



Thank you to our sponsor for this event



# Agbiz Information Day

Trade and Investment Portfolio

1 March 2018

**Sifiso Ntombela**  
Pretoria, Gauteng Province



# Today's Menu

- ❖ Trade Agreements and institutions
- ❖ Agricultural trade
- ❖ Investment conditions in the sector

# WTO

- ❖ MC 11 took place on 10-13 Dec 2017, Buenos Aires Argentina.
- ❖ Dr John Purchase represented business in SA delegation
- ❖ We expected to have some sort of commitments on:
  - Domestic support in developed countries
  - Market access for cotton
  - Public stockholding for food security purposes
  - Special safeguard mechanism for developing countries
  - Export restrictions

**There were no substantial outcome at MC11 except the agreement to secure a deal on elimination of fisheries subsidies by the next Ministerial in December 2019**

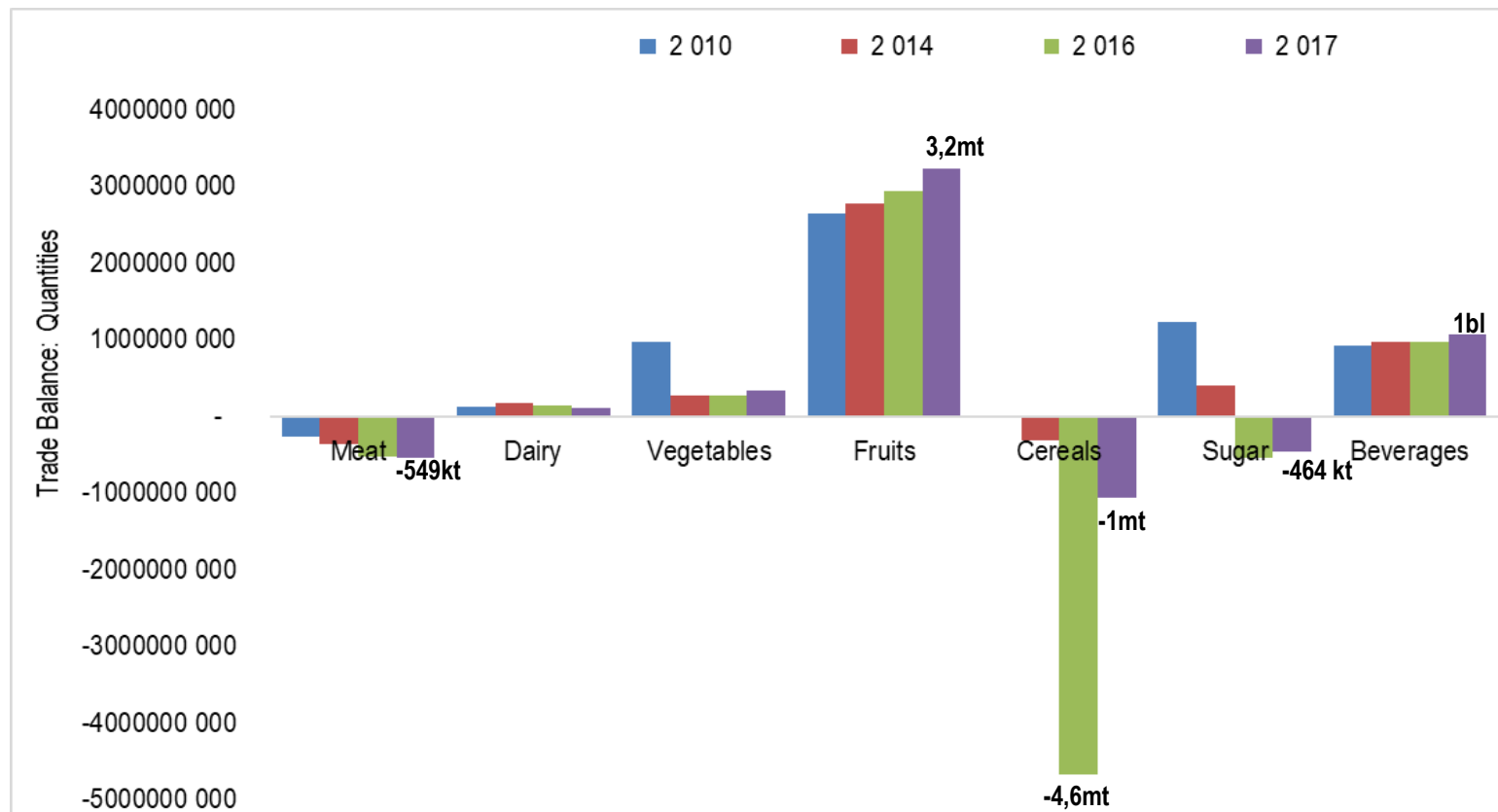
# Africa, Europe and America Trade Issues

- ❖ Service provider been appointed to conduct NEDLAC study on subsidies impacts on agricultural value chains
- ❖ NEDLAC finalizing ToRs for study to recommend the future structure of the trade and investment relationship between SA and USA
- ❖ CFTA – committees working on various texts for alignments (e.g. RoO)
- ❖ SADC-EU EPA
  - Sub-Committee of GIs, Wine & Spirits took place in CPT 22 Nov 2017 to monitor the implementation of Protocol 3 on GIs – this was a launch meeting
  - EU informed SA on new regulatory developments on SPS – False Codling Moth (FCM) will be regulated in the EU and citrus should be free of FCM to access EU. SA still unclear on other commodities to be affected by regulations
  - Sub-Committee on Customs and Trade Facilitation met on 24-25 January to monitor the implementation of Customs and Trade as well as Rules of Origin – this was a launch meeting

# Trade performance: Jan-Dec 2017

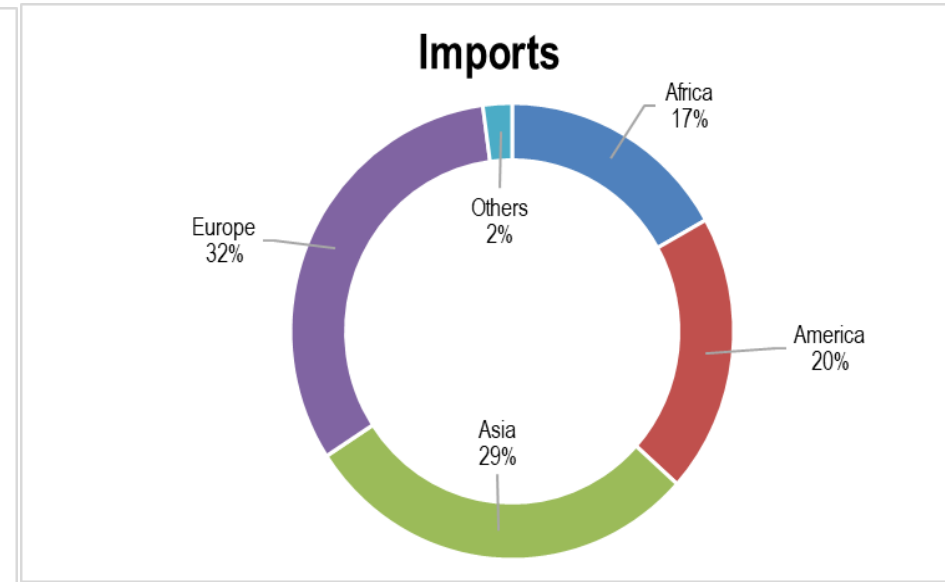
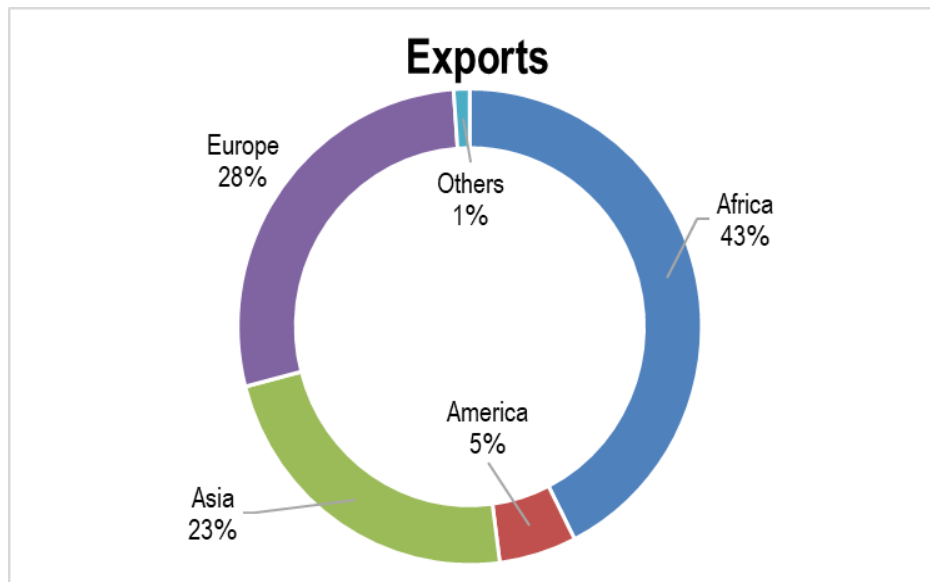
❖Agricultural trade exports: R146,789 billion, 1.9%↑

❖Agricultura trade imports: R102,414 billion, 3.9%↓



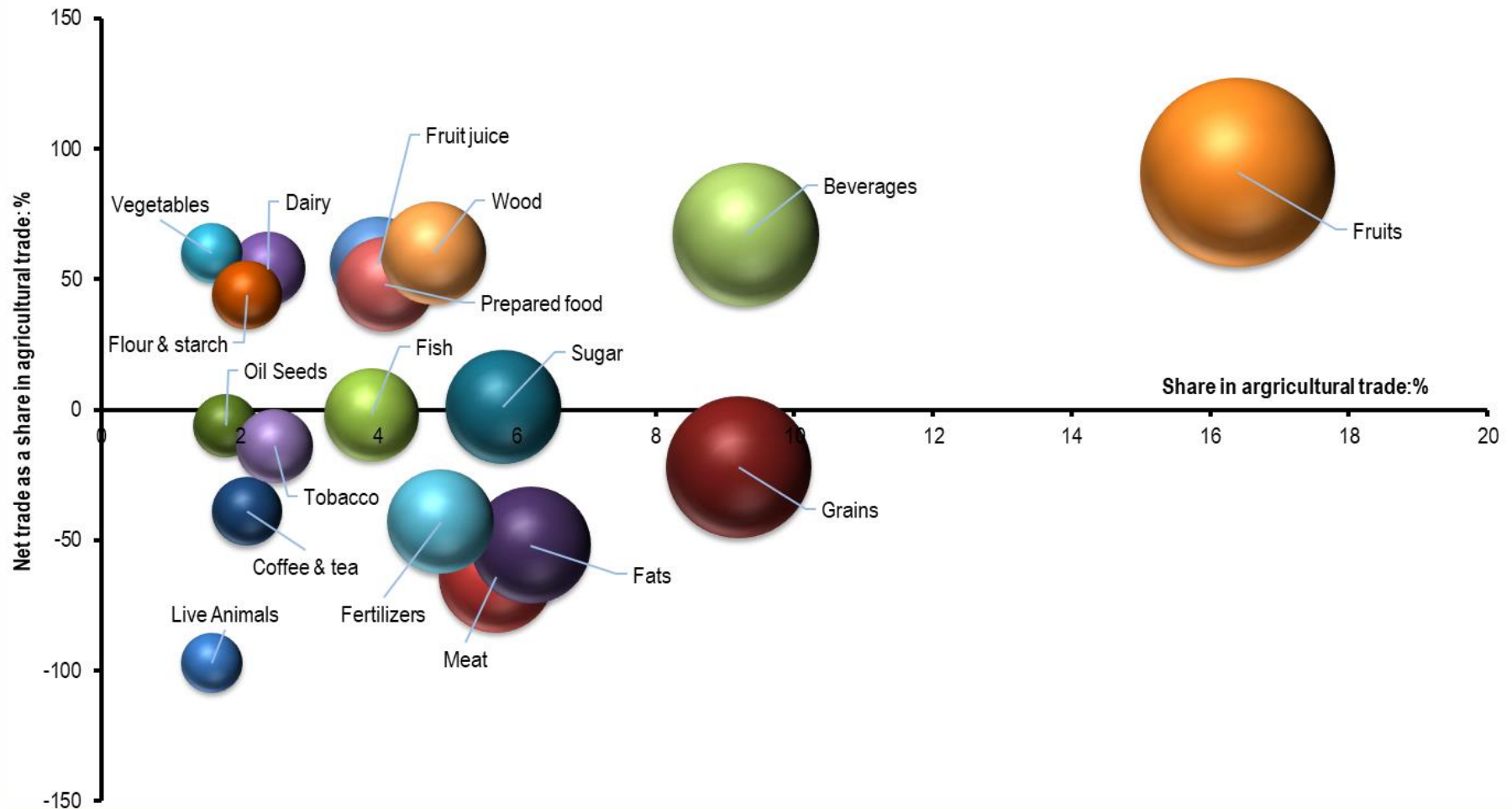
# Trade performance: Jan-Dec 2017

- SA-Africa bilateral trade skewed towards SA (*2,5:1 ratio*)
- SA-USA bilateral trade skewed towards USA (*1:4 ratio*)



# Trade performance: 2010-2017

- ❖ Losing competitiveness in many tariff lines
- ❖ Domestic support, SPS, TBT and transport cost key factors distorting international agricultural trade



# Facts vs Distortions

Elements	AgriSA Land Audit	DRDLR Land Audit	Sihlobo & Kapuya Estimation
SA total land: ha	122	122	122
SA public & FHL land: ha	31,8m	30,5m	
SA private land: ha	90,2	91,5m	
SA Agricultural land: ha	93,5m	110,6m	
White owned: ha	68,5m	79,6m	
Public, PDI & FHL: ha	25m	31m	
Transferred land: ha/%	8,9m	6,1m	18m(24)

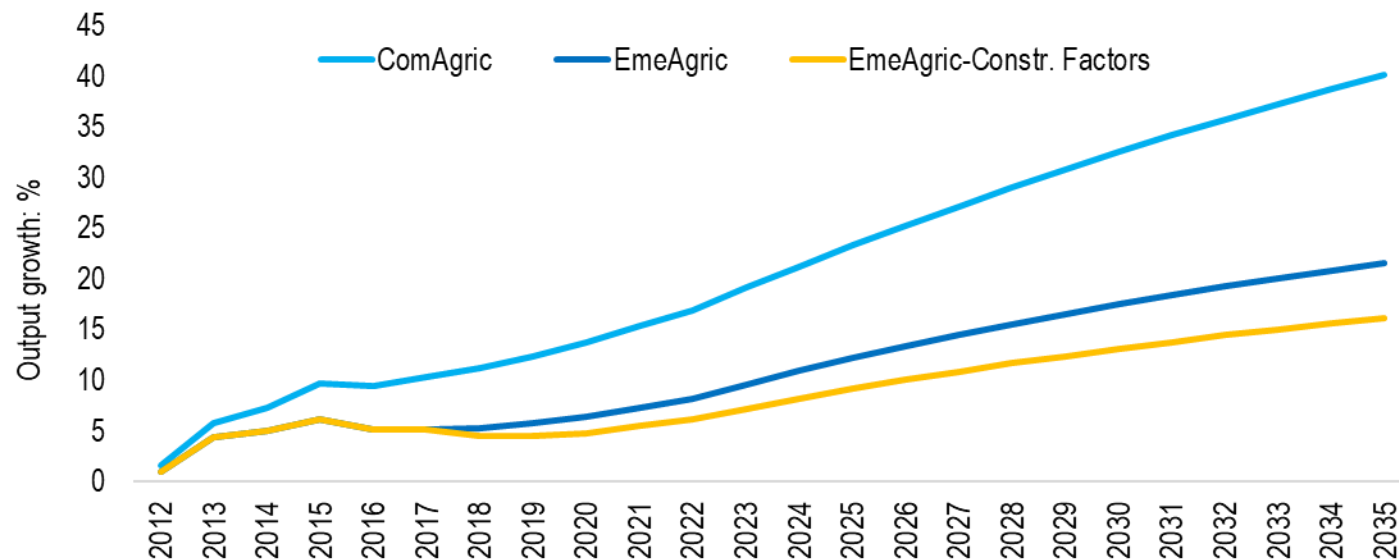
**Strong need to manage perceptions – investor confidence:**  
**Find Balance - Reallocation Pace vs. Productivity Transferred Land?**



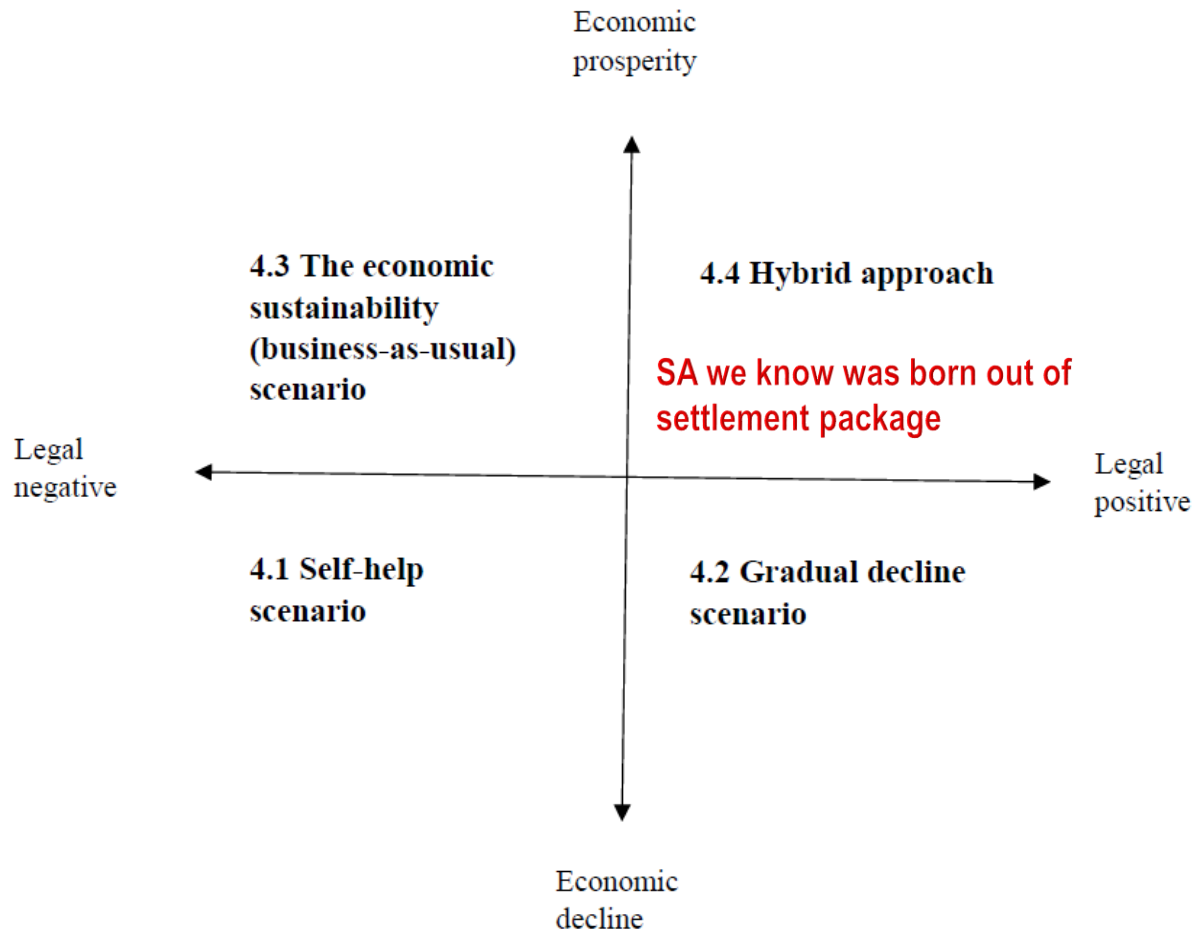
# Facts vs Distortions: Cont..

❖ Based on latest SAM and SUT, data analysis shows:

- Land accounts 11.5 % GPV-Commercial and 31.4% GPV-Emerging
- For every R1 agricultural output leads to R2.3 food output, including imports
- For every R1 value of land produces R8.7 of agricultural output thus R17.3 food
- Takes emerging 3.4 times land to produce same output from commercial farmers
- 7 is number of people can be taken out of poverty trap (StatsSA = R441 line), for every unused hectare brought into production



# Land reallocation and transformation



**Figure 1: Scenarios of the land reform process**

Source: Authors' deductions

# Conclusion

- ❖ Trade position is weakening
  - Limited demand constrain industry growth
- ❖ True, land is not only used for agriculture but  $\pm 76-80\%$
- ❖ Despite the obvious macro economic implication of EWC
  - Productive land redistribution could cause more social instability
    - ✓ Human capital is not transferred – as the case currently
    - ✓ Infrastructure and post-settlement support not in place
    - ✓ Market access is not addressed
- ❖ Consider Agbiz-BASA hybrid approach - accelerate land redistribution and transformation in the sector



UNIVERSITEIT VAN PRETORIA  
UNIVERSITY OF PRETORIA  
YUNIBESITHI YA PRETORIA



# Thank you

**Sifiso Ntombela:** [sifiso@agbiz.co.za](mailto:sifiso@agbiz.co.za)



@AgriChamber



@uSobahle