

SA Must Fight Threat Of Protectionism

Written by Rudi Prinsloo
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South Africa must fight the threat of a return to protectionism when it takes its seat at the G20 summit, Efficient Group economist Dawie Roodt said on Tuesday.

"The biggest threat to the world economy -- apart from the present financial crisis -- is the increase we are seeing in protectionism."

"What SA needs to say to the rest of the G20 is 'we know you're going through tough times - but please don't only protect your own currencies and your own industries'," Roodt said in a statement.

At present, trade remained relatively free, but many developed countries were calling for protectionism, he added.

The G20 countries mustn't be too inwardly focused," he said.

If the US indicated it would protect only its own industries then the French -- for example -- could retaliate.

"[W]ith that kind of scenario it's the poor countries that suffer in the end."

Turning to the role of the International Monetary Fund, Roodt said while South Africa -- the only African country taking part in the G20 summit -- did not need to borrow from the IMF, many African countries did.

The IMF may in fact be the only way that some African countries could survive, but the organisation's loans worked very differently to the stimulus packages adopted by wealthy countries.

The IMF had a limited amount of money available and therefore only lent part of the money requested.

"I think some developed G20 countries may pledge more money to the IMF at the summit -- but it won't be a huge amount," Roodt said.

Even if G20 participants gave assurances that their policies to revive their economies wouldn't be overly nationalistic, and even if some kind of policy co-ordination had been achieved, things would probably change when global leaders returned home after the event to face their electorates.

"Even after the G20, they still won't be singing from the same hymn sheet," Roodt said.

The Group of 20 of the world's most powerful countries would meet in London for a one-day summit on Thursday.

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The G20 countries are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the US and the EU.

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