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22 July 2025

Is it time for South Africa to strengthen its human capital and knowledge base on trade matters?

- The global trading system has changed rapidly in the last few months, and so should our trade policies and strategies. The instruments we used a decade – or even 24 months ago – are woefully inadequate for addressing today's challenges. Indeed, many countries have been preparing for times such as these. Hence, you see spirited activity in ASEAN, EFTA, and MERCOSUR to conclude bilateral trade deals in the form of new-generation free trade agreements. These act as powerful insurance at a time when uncertainty has become the norm in global trade, and the World Trade Organization has not been fruitfully negotiating new market access for over a decade. Hence, there is a need for a change in our strategies, including our resources and capabilities to respond to the world as it is shifting.
- For many decades, countries operated in an international trade environment that was reasonably stable, with minimal fundamental disruptions to trade policy, except for occasional disputes over specific products or cases of dumping, but not the fundamental shifts we are currently experiencing. This also means that the investment in human capital may not have been as significant, particularly in terms of senior negotiators and technical experts. This is an area that South Africa may need to review.
- We are now at a time when pressures are being felt in various sectors of the economy, and all are looking to a few departments for guidance, both in defensive strategies to address the markets that are closing, and in equally searching for new areas to expand into. As South Africa embarks on this process and initiates a conversation on export diversification, other countries are also on the same path, which increases competition in the world market in attractive regions that countries view as a mitigating strategy for diverting some products they would typically export to the new, narrower U.S. market.
- In this environment, not only key negotiators that South Africa requires, but also an increased number of technical experts who would scan the evolving global economy and trade environment, providing insights that would enrich the negotiators and help them navigate to viable and growing markets. These requirements may vary from sector to sector of the economy; therefore, there is a need for a larger team dedicated to such tasks.
- The centrality of trade to the South African economy, and the current over-concentration in a few regions such as the U.S., China, and the EU, means that there is greater urgency for this work now than before. Therefore, the South African academia and business should not only be pushing the government for their interests at this time around, but should also be engaging in the conversation about assessing

whether South Africa has sufficient capacity today for all these tasks or requires an increase in the number of people who would devote energies to trade matters. If the latter is the case, therefore, conversations about secondment, as well as funding more academic work that would have a rapid pace of output, should enable policymakers to inform their trade decisions.

- This is not a call for businesses to seek involvement in the government's decision-making processes, but rather to enable the government to have sufficient human capital to lead these efforts. Moreover, it is to ensure that there is a range of well-researched ideas and policy propositions for decision-makers to assess and form a view about what would be the most optimal approach for the country in these matters.
- Since the start of the year, the focus has been on U.S. tariff matters, especially in agriculture, which is understandable given the profound uncertainty and costs that tariffs present to businesses in the perishable foods industry. But the trading environment is changing globally. The policy decisions the U.S. has taken have somewhat led to a shift from the time of embracing globalization and opening trade to a more inward-looking approach. Therefore, the opening of new markets may not be as easy as it was in the past few decades, when the sentiment was broadly positive. There is also a lot more push for reciprocity these days than in the past. Thus, thorough research and policy options in every critical sector of the economy are crucial for assessing and supporting the decisions that South African trade authorities will be compelled to make in the coming months and years.
- There is also a need to elevate trade matters in general economic conversations in government and bring more urgency, as these are key to the country's overall growth agenda. Trade is now more central than ever, and we must build sufficient capacity in knowledge and human capital to navigate this new world. The starting point is to overhaul our current trade policy and negotiating template.