

■ BUSINESS

# SA to push for AfCFTA to be central to Ageo

Patel warns US domestic politics and polarised geopolitical environment threaten SA's Ageo eligibility and the extension of the agreement

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Minister Ebrahim Patel told parliament this week that Ageo could be more successful as a result of the AfCFTA agreement. Picture:

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When African nations and the US meet in South Africa for the African Growth and Opportunity Act (Ageo) Forum in November, South Africa will campaign for an

extension of the trade regime with the African Continental Free Trade Area (AfCFTA) at its centre.

The minister of trade, industry & competition, Ebrahim Patel, told parliament this week that Agoa could be more successful as a result of the AfCFTA agreement.

“One of the concerns raised by American policymakers is that after three terms of Agoa they have not seen a significant bounce in terms of industrial exports to the US, with the exception of South Africa. They say that outside of South Africa, they have not seen that much use of Agoa,” said Patel.

South Africa’s continued participation in an extended Agoa would be instrumental in ensuring that African economies synchronised the production of finished goods for themselves and the world, he said.

“Our single biggest export item to the US under Agoa is vehicles. Lesotho gives the car seats, Côte d'Ivoire gives the rubber, so an ecosystem has developed to assist the continent as a region, meaning that Agoa will be less effective without South Africa’s participation.”

Patel said South Africa would use the forum to campaign for the extension of Agoa for 10 years to boost investor confidence, remove trade restrictions and improve on the scope of goods that access the American market.

He warned that US domestic politics and a polarised geopolitical environment threatened South Africa’s Agoa eligibility and the extension of the agreement as a whole.

“There’s been a significant move away in the United States from an earlier period when the US favoured new trade agreements. In the last seven years or so we have seen a greater focus in the US on its own market, a greater focus on seeking to build a ‘buy-American’ campaign and re-industrialise their own economy.”

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**“ The US may not be happy with South Africa’s relationship with Russia, but they do not want to ‘punish’ South Africa and drive it into the China-Russia camp ”**

*- Steve Gruzd of the SA Institute of International Affairs*

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The South African Institute of International Affairs head of African governance and diplomacy, Steve Gruzd, said South Africa’s status as the host of this year’s forum shows that the country still matters to the US.

“The US may not be happy with South Africa’s relationship with Russia, but they do not want to ‘punish’ South Africa and drive it into the China-Russia camp. The prospects of South Africa’s exclusion from Agoa were always slim. This is a sign that mutual ties remain significant.”

Gruzd said there was merit in the argument that removing South Africa from Agoa would affect other African countries as it is heavily involved in regional value chains using materials from other states in the region.

“The AfCFTA is receiving a lot of attention and has been taken seriously by African governments, evidenced by the speed at which it has been adopted by the various states. The two trade arrangements do seem to be complementary and are designed to enhance trade. So, it would make sense that an Agoa extension would build on the AfCFTA.”

Gruzd said the US Republican Party's antipathy to an Agoa extension was more of a threat than South Africa's attitude towards the Russian invasion of Ukraine.

The executive director of Trade and Industrial Policy Strategies, Saul Levin, said South Africa’s continued status as host of the forum shows that the controversy over the visit of the Russian ship, the Lady R, to Simon’s Town has been resolved.

“South Africa as a leading economy in Africa has been an important contributor to Agoa. It is of benefit for firms in both South Africa and the US for us to remain in Agoa as it improves bilateral trade.”

Levin said that while there were increasingly integrated value chains and investments by South African firms across Africa, allowing neighbouring countries to increase their participation in Agoa, there were missed opportunities.

“If there is an extension of Agoa more effort should go into driving investment into neighbouring countries and improving their trade with the US. Work needs to be done by governments and industry to identify how firms can benefit from Agoa and access the US market.”

He said that if South Africa was excluded from the next round of Agoa there would be negative implications for regional economies, as rules of origin requirements would impact their ability to access the US market.

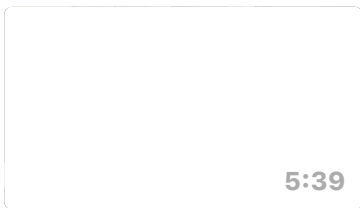


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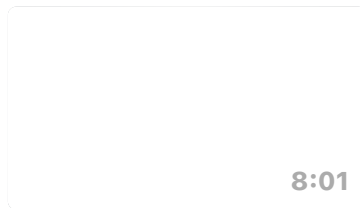
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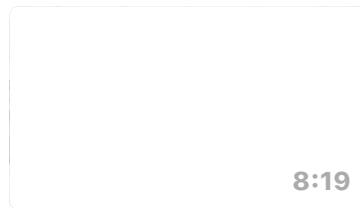
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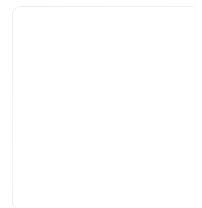
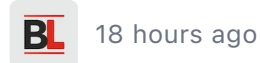
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