

International Trade and Investment

Agbiz Media Day
25 November 2016

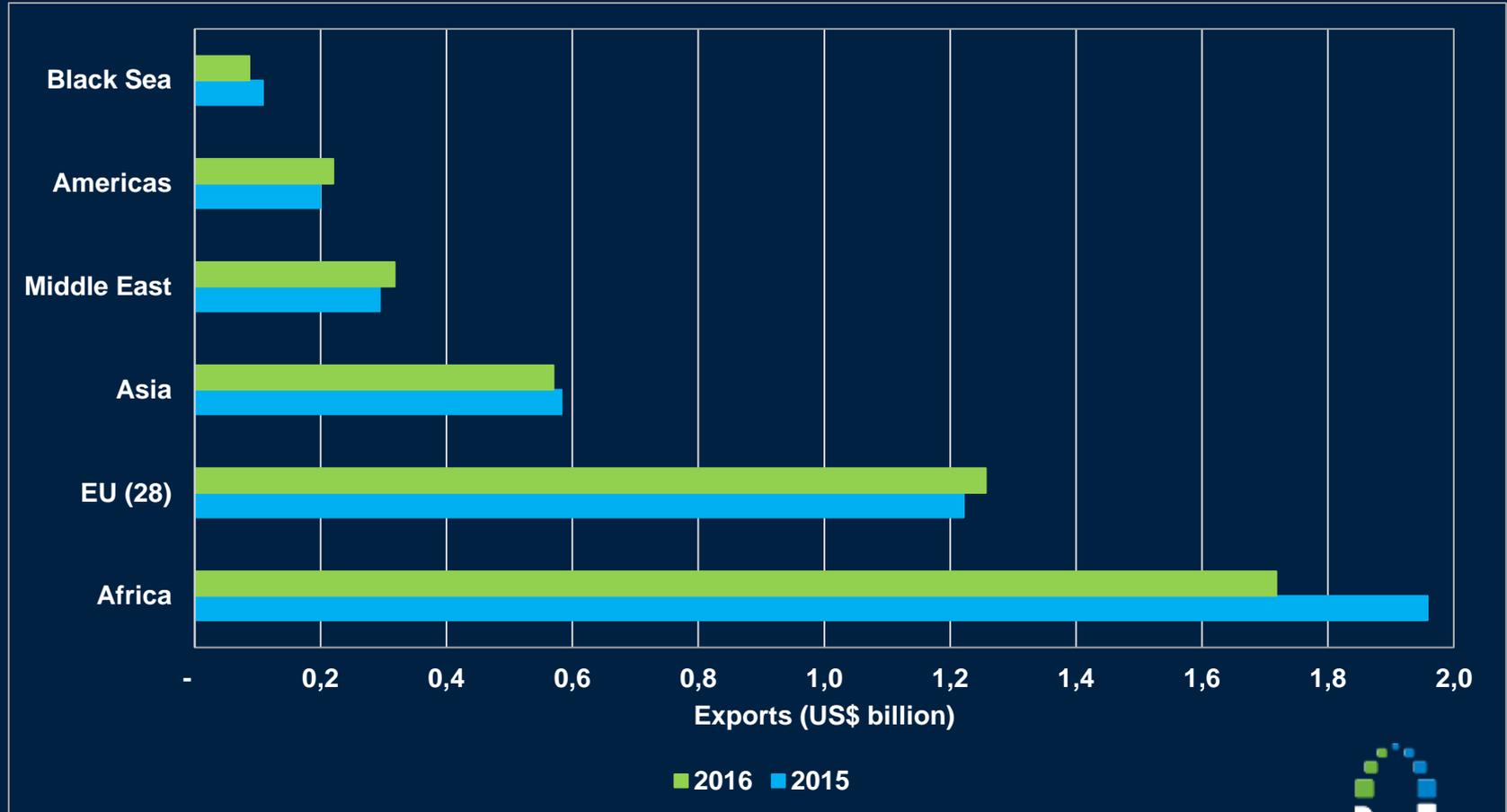


Outline

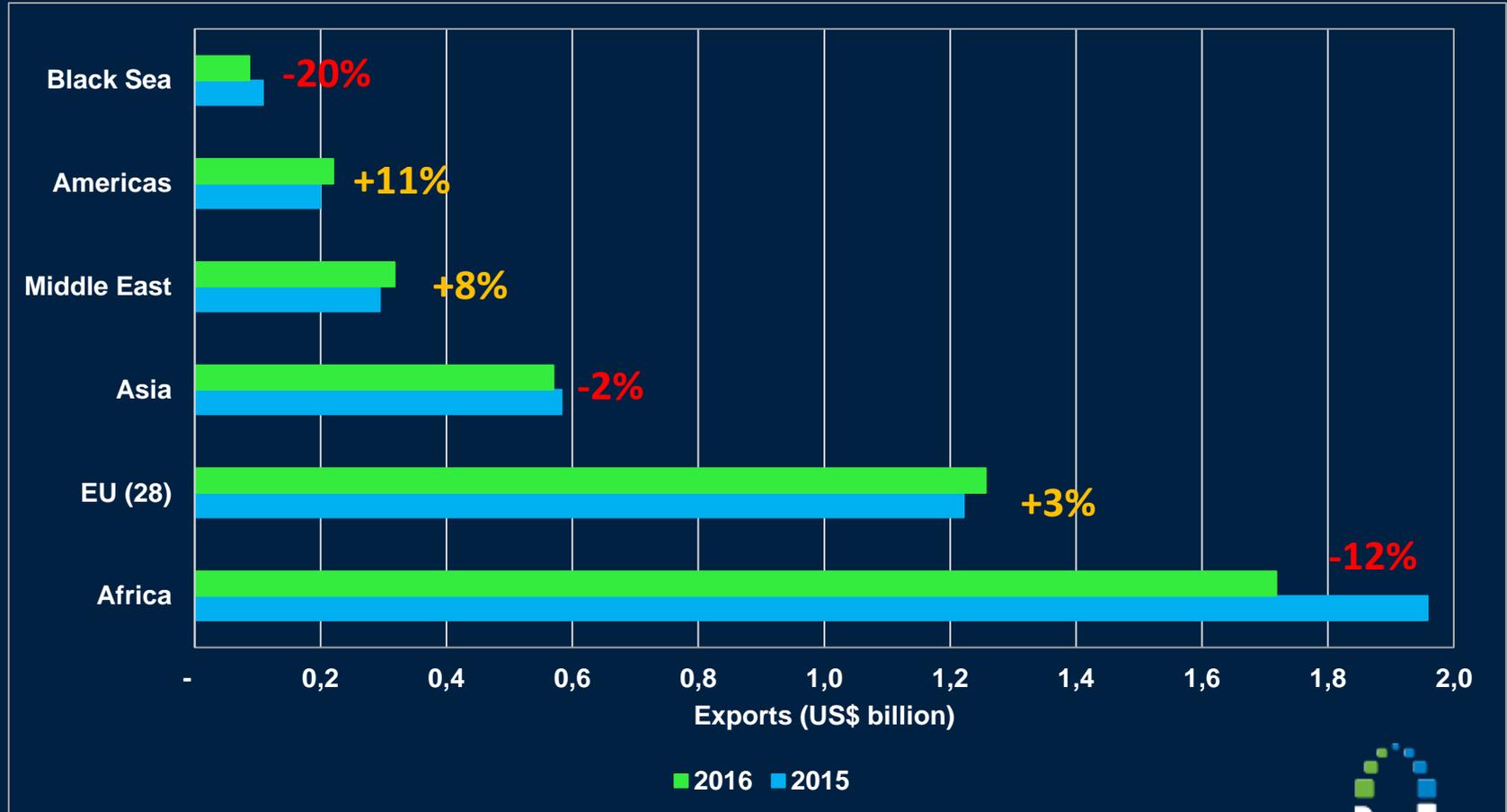
- Half year 2016 Agricultural Export Performance
- Rebates: South Africa's poultry imports from USA
- The SACU(M) Economic Partnership Agreement (EPA)
- SACU-MERCOSUR Agreement
- Outlook for 2017



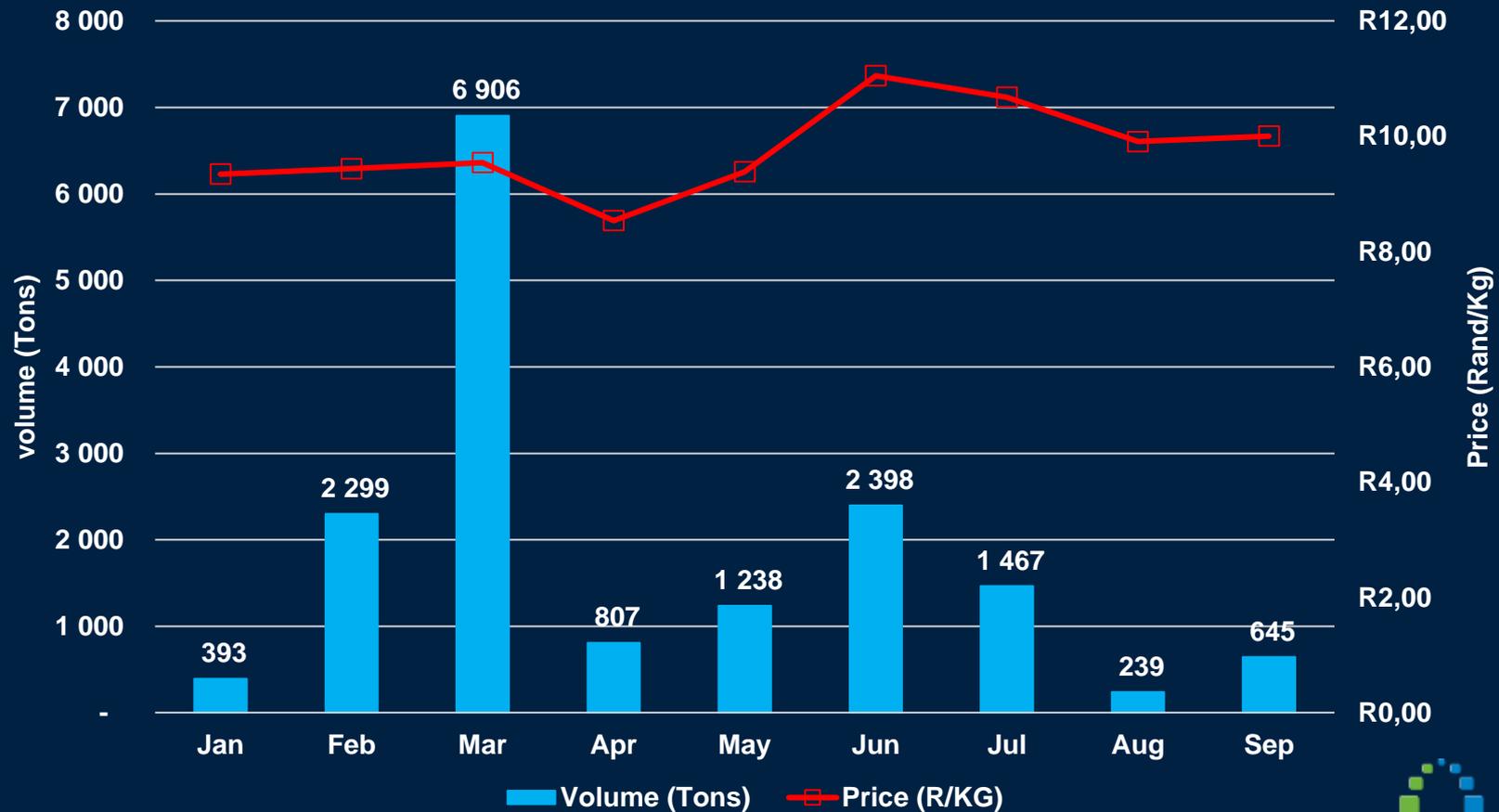
Agricultural Trade Performance



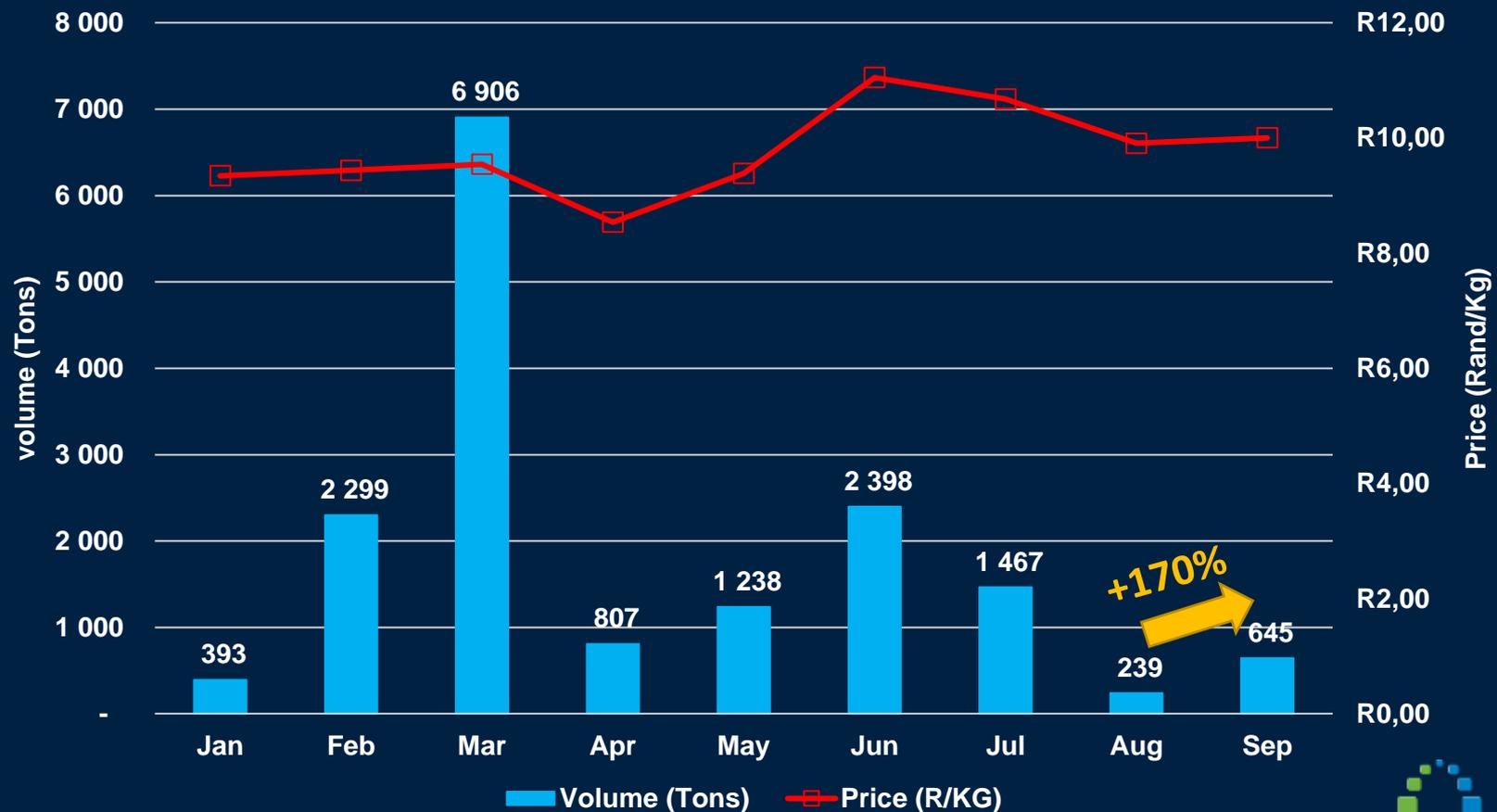
Agricultural Trade Performance



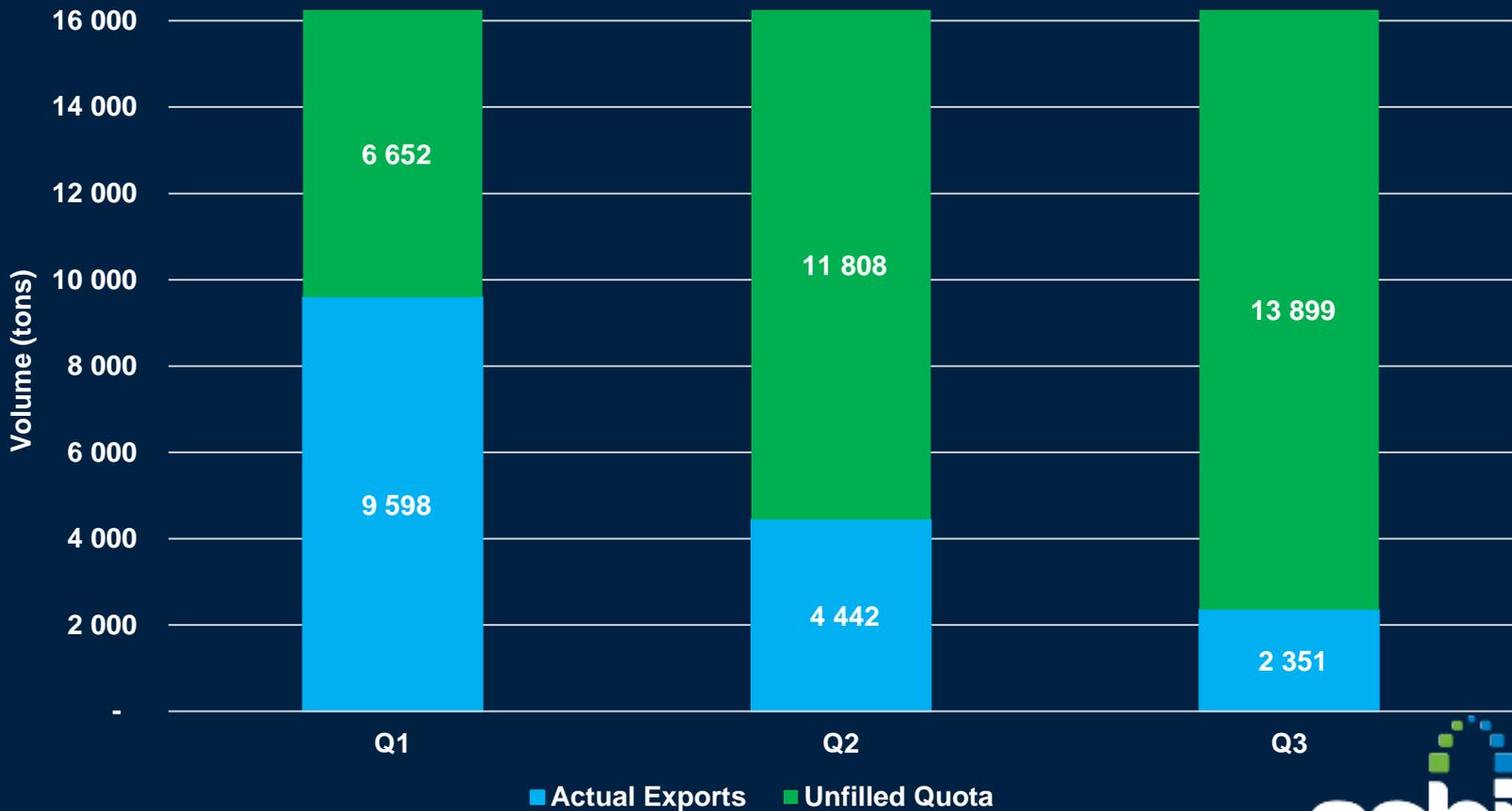
Tariffs, rebates and trade remedies: South Africa's bone-in poultry imports from the USA



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EU Economic Partnership Agreement

Agreement was provisionally implemented on 1st November 2016.

New market access

- Wine quota increased to 110 million litres
 - 50 million litres for bulk exports
 - 77 million litres for bottled wine
- Sugar cane quota increased to 150,000 tons
 - 50,000 tons of refined sugar
 - 100,000 tons of cane sugar for refining
- Tariff phase down for sweet oranges from 16th Oct – 31st Nov over the next decade – ensuring duty free market access by 2027
- Pears of variety Nashi and apples other than cider apples subject to duty free window period – 1st May to 31st June

EU Economic Partnership Agreement

Poultry

- Reports received suggest that there has been an outbreak of Avian Flu in Denmark, Netherlands, Poland and other parts of Europe.
- However, this is only on wild flocks, which means an automatic ban cannot be implemented as yet.
- Avian Flu-related Bans have already been in place against France and recently introduced against Germany
- Minister Davies is expected to implement a safeguard that will translate into a **13,4% duty** on poultry imports from the EU.
- SAPA argues that this will not be enough to avert the danger posed on unfairly priced imports from certain EU countries.



Economic Partnership Agreement

Citrus

- **CBS emergency measures** on South African citrus into the EU will remain a critical issue in 2017
- The citrus industry is incurring R1 billion per annum in compliance costs to manage CBS
- Emerging issues of False Coddling Moth will add to the cost burden and it is going to adversely affect competitiveness.
- Strategic diversification into Asia and the Far East will be expected as South Africa attempts to avoid high non-tariff barriers in the EU



SACU-MERCOSUR Agreement

- Agreement implemented on 21st October 2016 after it was supposed to come into force on 1st April 2016

Duty import reduction on soybean oilcake

- A 1.65% reduction in the import duty on MERCOSUR-originating soya oilcake imports, after falling from 6.6% to 4.95%.
- The agreement will be implemented retroactively – meaning that duties paid between 1st April and 21st October will have to be reimbursed by SARS.

Quotas

- Meanwhile, quota allocations made for frozen beef cuts – Paraguay and Uruguay (250 tons, each)
- Quota allocation for soybean – Paraguay (10,000 tons) and Uruguay (6,000 tons)
- Quota allocation for Paraguay soybean (5,000 tons) and sunflower oil (4,000 tons)



Outlook for 2017

- A recovery of domestic production will inevitably lead to a return to an increase in agricultural exports, particularly maize.
- 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.
- Continued engagement for AGOA reciprocity will continue, in one form or the other.
- Exports to the EU will likely grow, supported by the new EPA market access for agricultural products. However, export growth will be threatened by emerging SPS restrictions for citrus – (FCM issues).
- Brexit negotiations will likely commence, and this will add a bit of uncertainty.



Thank you



1 – 2 June 2016

The Lord Charles Hotel, Somerset West, Cape Town

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FIT FOR THE FUTURE