

Educator and Tagging Information

Important international agreements (Individual activity) (LO2 AS1)

Read the information below and complete the exercise that follows.

International agreements are agreements set up between South Africa and countries that do not belong to the African region. These agreements pertain to trade, development and other issues.

South Africa trades with countries such as the United States, Germany, Japan and the European Union (EU). They are called our trade partners. The EU entered into the Trade, Development and Cooperation Agreement (TDCA) with South Africa, to create a free trade area between South Africa and the EU over a period of 12 years. The EU also entered into agreements with South Africa regarding wine and spirits.

South Africa belongs to the World Trade Organisation (WTO), which was set up in 1995. By July 2008 the WTO had 153 member countries. Trade between these countries was made more profitable when the WTO reduced customs tariffs for trade between member countries to only 4%.

In the USA, the Africa Growth and Opportunity Act (AGOA) was passed to increase trade between the USA and African countries. This has benefited South Africa, for it increased trade with the USA by 17%. AGOA allows for the export of a range of products to the USA without South Africa having to pay import taxes in the USA. South Africa exports mainly raw materials to the USA and imports processed goods from them.

Some countries have set up a Generalised System of Preferences (GSP) facility to South Africa. These are countries such as Japan, Canada, Norway and Hungary. The GSP means that some goods exported to them will be free of trade tariffs.

Match the concept or name in Column A on the left with the statement in Column B on the right:

A	B
a) Norway and Hungary	(i) Legislation that increases trade between the USA and African countries
b) Trade tariffs	(ii) One of South Africa's international trade partners
c) United States of America	(iii) Organisation set up in 1995 with 153 member countries
d) Africa Growth and Opportunity Act	(iv) A trade facility set up with South Africa that exempts it from paying trade tariffs
e) Import taxes	(v) The WTO reduced this to just 4% between member countries
f) Germany	(vi) Creates a free trade area over a period of 12 years
g) World Trade Organisation	(vii) GSP exempts SA from paying this
h) Generalised System of Preferences	(viii) In terms of AGOA, these don't have to be paid when exporting to USA
i) Trade, Development and Cooperation Agreement	(ix) Countries that have set up GSP facilities with SA
j) Customs tariffs	(x) Thanks to AGOA, trade with this country increased by seventeen per cent

