Balancing Complex interests in Agriculture

A strategic view of the Africa Growth Opportunity Act (AGOA)

TIPS Development Dialogue 24 January 2016 Contraction of the second seco

Outline

- Complex interests in agriculture
- The AGOA Rebates: How has it affected South Africa's poultry sector in 2016
- A New US Administration: A new approach?
- Strategic Positioning How do we proceed?



Potential scenarios

(Positive) net trade gains

Scenario 2	Scenario 1
Retain market access, and negotiate	Unconditional acceptance
market access of new products	(baseline)
Changed market	Maintain status quo
access conditions	(full AGOA preference)
Scenario 4	Scenario 3
Graduation of SA out of AGOA and	Retain market access and concede
MFN/GSP fallback	selected products
(Negative)	Net trade gains

Potential scenarios

(Positive) net trade gains

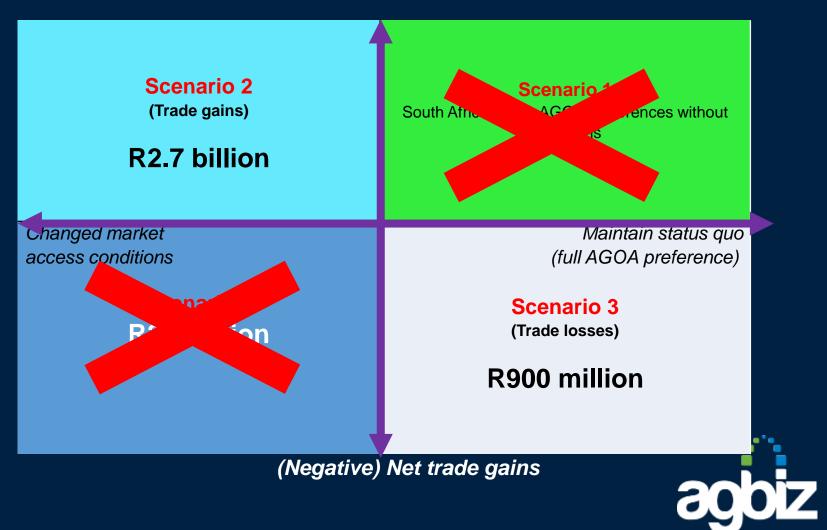
Scenario 2 South Africa retains DFQF market access, BUT adds specialty fruit , karoo lamb and avocadoes to the product list	Scenario 1 South Africa keeps AGOA preferences without conditions
Changed market access conditions	Maintain status quo (full AGOA preference)
Scenario 4	Scenario 3
SA and USA fail to reach agreement, leading to SA's Graduation out of AGOA. South Africa faces MFN/GSP tariffs	South Africa concedes <i>chicken</i> ; <i>pork</i> and <i>beef</i>

(Negative) Net trade gains



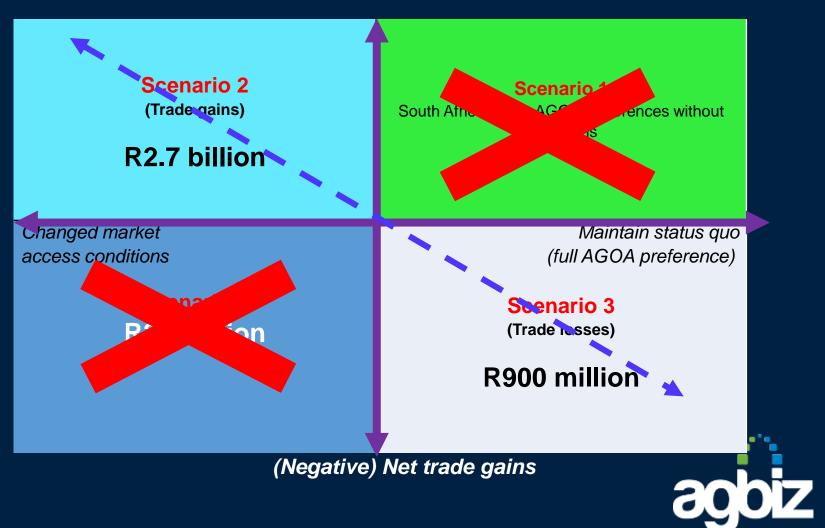
Potential scenarios

(Positive) net trade gains



Finding the right balance between gains and losses

(Positive) net trade gains



AGOA rebate:

South Africa's bone-in poultry imports from the USA



AGOA rebate: : South Africa's bone-in poultry imports from the USA December unaccounted for. Not reported yet



A New US Administration: A new approach?

- Notification to leave the Trans-Pacific Partnership (TPP) signed by President Trump on 23 January 2017
- Under the Obama Administration, the TPP was supposed to become the gold-standard for US Free Trade Agreements in the future, including the evolution of AGOA into an FTA
- With the TPP out of the picture what does it mean for South Africa and AGOA?
 - There might be a shift away from the new generation issues altogether, in favour of a new, more focused approach? Or dare we say, no FTA at all?
 - Bilateralism could put renewed spotlight on South Africa and SACU?
 - Protectionism could negatively affect South Africa's agricultural exports to the US?
- With AGOA not appearing on the US' key priorities, we don't know much about how the New Administration will handle AGOA

Strategic Positioning

- We do not expect that AGOA will be repealed by the Senate, but we can never be sure what the out-of-cycle review brings.
- However, we know President Trump has provisions of the law at his disposal which he can use to by-pass Congress if he feels the need to implement trade measures
- Continued engagement for AGOA reciprocity will continue, in one form or the other.
- SA government needs to clearly and lucidly articulate a vision for South Africa's trade relations with the US.
- Once that is done, industry can start engaging US counterparts to map various alternatives to negotiate a favourable outcome

Thank you



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