

OPINION AND ANALYSIS

SA must make the most of its G20 chair for trade purposes

POLICY PERSPECTIVE by Theo Boshoff

In my column a few weeks ago, I highlighted the need for South Africa to make the most of its membership in various international 'clubs'.

South Africa is very well placed as we are direct members of BRICS, the African Union, the G20 and beneficiaries of preferential trade terms with the US under the African Growth and Opportunity Act (AGOA). South Africa may be a relatively small player on the global stage but our membership of these associations can be beneficial if we manage to secure tangible trade benefits from them.

We took advantage of hosting the AGOA and BRICS summits in 2023 as we pushed the point of intra-BRICS trade and greater AGOA utilisation. Some progress, albeit slow, is being made to remove non-tariff trade barriers as a result.

SIGNIFICANT OPPORTUNITY

Next year, South Africa will take over from Brazil to host the G20. This is a significant opportunity. The G20 comprises 19 of the largest economies in the world plus the EU and the African Union. It represents 80% of the world's GDP, 75% of global trade and includes most of our major trade partners.

The G20 group of governments is mirrored by the B20, comprising the business organisations from the respective countries and Business Unity South Africa (BUSA) will take responsibility for the South African business sector. The role of the B20 is to develop programmes for knowledge sharing and developing position papers on key policies that the group believes are required to foster conditions for increased trade. These policy papers are then presented to the group of governments for consideration.

These position papers are extremely important. Since the COVID-19

pandemic, we have seen a trend towards decreased globalisation and increased protectionism for the first time in several decades. Aside from the volatile geopolitical situation playing out in the world, there has been a rise in green protectionist measures and non-scientific trade barriers hampering exports from the global south to the global north.

India chaired the G20 in 2022, Brazil is the current chair and South Africa is up next before we hand the reins back to the US and the global north. In essence then, the 2024 G20 and B20 is the last chance that the global south will have in some time to influence global trade policy.

NO NEED TO REINVENT THE WHEEL

The good news is that we don't need to reinvent the wheel. Brazil, as this year's host of the G20 and B20, has done outstanding work that we can build on.

The South American country agreed on eight working streams: trade and investment; employment and education; digital transformation; a just energy transition and climate change; finance and investment; integrity and compliance; women, diversity and inclusion; as well as sustainable food systems. The recommendations made under the sustainable food systems, trade and investment committees will find common ground with the South African diaspora.

South Africa will have to decide which working groups we establish but from our side, Agbiz will push to retain a strong focus on agribusiness.

Under the sustainable food systems working group, the three major recommendations are to promote and scale access to climate resistant technologies; building new finance models to support producers and agribusinesses in the adoption of climate smart food systems; and to

strengthen science and ruled-based measures to enable sustainable practices while facilitating market access within the World Trade Organization's (WTO) rules-based, multilateral agricultural trading system.

UNILATERALISM VS MULTILATERALISM

The importance of this last recommendation cannot be over-emphasised. As matters currently stand, the South African government is driving a dispute at the WTO on the basis that the EU's phytosanitary requirements for citrus are not based on the best available scientific opinion.

AS THIS YEAR'S HOST, BRAZIL HAS DONE OUTSTANDING WORK THAT WE CAN BUILD ON

Multilateralism is also a key recommendation as it implies that trading measures and requirements should be created by agreement and not unilaterally imposed. Many of the green trade barriers currently being developed in the global north (the Carbon Border Adjustment Mechanism, amongst others) are unilateral in nature.

Likewise, the trade and investment committee is advocating for multilateral governance and the reform of the WTO dispute settlement body, internationally standardised carbon measures that do not discriminate against least-developed countries and harmonising processes such as customs and digitisation improve the efficiency of cross-border trade. These recommendations are closely aligned to the needs of our agribusiness sector.

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