

Trade Policy Unit

Daily news and updates

(1) US reluctance on trade deals sends Latin America towards China (Financial Times)

- Chinese trade with Latin America has exploded this century from \$12bn in 2000 to \$495bn in 2022, making China South America's biggest trading partner.
- Chile, Costa Rica and Peru have free trade deals with Beijing, Ecuador inked its agreement this month and Panama and Uruguay are planning treaties.
- The Biden administration, however, has ruled out new trade agreements, frustrating Latin American nations. The EU has spent 20 years negotiating a free trade deal with the South American Mercosur bloc but has yet to ratify it.
- Eric Farnsworth, who heads the Washington office of the Council of the Americas, a regional business group, said there was growing bipartisan concern about the lack of an active US trade agenda for Latin America.
- The US has a patchwork of six existing free trade agreements covering 12 Latin American countries, but the lack of a common framework has led to struggles to integrate regional value chains.
- Trade is not the only issue. Beijing has won friends in Latin America by building and financing roads, bridges and airports. More than 20 Latin American and Caribbean nations have joined China's Belt and Road infrastructure initiative and China has lent more than \$136bn to Latin American governments and state companies since 2005.

(2) India, Vietnam Agree to Step Up Coordination for Promoting Trade, Investment (Business World)

- India provides a huge market for Vietnamese products and it is time that Vietnam invites Indian businesses to invest in the country, said Madan Mohan Sethi, Consul General of India on Wednesday in Ho Chi Minh, Vietnam.
- He urged the leaders to invite Indian businesses to invest by getting in newer technology and digital transformation models and explore other sectors like health care and education among others.
- While speaking at the Indo-Vietnamese business cooperation meeting Sethi stated that Indians should learn discipline and loyalty towards work from Vietnamese people and Vietnam should learn how to go global with the local products from Indian businesses as India is a country which has covered the major countries through trade.

(3) Without AGOA South African citrus loses its edge in the US

- South Africa's citrus exports to the United States have over recent years grown to a value of almost R1.7 billion (close to 808 million euros), a consistent performer during the past few turbulent seasons – but it is at risk if the United States decides not to extend their free trade agreement with South Africa due to the latter's recent closeness to President Putin.
- It is to be underlined that during the Clinton administration, the United States introduced AGOA, the African Growth and Opportunity Act, a preferential trade agreement with many African countries of which South Africa is by far the largest beneficiary.
- The current US tariff on citrus for countries without any trade arrangement is within the range between \$1.5/kg to \$2.5/kg. That would be approximately between R30 and R50 per kg but due to AGOA, South African citrus does not face those tariffs in the United States.
- AGOA makes South African exports competitive. South Africa doesn't have a trade deficit with the USA in agriculture. After citrus exports from the Western and Northern Cape, the second largest category of agricultural exports to the US is nuts (R1.30 billion) followed by grapes in the third place, earning South Africa just under R570 million. South African dried fruit is the fourth largest category exported to the USA.
- South Africa is better off with AGOA than without it. South Africa is in a more advantageous position than other AGOA beneficiaries in the sense that it is able to produce and export a whole range of products, close to 50 different products plus processed products like cheese which gives the country the benefit of scale.
- South Africa's participation in AGOA – due to be extended (or not) in 2025 – is under discussion because last year South Africa hosted Russian vessels currently under UN embargo at South African ports for reasons the South African government has not been willing to divulge.

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