

## 'SA business oblivious to impact of FTAs'

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By Helmo Preuss

South African businesses were asleep as to how Free Trade Agreements (FTA) would impact on their business and their competitive position, says Standard Bank (SBK) group economist Iraj Abedian.

Speaking at a round table discussion at the South African Institute for International Affairs (SAIIA) on Wednesday, Abedian said many executives are ignorant as to what an FTA is and how many such agreements the South African government is in the process of negotiating.

The SAIIA organised the round table on "SACU-US FTA: Implications for Business" as it felt that businesses needed to be more engaged as to what the FTA meant for them, according to SAIIA research fellow Peter Draper who has co-authored a report on "Prospects and Implications for the SACU-US FTA."

South Africa signed an FTA with the European Union (EU) in 1999 after many years of negotiations. This agreement will automatically extend to the ten new EU members, who joined the EU on May 1, 2004.

On June 2, 2003, the US and Botswana, Lesotho, Namibia, South Africa and Swaziland, (which are the five members of the Southern African Customs Union (SACU) the oldest existing customs union in the world having been established in 1910), started negotiations on an FTA with the aim of concluding an agreement by the end of 2004.

The fifth round of negotiations were held over the weekend of May 8 and 9, 2004, and the sixth round will start addressing some of the contentious issues.

The US has concluded bilateral FTAs with Australia, Chile, Israel, Jordan, Morocco and Singapore.

Apart from the bilateral EU FTA, which is due for a five year review this year, the South African government is in the process of negotiating possible FTAs with China, the European Free Trade Area (EFTA), India, Mercosur (the South American free trade area grouping Argentina, Brazil, Paraguay and Uruguay) and Nigeria.

"I challenge most executives to give more than a few minutes general talk on what an FTA is and what its impact will be on their business. An FTA now encompasses far more than just goods, as trade in services is the new thrust

of US trade policy. It also covers things such as employment practices and environmental standards, so businesses and civil society better wake up and know what the impact is going to be. You want to know what is coming down the line, not wake up after the deal has been signed to find you are out of business," Abedian said.

Abedian, who joined Standard Bank in January 2000, and was one of the architects of the South African government's 1996 Growth, Employment and Redistribution (GEAR) macro-economic policy, will be leaving the bank at the end of May to launch a specialised bond management company and a capital structuring advisory services company, known as Pan-African Capital Management and Pan-African Advisory Services.

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