

Delay in U.S. Trade Talks May Hurt Other Sacu Deals

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SA AND its partners in the Southern African Customs Union (Sacu) will not conclude struggling negotiations for a free-trade deal with the US by the planned December deadline.

This throws SA's free-trade agenda off balance, delaying access to the massive US market and putting other planned trade negotiations in jeopardy.

SA's chief trade negotiator, Xavier Carim, conceded this week that "it now no longer looks possible to meet the deadline".

Sacu and US negotiators, aiming for a deal that would give local and US companies better access to each other's markets, ran into difficulties mid-year.

Negotiators last met in July and have cancelled two negotiating sessions that were intended to culminate with the signing of the free-trade deal in Washington.

The delay could have a knockon effect on the start of negotiations with SA's other potential free trade partners such as India and China.

It would also delay the benefits domestic exporters stand to gain from access to the annual 10-trillion US market, through a free-trade deal with that country.

But it would allow local companies more time to prepare for the competition that is likely to result from the deal.

The US seeks an ambitious and extensive deal. But Sacu members SA, Botswana, Lesotho, Namibia and Swaziland are unable to make far-reaching concessions, partly because the five countries do not have harmonised policies in many areas of trade.

Carim said on Wednesday night that both Sacu and the US had difficulties with each other's proposals. "We have to rethink some of the basic issues."

He also attributed a large part of lack of substantive progress to organisational difficulties.

Both sides had proposed dates for a meeting , but were unable to agree on one.

SA is in a global race to conclude free-trade agreements to secure preferential access in other markets.

In addition to US talks, Sacu is negotiating a free-trade deal with the European Free Trade Association , which comprises Switzerland, Norway, Iceland and Lichtenstein. It is also negotiating a preferential trade deal less comprehensive than a free-trade agreement with Mercosur, which comprises Brazil, Argentina, Paraguay and Uruguay.

Sacu is keen to start talks with India and China. All parties have agreed they will negotiate freetrade deals. But capacity constraints, such as a limited number of negotiators, have prevented Sacu to start these talks to date.