

Q&A: Trade reform effects have to be managed in a pragmatic way

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by Michelle Gumede – Industrial Reporter

SA trade policy has deftly met challenges from the transition to a more liberal regime, says Ayabonga Cawe.

Eastern Cape-born Ayabonga Cawe is the youngest person to serve as the International Trade Administration Commission (ITAC) chief commissioner in the entity's 20 years.

The organisation is responsible for customs tariff investigations, trade remedies and import and export controls in SA. Cawe was appointed to lead the entity for the next five years in January 2023.

With the government under pressure to slash import duties on many products as consumers come under pressure, ITAC investigations play a big role in determining which way the pendulum swings, though the Trade, Industry & Competition minister still has the final word.

Business Day caught up with the development economist who follows in the footsteps of leaders such as Nomonde Maimela, Siyabulela Tsengiwe and Meluleki Nzimande, to provide insight into what it takes to run the body.

You are possibly the youngest chief commissioner ITAC has ever had. Is that significant for you or the organisation in any way?

Indeed, it is. It is significant for me because I think I have been fortunately exposed to economic policy work at a young age, and many people I interact with forget that I am yet to reach 35. So, it is significant. Also, in the sense that I hope, because of my age, to be involved in this kind of work for a long time. This work of trying to find solutions to our problems, strengthening our institutions and laying the basis for the growth, enhancement of the competitiveness and industrial upgrading of domestic firms and the value chains they operate in.

What has been the first order of business for you in the new role since taking up the helm in January?

Not too many unexpected surprises. This is an important institution with many people with considerable specialist expertise. A key task over the next five years is to continue to make this a place of choice for them to work. My first order of business was meeting different units in the organisation and within the space, getting to grips with year-end planning processes that were under way and the continuous work within the Commission, which involves a lot of reading and analysis, all while getting a fascinatingly detailed understanding of key product markets.

In your view, where is SA getting its trade policy right, and which areas need more attention? Particularly in creating a trade environment that is conducive for black SMMEs?

Our trade policy, since the emergence of ITAC (from the Board of Trade and Tariffs), has deftly managed the challenges that arose from our transition, and the shift from a complex protection regime to a largely liberalised approach to tariffs, protection and so on. In some cases, the adjustment costs have been severe for the workers and communities least able to shoulder these.

The textile sector is a case in point. Especially in places like the Western Cape, and even in some of the former homelands, places like Gcuwa and Ga-Rankuwa, which saw a heavy hollowing out of industrial work due, in no small part, to liberalisation. It's there in agriculture too.

The same trade reforms have also opened up new and growing markets for SA manufacturing, which saw impressive levels of manufactured exports in 2022.

In some cases, tariff protection has also had its challenges; the price-raising effects of policy have been shouldered by consumers and downstream industry, at great cost.

So, we need to manage this. Part of how we move now is to recognise that some of our trade reforms, in a world where multilateralism is under threat, have jobs and investment-displacing effects which have to be mitigated and managed in a pragmatic way.

We are exploring some of these adjustment mechanisms as per the 2021 policy. We have also begun to set concrete targets to ensure that we better gather intelligence on the firm size of applicant firms, for tariffs, rebates and so on, and make our processes accessible to small and micro firms, especially those operating in supply chains linked to tradable sectors, in townships and non-metro areas.

How is the relationship between ITAC and the [Department of Trade, Industry & Competition], given that you don't always find yourselves on the same side of the coin on trade matters?

We have a great relationship with the (department). You would know that we advise the Trade, Industry & Competition minister as per the ITA Act. Indeed, in some cases, the minister and the department take a different view from the Commission. This is not a signal of a bad relationship, but rather a signal of a well-functioning system, where the minister and the department apply their minds to the Commission's recommendations and reflect on their economic and societal effect, the timing of the recommendation and so on, rather than just rubber-stamping these recommendations.

During your five-year tenure, what are the key areas you would like to prioritise and tackle and what legacy would you like to leave behind?

The terrain of trade policy and administration and its role in industrial policy is becoming a key feature in the reconfiguration of economic and diplomatic relations between countries. It also influences on what terms the productive sectors of our economy can access markets, invest and create jobs.

Ask the citrus folk battling to get their products into Europe. You see this with what's happening in Ukraine, you see it in the tensions between Beijing and Washington, and the use of export controls, for instance. The world is becoming an uncertain space, whichever product one might produce.

In this context, our task is to assist policymakers and the SA public to better understand this change, and with the tools we have, and where appropriate, respond to foster investment, industrial upgrading and jobs.

On the legacy, I have just arrived, and I hope to be around for a while, so maybe ask me at the end of the term.

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