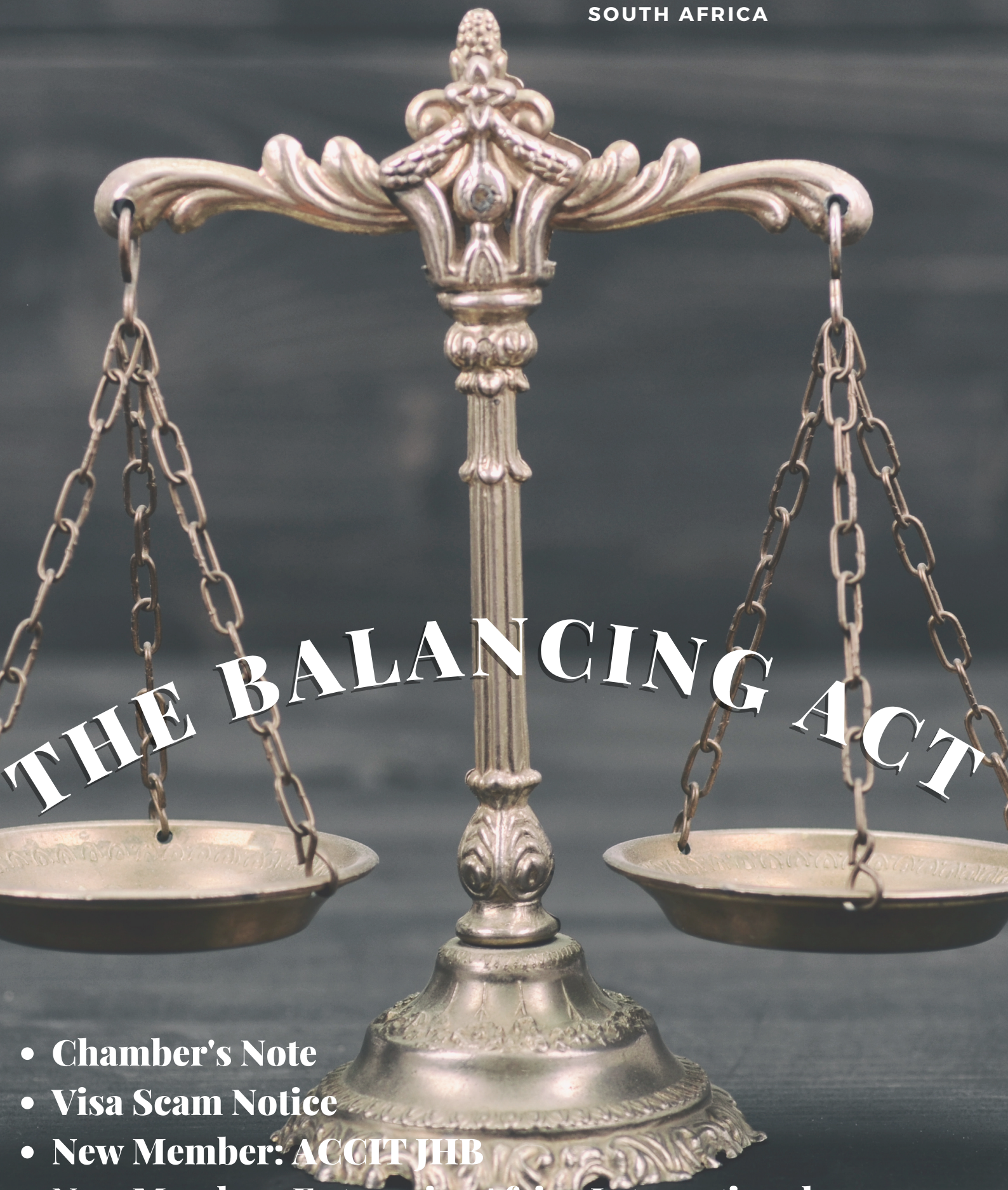




Ecco Chamber

FORTNIGHTLY ITALIAN NEWS MADE IN
SOUTH AFRICA



THE BALANCING ACT

- Chamber's Note
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- New Member: ACCIT JHB
- New Member: Enterprise Africa International



Chamber's Note

Trade OFF

The debate about localization policy is extremely delicate for several reasons. Exponents of localization promise that it will provide a necessary push to a local economy that has been in the doldrums for quite some time. Skeptics worry that its side effects will be to decrease international competitiveness, decrease quality or increase consumer prices. Last week, ItalChamSA, in collaboration with the EU Chamber and BUSA, hosted a very constructive webinar, on this hot topic in an attempt to provide a balanced and informed view on the matter.

Localization is often posited as a silver bullet for fixing the issues of unemployment and inequality by substituting imports for locally produced goods. The argument goes: the more local production there is, the healthier the country's employment level becomes, and there is also a multiplier effect due to increased buying power of the newly employed. Dependency theorists argue that South Africa, with its rich reserves of raw material, ought to benefit these primary goods locally prior to exporting.

There is indeed a kernel of important truth in the above claims. Almost all highly industrialized nations at some stage employed high tariffs which would seem outrageous today, and against global regulations. However, the devil is in the detail. This is where thorough consultation with business and industry captains becomes paramount, as targets set by politicians can often be unrealistic or even detrimental. Furthermore, governments need to create the preconditions that make investments in local production viable through demand certainty, especially where local content thresholds exist for public procurement.

Furthermore, realities of existing trade agreements with large trade partners as well as the World Trade Organization's General Agreements on Tariffs and Trade need to be considered carefully. A news piece coming out of the webinar last week emphasised the possibility that the DTIC's current localization plan could well fall short of compliance requirements imposed by these agreements.

Effective localization policy today needs to target niche sectors that will plug into global value chains. An iPhone, for example, is made up of components produced at different ends of the globe. Even Covid-19 vaccines are produced at multiple nodes, utilizing pockets of excellence around the world. The key is to establish in which sectors and subsectors a country has a competitive advantage. This was an additional point highlighted during the webinar last week, which would shift the policy away from simple import substitution to targeting strategic parts of the value chain.

The fact is that whichever way you face, you have your back on half the world and whatever action you take there are opportunity costs. Nevertheless, optimally planning policy around something as important and impactful as localisation must be done in collaboration with stakeholders. Through ongoing consultation, not only will a consensus arise that will see more people and businesses on board with government projects, but also policy that is developed will have longevity and will have minimal overall costs for society.

Italcham!



Visa Scam Notice



Ambasciata d'Italia
Pretoria

URGENT PRESS RELEASE

Italian citizenship scam

The **Embassy of Italy in Pretoria** wishes to inform the South African public that the information included in articles published by **BusinessTech** and **Property24** with regard to a **special program to obtain Italian residency and passport is false**. One cannot get residency and passport that way, and to get it one **does not** need to spend as much as it is reported.

The Italian Government **does not cooperate with Arkadia** nor with a financial advice group with regard to its visa and residence permit policy. No **programme is centered on Umbria**,

To read the full press release:
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