

**THE IMPACT OF TARIFF LIBERALISATION ON THE COMPETITIVENESS
OF THE SOUTH AFRICAN MANUFACTURING SECTOR DURING THE
1990s**

by

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PREFACE

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ABBREVIATIONS

ANC	African National Congress
BTT	Board of Tariffs and Trade
CITA	Commission for International Trade Administration
DTI	Department of Trade and Industry
EC	European Commission
EU	European Union
FDI	Foreign direct investment
GATT	General Agreement on Tariff and Trade
GEIS	General Export Incentive Scheme
ICTs	Information and Communication Technologies
IDC	Industrial Development Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
MIDP	Motor Industry Development Programme
MNCs	Multinational Corporations
Nedlac	National Economic Development and Labour Council
NEF	National Economic Forum
NTBs	Non Tariff Barriers
R&D	Research and Development
RDP	Reconstruction and Development Programme
REER	Real effective exchange rate
SACU	South African Customs Union
SADC	Southern African Development Community
TIPS	Trade and Industrial Policy Strategies
ULC	Unit labour cost
WTO	World Trade Organisation

Abstract

During the 1990s, South Africa's trade policy was drastically reformed. This mainly entailed rapid tariff liberalisation agreed to under the General Agreement on Tariffs and Trade (GATT) in 1994, and implemented from 1995 onwards under the auspices of the World Trade Organisation (WTO). South Africa's trade policy reform was premised on the assumption that tariff liberalization would increase the competitiveness of domestic manufacturing industries. The thesis attempts to ascertain if this did in fact materialise by critically appraises the impact of trade policy reform on the production of the South African manufacturing sector. The results indicate that tariff liberalisation has not been successful in securing improved competitiveness. The thesis argues that improved competitiveness goes beyond trade policy reform — government policies should also be directed at issues relating to efficiency in production, distortions in factor markets and institutional development. The desired or appropriate level of openness does not necessarily entail completely free markets for trade and investment. In the light of market and institutional failures the role of government in securing the appropriate industrial outcomes should not be underestimated.

Keywords: trade policy, tariffs, effective rate of protection, industrial policy