

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
C/RM/W/8
27 May 1993
Limited Distribution

COUNCIL

Original: English

TRADE POLICY REVIEW MECHANISM

Trade Policy Review of the Republic of South Africa

Communications from the Discussants

Pursuant to the revised procedures for review meetings circulated in the communication from the Chairman of the Council dated 30 April 1993 (L/7208), following are outlines of the main points to be raised by Mr Pierre Gosselin (Canada) and Mr Jorge Riaboi (Argentina) at the review of the Republic of South Africa to be held on 1-2 June 1993.

It is recalled that discussants act in their personal capacity.

(a) **Mr Pierre Gosselin**

1. South African authorities have set themselves the goal of developing an internationally competitive economy that will efficiently allocate productive resources and more equitably distribute income generated through increased growth. To achieve these goals they must dismantle import barriers, increase competition, build investor confidence and use their resources to improve human capital through education, training and social services.

2. In trade policy terms we need to concern ourselves with policies aimed at dismantling import barriers such as licensing, controls, tariffs, special measures of protection and surcharges. To increase competition we must address the levels of concentration, high levels of protection for certain sectors, government procurement and sectoral policies favouring specific industries. Investor confidence requires political stability, harmony and confidence in the management of fiscal and monetary affairs. The adjustment implicit in opening the economy to domestic and foreign competition can be financed through reduction in export subsidies and the savings realized by reductions in import protection. These resources can also be redirected towards improving education training and social services.

(b) **Mr Jorge Riaboi**

3. Brief assessment of economic policy. Relation among anti-inflationary policies and real constraints for developing trade policies. Consistency of goals of the Normative Economic Model.

4. Trade mechanisms. Import restrictions (tariff levels, surcharge, variable import levies, import licensing), government intervention (State trading) and high effective protection of domestic market.

5. General Export Incentive Scheme (GEIS), exchange rate mechanism, increased domestic costs and anti-export bias. Relation among present focus of government subsidies, fiscal sacrifice and chances for a real improvement in competitiveness. Selection of instruments to apply support policies.

6. Comments on special measures.