

24 July 2025

Honourable Mr. Parks Tau
Minister of Trade, Industry and Competition
Department of Trade, Industry and
Competition
77 Meintjies Street, Sunnyside, Pretoria, 0002
South Africa

RE: The Imperative for Supporting MSME Innovators in ongoing South Africa-U.S. Bilateral Trade Agreement Negotiations

Dear Minister Parks Tau:

ACT | The App Association appreciates South Africa's efforts to empower its micro, small, and medium enterprises (MSMEs) by facilitating their access to international markets and supporting their ability to compete. A strong and fair digital trade framework is vital to the success of small South African businesses innovating across consumer and enterprise markets, and they need your support for their continued investment, growth, and job creation across and outside of South Africa. We recognise the importance of your ongoing negotiations with the United States (U.S.) to achieve a bilateral trade agreement. To support your efforts, we highlight key non-tariff barriers that should be addressed during these negotiations.

The App Association represents small business application developers and connected device companies located both in South Africa and around the globe. These companies drive a global app economy [worth more than R107.54 trillion](#). App Association members leverage the connectivity of smart devices to create innovative solutions that introduce new efficiencies across consumer and enterprise use cases and rely on a predictable and fair approach to digital economy regulation to succeed and create new jobs.

We are encouraged by South Africa's commitment to opening markets and are optimistic that the ongoing negotiations with the United States will lead to a deeper alignment on digital economy priorities. As you negotiate with the United States and seek ways to support South African MSME innovators through digital trade policies and eliminate non-tariff barriers to trade, and otherwise support South African economic and national security, through a reciprocal trade agreement with the United States, we call on South Africa to (1) reconsider its regulatory interventions into digital platform markets that are misaligned with its goals of enhancing investment and innovation in South Africa and the current Trump Administration's established policy; and (2) support access and innovation in new and emerging technology markets, such as digital platforms, by securing commitments to non-discrimination, transparency, and adequate notice and consultation in negotiations with the United States.

South Africa has already taken steps to address digital platform markets through regulatory initiatives. South Africa's Competition Commission (CCSA) has significantly expanded its regulatory focus over digital platforms in recent years, using market inquiries and policy proposals that echo the European Union's Digital Markets Act (DMA), which has no demonstrable public benefit to date. In particular, the CCSA has conducted the Online Intermediation Platforms Market Inquiry (OIPMI),¹ accusing pro-competitive platforms of distorting competition without a formal finding of dominance. CCSA's interventions risk undermining the very innovation and investment they seek to promote in digital platforms.

Today's leading curated online marketplaces (COMs) enable MSMEs to fairly and securely access broader markets at lower costs and with greater efficiency. We initially emphasise that it is vital that South Africa ensure fair treatment of COMs under existing competition mechanisms as a measure of supporting trade. At the same time, it is important that the South African government refrain from advancing new policies that would further negatively impact the ability of MSMEs to leverage COMs to compete on a level playing field. Unfortunately, CCSA's final OIPMI report and subsequent enforcement efforts indicate a shift to an ex-ante regulatory model resembling the European Union's DMA. Emulating the DMA has no demonstrable benefit and has objectively placed the European Union's ability to compete and innovate at a significant disadvantage.² Further, emulating the DMA undermines goals of the South African Roadmap for the Digital Transformation of Government.

In the context of trade, continuing to pursue misguided platform regulation places South Africa at a significant disadvantage in its ongoing negotiations. The current Trump Administration has made its opposition clear with respect to digital platform regulatory proposals that appear to specifically target U.S. companies by restricting their operations and effectively prohibiting U.S. companies from engaging in normal and beneficial business practices on their platforms. Further, legislation has been introduced in the U.S. Congress to confront the potential of new discriminatory digital economy policies that other key U.S. trading partners have proposed.³

South Africa's commitment to new interventions into the digital economy that App Association members power would contribute to a growing delta between it and the U.S. approach to regulation and competition, potentially straining the overall South Africa-U.S. relationship. Given the historically strong trade ties between these two nations, the potential of reciprocal actions offers an additional incentive for South Africa to reconsider its approach to digital platform regulations. The new South Africa-U.S. reciprocal trade agreement can and should eliminate this delta by protecting South African digital economy MSMEs that rely on COMs to grow and create more South African jobs.

¹ https://www.compcom.co.za/wp-content/uploads/2023/07/CC_OIPMI-Final-Report.pdf.

² <https://actonline.org/wp-content/uploads/DMA-One-Year-Later.pdf>.

³ <https://drive.google.com/file/d/18rfZ74iKJbTa5EgtJZfKJJlpXeGTyqB-/view?pli=1>.

We therefore urge you to (1) work with counterparts across the South African government to withdraw harmful and discriminatory ex-ante regulation of COMs; and (2) support access and innovation in new and emerging technology markets, such as digital platforms, by securing commitments to non-discrimination, transparency, and adequate notice and consultation in negotiations with the United States. Taking such steps would represent significant movement forward in supporting South African startups and MSMEs, and in supporting South African economic security and competitiveness, while also demonstrating global leadership in setting pro-innovation policy.

Thank you for your consideration of this matter and your continued support of strong trade policies that bolster the success of South African MSMEs. We welcome the opportunity to meet with you to elaborate on our views and to identify further ways we can support your mission.

Sincerely,

A handwritten signature in black ink that reads "Morgan Reed". The signature is fluid and cursive, with the first name "Morgan" and the last name "Reed" clearly distinguishable.

Morgan Reed
President

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