

# **Trade Between China and South Africa: Prospects of a Successful SACU-China Free Trade Agreement**

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## **Abstract**

China's trade with South Africa has become more important in recent years, and a SACU-China free trade agreement has been proposed to further strengthen this trade relationship. This paper examines the relevance of this proposed trade policy for further enhancing bilateral trade flows and development in SACU. The paper finds that tariff liberalization alone is inadequate for successful trade integration, as it benefits mostly South Africa only and harms some of SACU's internal and external trade and its welfare through trade diversion. Measures to improve trade complementarity, reduce barriers to intra-industry trade, and implement parallel MFN trade liberalization should also be undertaken by SACU in order to achieve successful trade integration with China.

*Key Words:* SACU, China, free trade agreement

*JEL classification:* F1, O1