

News24.- 25.03.2024

Ahmed Areff

Wall Street Journal slams SA as crucial bill to review US relationship gains traction

Wall Street Journal критикує важливий законопроект для перегляду відносин із США

Щоденна фінансова газета США Wall Street Journal (WSJ) опублікувала різку атаку на Південну Африку після законопроекту, який закликає президента Джо Байдена переглянути відносини між двома країнами, який отримав законодавчу підтримку. У законопроекті наголошують на зв'язку Південної Африки з Хамасом, росією та Китаєм, згадуються скидання навантаження, проблеми Транснету та захоплення держави. Сенатор-демократ США Кріс Кунс написав документ, в якому пропонує кілька поправок до законодавства, які оновлюють Закон про зростання та можливості Африки (AGOA). У 2021 році США імпортували майже 100 % свого хромум з Південної Африки, а також понад 25 % марганцю, титану та платини. Використання AGOA як форми економічної дипломатії є ключовим чинником забезпечення безпеки найважливіших поставок корисних копалин.

<https://www.news24.com/fin24/economy/wall-street-journal-slams-sa-as-crucial-bill-to-review-us-relationship-gains-traction-20240325>

The Wall Street Journal (WSJ) has published a scathing attack on South Africa.

This is after a bill asking President Joe Biden to review the relationship between the two countries is gaining traction in the US.

The bill highlights SA's ties to Hamas, Russia and China, but also mentions load shedding, Transnet's problems, and state capture.

For more financial news, go to the News24 Business front page.

Highly regarded US daily financial newspaper, Wall Street Journal (WSJ), has published a scathing attack on South Africa in the wake of a bill asking President Joe Biden to review the relationship between the two countries, which gained legislative traction.

The WSJ editorial board said in the piece, published on Sunday, that SA "held hands with Hamas" when it charged Israel with genocide at the International Court of Justice (ICJ). That, along with SA's ties to Russia and China, illustrates that while the US "needs friends around the world and must do business with imperfect regimes", South Africa has been "moving toward the anti-US axis for some time".

The ICJ found, at the end of January, that Israel's actions in Gaza possibly constituted a genocide.

"South Africa has benefited from the halo effect of Nelson Mandela and the country's fight against apartheid," the Wall Street Journal argued.

"But today's South African rulers are squandering that goodwill, and Congress is right to put Pretoria on notice."

On Thursday, the House of Representatives Foreign Affairs Committee verbally passed the US-South Africa Bilateral Relations Review Act, with some modifications, with 36 votes to 13. Once the vote is formalised, it will be considered by the full House to be debated and voted on.

The bipartisan bill, brought by Republican John James and Democrat Jared Moscovitz, says that 30 days after it is made law, Biden must publicly release "an unclassified determination explicitly stating whether South Africa has engaged in activities that undermine United States national security or foreign policy interests".

Aside from SA's "history of siding with malign actors", the bill highlights that the "ANC-led South African government has a history of substantially mismanaging a range of state resources and has often proven incapable of effectively delivering public services, threatening the South African people and the South African economy." The bill then mentions load shedding, problems with Transnet, last year's cholera outbreak, and state capture under former President Jacob Zuma.

In November last year, US Democratic Senator Chris Coons, who has historic ties to SA, wrote a document proposing several amendments to legislation renewing the African Growth and Opportunity Act (AGOA), including that there should be an immediate review of SA's status for preferential trade access.

AGOA, which is up for renewal in 2025, gives duty-free access to 25% of South African exports to the US, SA's second-biggest single-country trading partner after China. The WSJ, and others, quantify the benefit as more than \$3 billion (R57 billion).

Fitch's research arm said in a report in November last year that there was a 65% likelihood that AGOA would be extended before its expiry in September 2025. It, however, added that there was scope to have the agreement altered to promote more export volumes from South Africa.

"South African goods exports totalled \$123.0 billion in 2022. Of this, 8.9% went to the US, and only a fifth of these goods benefitted from AGOA preferences in 2022. Therefore, AGOA accounted for only 1.9% of South Africa's global goods exports in 2022, suggesting that the benefits of AGOA are quite limited, with only around \$3 billion worth of South African exports benefitting from AGOA preferences."

American think-tank, the Brookings Institution, said the "narrative that a loss of AGOA benefits would have catastrophic consequences for South Africa is uninformed", adding that the direct impact of the loss of AGOA preferences on South Africa's export and economic growth "would be very small".

"But a loss of AGOA could have ramifications for the US. The US relies on South Africa for a range of critical minerals," the institute said.

"In 2021, the US imported nearly 100% of its chromium from South Africa as well as over 25% of its manganese, titanium, and platinum. Leveraging AGOA as a form of economic diplomacy is key for encouraging the security of critical mineral supplies."

Earlier in March, US Deputy Treasury Secretary Wally Adeyemo was bullish about SA, saying the country's economy is growing despite its power, freight and port problems. He did acknowledge the role the private sector had been working with government to fix the country's problems.