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Trade pain a certainty if SA loses Agoa benefits

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Cyril Ramaphosa when he met Vladimir Putin in St Petersburg last week, a relationship that could cost SA dearly. Source: Ria Novosti/Sputnik

Thousands of jobs could be at risk in South Africa if the government of President Cyril Ramaphosa continues on its current path of alienating the United States by refusing to take a stance against Russia's war in Ukraine.

Instead of taking a firm position against Russian aggression and the violation of another country's sovereignty, South Africa's government has been stumbling from one diplomatic blunder to the next in an attempt to defend its close ties with the Kremlin.

This approach puts South Africa at risk of losing trade benefits worth billions under the African Growth and Opportunity Act (Agoa).

Two sectors, specifically citrus produce and automotive manufacturing, could be severely affected if the Biden administration suspends South Africa's Agoa benefits.

In an article in the *Financial Mail*, Claire Bisseker writes: "The furore over South Africa's continued participation in Agoa couldn't have come at a worse time for the industry, as US officials are currently expanding access to citrus exports from other

South Africa provinces – a move that would create jobs and bring in billions of rand in revenue.”

According to the Citrus Growers Association (CGA), this could amount to 45 million cartons of fruit of 15 kilograms each. On a projected growth curve running till 2030, this could extend to 260 million cartons of citrus exported to the US – provided South Africa didn’t fall foul of its 2nd-biggest trade partner (China is the biggest).

If US plans for expanded citrus imports from SA continued unimpeded, it could create about 100 000 jobs and stimulate trade worth about R20 billion annually, the CGA estimates.

But that’s long off.

Currently the US only imports citrus from the Northern- and Western Cape Provinces, where most of the 35 000 jobs in the sector are situated. Sensing danger, Western Cape Premier Alan Winde led a delegation to Washington last week to promote his province’s trade relations with the Biden administration.

It led presidential spokesperson Vincent Magwenya to say that it was no business of Winde to get involved in diplomatic affairs at a national level.

As for South Africa’s automotive industry, there had been no attempts at rapprochement from a sector that counts the US as its 5th biggest export market, thanks to Agoa benefits secured when Barrack Obama was still in power.

Bisseker writes: “Last year, South Africa exported 20 566 light vehicles to the US, resulting in an automotive trade surplus with that country of R6bn.

“The US is also the second-most important export market for South African-made original auto components after Germany.

“Last year, it exported R8.8bn worth of components to the US, from R7bn in 2021.”

Although South Africa’s automotive exports include 151 other trade destinations such as the UK, Germany, France and Japan – ahead of the US – it would be a significant blow for the industry if it lost trade to the US, Naamsa CEO Mike Mabasa told Bisseker.

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