

Balancing Complex interests in Agriculture

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

TIPS Development Dialogue
24 January 2016



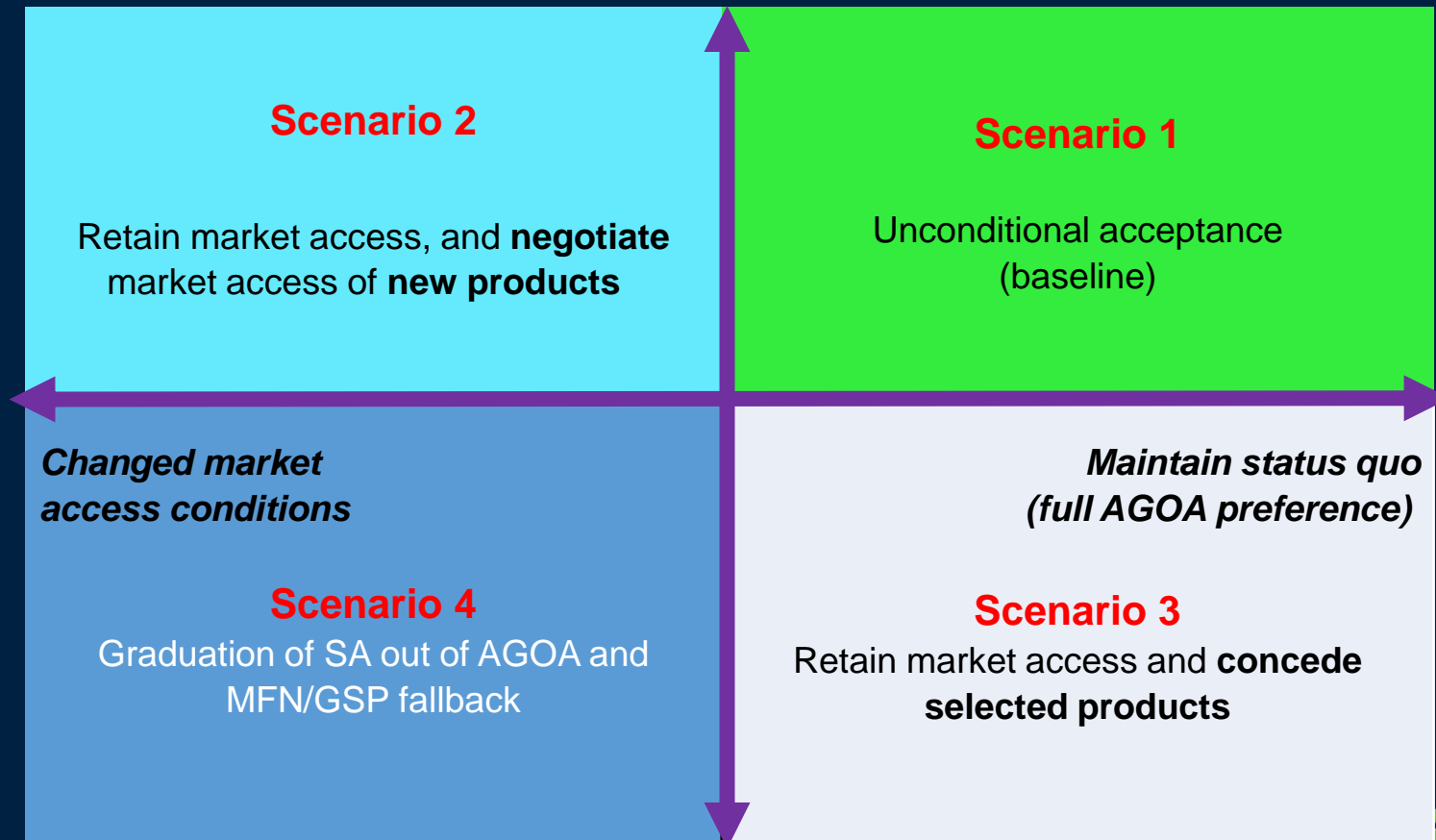
Outline

- 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

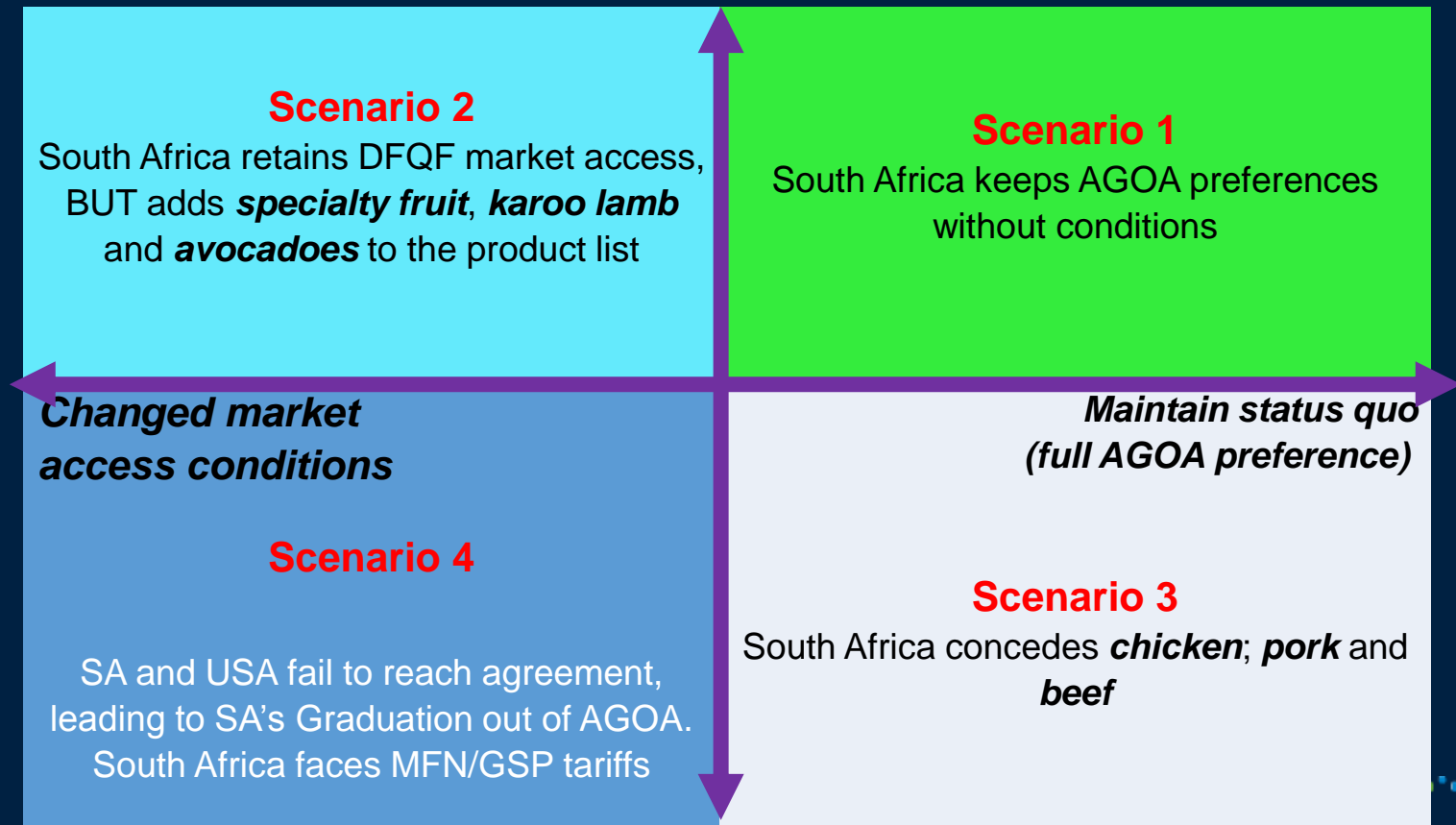
(Positive) net trade gains



(Negative) Net trade gains

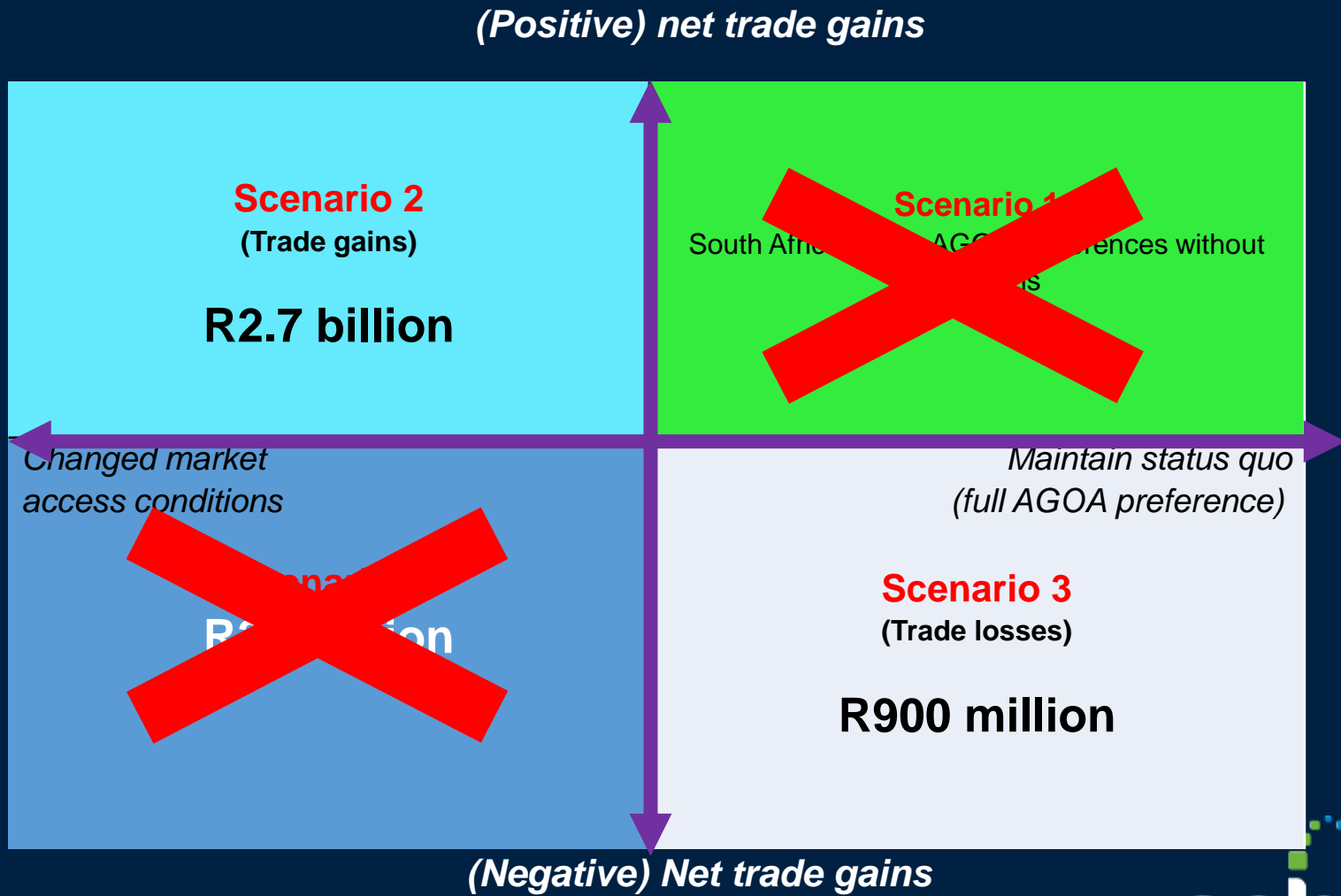
Potential scenarios

(Positive) net trade gains



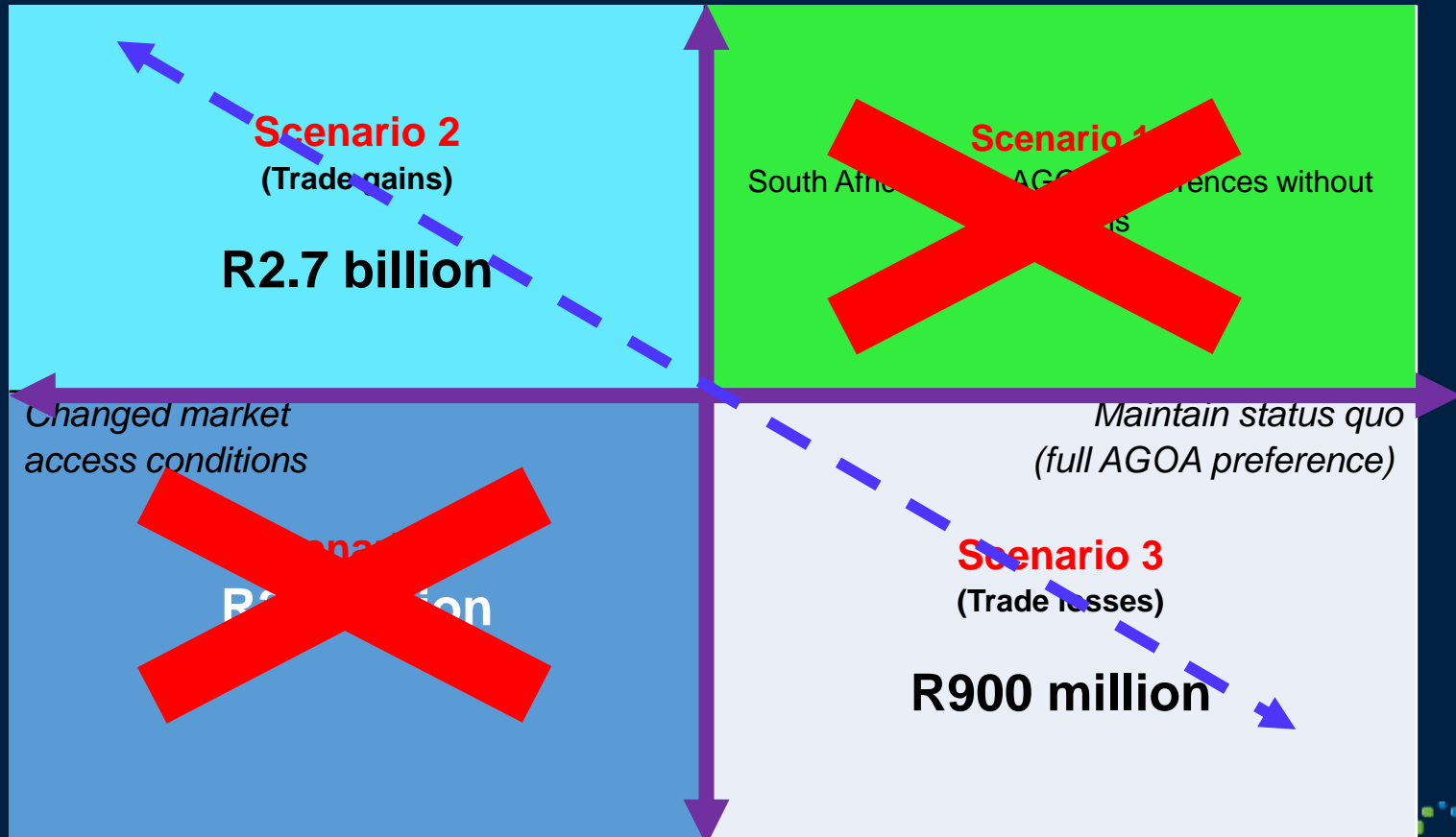
(Negative) Net trade gains

Potential scenarios



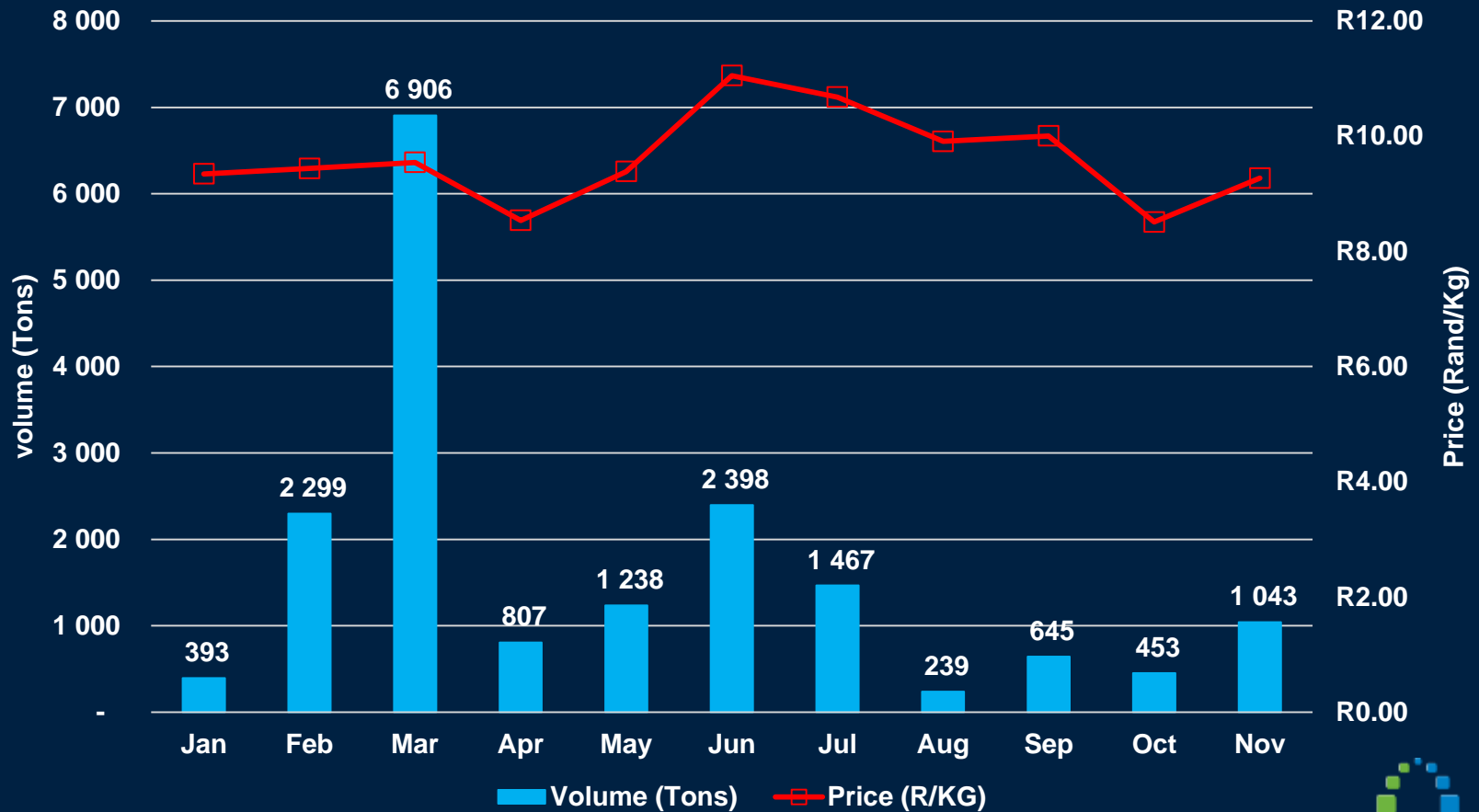
Finding the right balance between gains and losses

(Positive) net trade gains



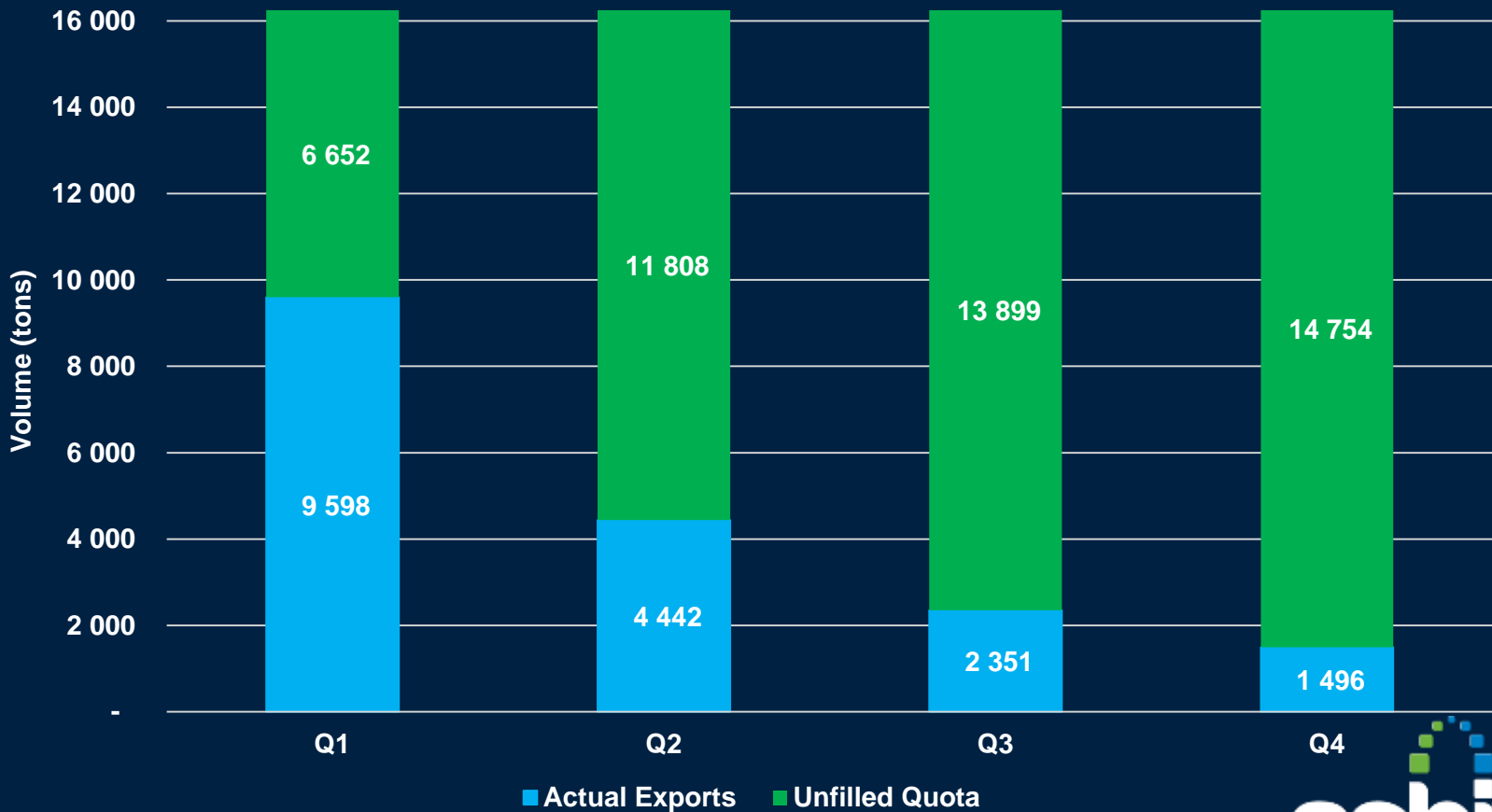
(Negative) Net trade gains

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



1 – 2 June 2016

The Lord Charles Hotel, Somerset West, Cape Town

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