGOA Renewal Act this year.
- An SA Inc approach that includes business and labour to adopted and this should include an outreach across the aisle to ensure that the SA message about AGOA being mutually beneficial and SA being key to African regional value chains is appreciated.

African Ministers position

- African Ministers position includes:
 - expeditious renewal of AGOA with non-controversial enhancements and amendments for a minimum of 16 years
 - simplify the current rules of origin and provide for additional improvements for manufactured products, to enhance market access
 - retain all AGOA beneficiary countries in AGOA, including South Africa to preserve existing regional value-chains and ensure that AGOA supports Africa's regional industrialisation and integration agenda.
 - change of AGOA rules of origin to allow AGOA-eligible countries to source inputs from all countries that signed and ratified the AfCFTA to support regional value chains, as well as the implementation of the AfCFTA – does not necessarily imply expansion of AGOA beyond Sub-Saharan Africa but enabling sourcing of inputs and development of regional value-chain with all AfCFTA implementing countries.
 - allow countries that reached high income status to remain in AGOA, to support and preserve regional value chains, implementation of the AfCFTA and regional integration.
 - complement AGOA by pursuing an investment-led trade approach that promotes US investments in value-added activities on the African Continent, including encouraging US companies to invest in beneficiation of critical minerals into batteries and electric vehicles in Africa.

Acronyms

BRICS	Brazil, Russia, India, China, South Africa
CBAM	Carbon Border Adjustment Mechanism
AfCFTA	Africa Continental Free Trade Agreement
AGOA	Africa Growth and Opportunity Act
AU	African Union
EPA	Economic Partnership Agreement
EU	European Union
GSP	Generalised System of Preferences
IPR	Intellectual Property Right
MFN	Most Favoured Nation
NEDLAC	National Economic Development and Labour Council
SACU	Southern African Customs Union
SADC	Southern African Development Community
SSA	Sub Saharan Africa
TFTA	Tripartite Free Trade Agreement
UK	United Kingdom
US	United States of America
WTO	World Trade Organization