

# **A TRADE AND TARIFF POLICY IN SUPPORT OF THE AGRICULTURAL SECTOR**

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# AGRI SA STRATEGY

- **AGRI SA IS IN FAVOUR OF:**
  - *A FOCUSED SECTOR SPECIFIC TRADE AND TARIFF POLICY*
  - *DRIVEN BY DTI*
- **THE POLICY NEEDS TO INCREASE:**
  - *THE UTILISATION OF RESOURCES AND*
  - *THE POTENTIAL PRODUCTION CAPACITY*
- **AN AGRICULTURAL FOCUSED APPROACH WILL**
  - *CREATE MORE JOBS*



# AGRI SA STRATEGY

- **AGRI SA FOCUS ON THOSE POLICIES THAT:**
  - *ENABLE IMPORT SUBSTITUTION*
  - *INCREASE PROCESSING OF AGRICULTURAL COMMODITIES*
  - *EXPORT ENHANCEMENT*



# TRADE AND TARIFF POLICY

- **DOMESTIC PROGRESS**

- *2008: AGRI SA REQUEST SECTOR SPECIFIC POLICY*
- *DAFF SUPPORT SECTOR SPECIFIC TARIFF AND TRADE POLICY DRIVEN BY DAFF*
- *DTI VIEW: NO SECTOR SPECIFIC POLICY*
- *DOCUMENTED MOTIVATION USED IN COMPILATION OF NATIONAL POLICY BY DTI*
- *CURRENT APPROACH NOT SUFFICIENT TO ACCOUNT FOR AGRICULTURAL SPECIFIC OUTCOMES*



# TRADE AND TARIFF POLICY

- **DTI INVITE ANNUAL SUBMISSIONS**
  - *INCOPROATION INTO RELEVANT STRATEGIES IN SUPPORT OF TRADE AND TARIFF POLICY*
  - *EXAMPLE: IPAP2*



# TRADE AND TARIFF POLICY

- **GLOBAL PROGRESS**

- *NEGOTIATIONS RELATED TO WTO AND TRADE LIBERALISATION CONTRIBUTES LITTLE TO*

- FOOD SECURITY AND

- JOB CREATION IN DEVELOPING COUNTRIES

- *INSTEAD: GLOBAL PROTECTIONIST APPROACH EMERGE / ON THE INCREASE*

- *G20 MEETING OF AGRICULTURAL MINISTERS:*

- RESPONSIBILITY OF INDIVIDUAL COUNTRIES

- LIBERAL TRADE POLICIES IS NOT ENFORCEABLE



# TRADE AND TARIFF POLICY

- **GLOBAL PROGRESS**

- *EU COMMISSION REPORTS 2011*

- CONTINUATION OF DIRECT PAYMENTS / SUBSIDIES

- *EFFORTS OF DEVELOPING COUNTRIES TO FREE UP TRADE IS NOT TAKEN SERIOUSLY*

- **CONCLUSION**

- *RSA NEED TO PRIORITISE THE DEVELOPMENT OF DOMESTIC INDUSTRIES ABOVE THE RECOMMENDED GLOBAL TARIFF / TRADE POLICIES*



# EMPLOYMENT GROWTH POTENTIAL

- **AGRICULTURAL OBJECTIVE: UNLOCKING HIGHEST EMPLOYMENT GROWTH POTENTIAL**
  - *WHICH PRODUCTS SHOULD WE PRODUCE?*
  - *HOW CAN SECTOR SPECIFIC OUTCOMES SUPPORT THIS OBJECTIVE IN AGRICULTURE?*
- **BFAP BASELINE STUDY 2011**
  - *SELECTED INDUSTRIES MUST BE DRIVEN BY*
    - HIGHER LEVELS OF PRODUCTIVITY
    - SUPPORTED BY DOMESTIC / INTERNATIONAL MARKETS



# EMPLOYMENT GROWTH POTENTIAL

- **SUPPORT FOR SECURE DOMESTIC / INTERNATIONAL MARKETS**
  - *REQUIRE SUFFICIENT SECTOR SPECIFIC OUTCOMES IN TRADE AND TARIFF POLICY*
  - *REQUIRE DTI TO DRIVE THIS SECTOR SPECIFIC FOCUS/ OUTCOMES*
  - *AGRI SA CAN PLAY CRITICAL ROLE TO FACILITATE THE TRADE POLICIES NEEDED FOR THOSE INDUSTRIES, ESPECIALLY THE SMALLER INDUSTRIES*



# EMPLOYMENT GROWTH POTENTIAL

- **IMPORTANCE OF AGRICULTURE**
  - *FORWARD / BACKWARD LINKAGES HAVE A PRONOUNCE IMPACT ON*
    - EMPLOYMENT AND
    - GROWTH OF THE GDP
  - *RATIO: INVESTMENT / JOBS CREATED IN FAVOUR OF AGRICULTURE*
- **AGRICULTURAL POTENTIAL FOR JOB CREATION EXCEEDS THOSE OF NON-AGRICULTURAL SECTORS**



# GRAIN AND OILSEED INDUSTRIES

- **IMPORTANCE OF SECTOR SPECIFIC TRADE AND TARIFF POLICY (EXAMPLES)**
  - *SOYBEAN: TARIFFS ON OILCAKE IMPORTS NEEDED*
  - *CANOLA: TARIFFS ON VEGETABLE OIL IMPORTS NOT POSSIBLE DUE TO TDCA AGREEMENT*
  - *WHEAT: NEED TARIFF TO CURB DECLINE*
  - *SORGHUM: UNILATERAL DECISION BY BOTSWANA TO BAN IMPORTS WITHOUT SACU CONSULTATION*
  - *MAIZE: PROMOTION OF EXPORTS*



# SECTOR SPECIFIC FOCUS/OUTCOMES IN TRADE AND TARIFF POLICY

- **SUFFICIENT MARKETS**

- *NEED SUPPORTIVE FAIR POLICY*
- *NEED SUPPORTIVE CHAMPION TO DRIVE POLICY*
- *IMPORT SUBSTITUTION CAN CONTRIBUTE TO DOMESTIC EXPANSION AND JOB CREATION*
- *ABSENCE OF SUFFICIENT MARKETS WILL LEAD TO SURPLUS / DECREASED PRICES / JOB LOSSES*
- *SUPPORT JOB RETENTION*
- *DTI AS CHAMPION WILL FURTHER JOB CREATION ON NEW GROWTH PATH*



High growth potential



1

2

4

3

Low growth potential

Non-labor intensive  
<0.01 labour / ha

Labour Intensive  
>1.3 labour /ha

# IMPORTANCE OF AGRICULTURE IN JOB CREATION

	ON FARM JOBS	LINKED JOBS
LABOUR INTENSIVE WINNING INDUSTRIES e.g. Fruit and wine etc.	200 000	100 000
LIVESTOCK INDUSTRIES	40 000	25 000
LESS LABOUR INTENSIVE INDUSTRIES e.g. Grain and Oilseeds	10 000	5000
BETTER UTILIZATION OF REDISTRIBUTED LAND AND BETTER ACCES IN FORMER HOMELANDS	300 000	200 000
<b>TOTAL POTENTIAL</b>	<b>1 000 000 JOBS !</b>	

# CONCLUSION

- **AGRI SA REQUEST TO GOVERNMENT**

- *GIVEN IMPORTANCE OF AGRICULTURAL INDUSTRIES AS JOB PROVIDER AND CONTRIBUTOR TO NEW GROWTH PATH TO*

- FOCUS ON SECTOR SPECIFIC OUTCOMES FROM THE TRADE AND TARIFF POLICY DISPENSATION FOR AGRICULTURE
- CHAIRED/DRIVEN BY DTI
- SUBJECT TO INPUTS FROM INDUSTRY, DAFF, ATF, NAMC, DTI, ITAC, IDC AND UNIVERSITIES



# COUNTERPLEA

- **VISION OF GROWING AGRICULTURAL SECTOR IS SHARED BY THE SECTOR & GOVERNMENT**
  - *INCREASE JOB OPPORTUNITIES*
  - *MAINTAIN FOOD SECURITY*
- **FORMALIZE DISCUSSIONS & CONSIDER PROPOSALS ON**
  - *IMPORT REPLACEMENT STRATEGY*
  - *IMPORT PROTECTION*
  - *NO PREFERENTIAL ACCESS*
  - *EFFECTIVE ACTIONS RE VIOLATORS OF EXISTING FTA/S*
  - *UTILIZE BFAP MODELS TO FORCAST IMPLICATIONS*



# THANK YOU

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