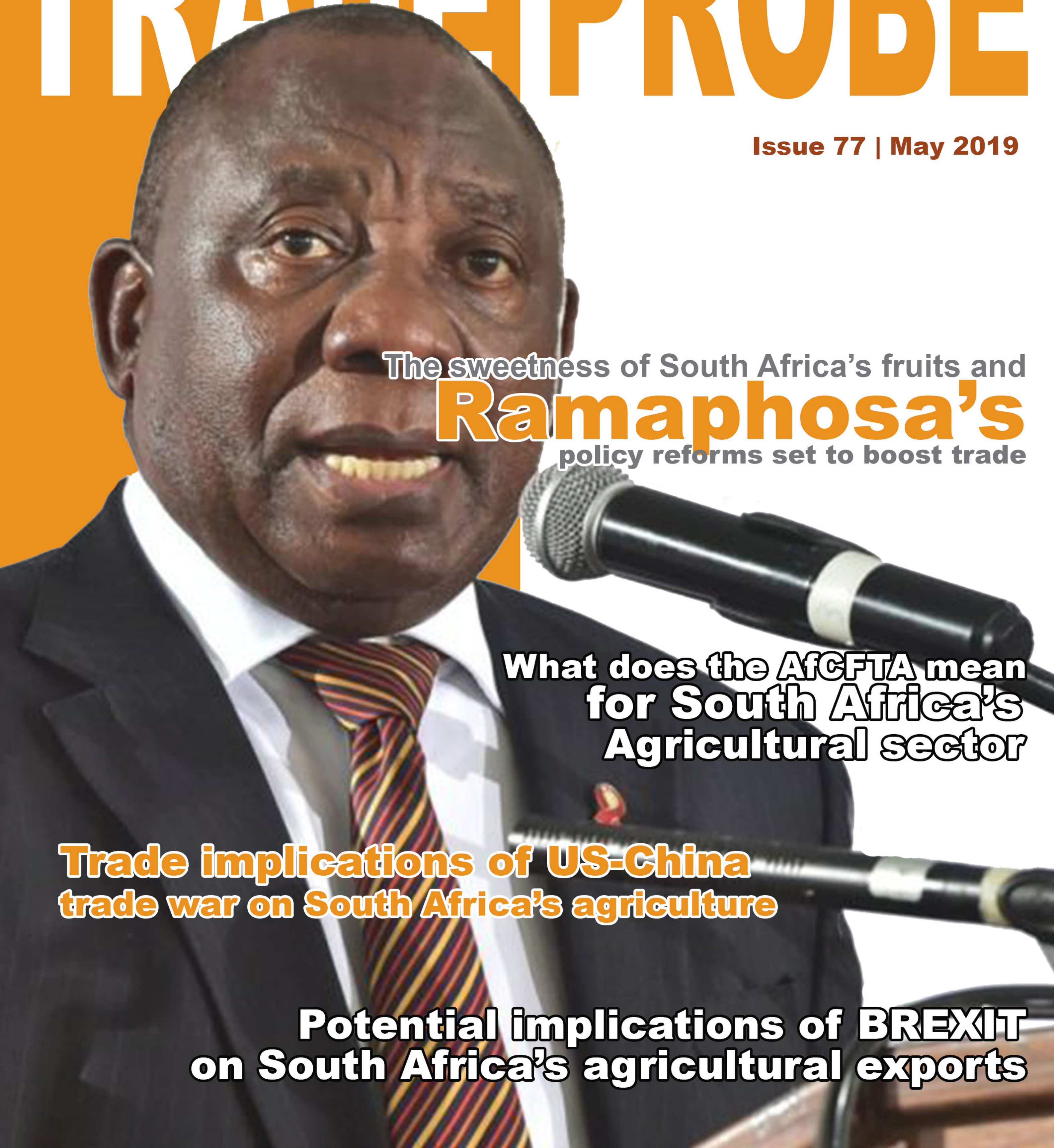
TRADE PROBE

Issue 77 | May 2019



The sweetness of South Africa's fruits and Ramaphosa's policy reforms set to boost trade

What does the AfCFTA mean for South Africa's Agricultural sector

Trade implications of US-China trade war on South Africa's agriculture

Potential implications of BREXIT on South Africa's agricultural exports

agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

IKE E: /XARRA //KE

NAMC

Promoting market access for South African agriculture

FOREWORD

Welcome to the seventy-seventh (77th) issue of the Trade Probe publication produced under the Markets and Economic Research Centre (MERC) of the National Agricultural Marketing Council (NAMC). The purpose of this issue is to provide a detailed analysis of trade implications of policy uncertainties in the world and in the South Africa's agricultural sector. This issue of Trade Probe covers the agricultural trade analysis under President Ramaphosa's administration, African Continental Free Trade Area (AfCFTA) agreement, US-China trade war, and Brexit trade implications on the South Africa's agricultural sector. The objective of the publication is to inform policymakers, producers, traders and other stakeholders of the implications of politics on the trade performance of the affected agricultural sector. This publication also provides valuable information about market opportunities available in the United Kingdom and also within the SADC region. Policy uncertainties is found to be one of the most significant impediments to agricultural trade performance and economic development through its direct effect on income and prices and indirectly through its influence on investment in physical capital.

THIS ISSUE OF TRADE PROBE COVERS THE FOLLOWING TOPICS:

Trade Analysis

1. The sweetness of South Africa's fruits and Ramaphosa's policy reforms set to boost trade
2. What does the AfCFTA agreement mean for South Africa's agricultural sector?
3. Trade implications of the US-China trade war on South Africa's agriculture
4. Potential implications of Brexit for South Africa's agricultural exports

Trade Opportunities

1. South Africa's agricultural market opportunities in the United Kingdom (UK)
2. South Africa's agricultural industry funding and government support

Trade News

1. Perspectives on the AfCFTA agreement – Key to success for the FTA negotiations
2. SA poultry industry backs Namibia against dumping of chicken from Brazil
3. President Ramaphosa deposits SA's AfCFTA instrument of ratification

CONTRIBUTORS:

Dr Simphiwe Ngqangweni
Dr Sifiso Ntombela
Dr Moses Lubinga
Mr Bonani Nyhodo
Mr Lucius Phaleng
Ms Onele Tshitiza

The sweetness of South Africa's fruits and Ramaphosa's policy reforms set to boost trade

By Dr Sifiso Ntombela & Dr Simphiwe Ngqangweni

Introduction

Trade data shows that South Africa had a trade deficit of R7.55 billion in the first quarter of 2019, which can be attributed to low exports of R103.8 billion in the first quarter of 2019, although they are still 17.3 % higher than exports recorded in the corresponding period in 2018. Imports of R107.2 in 2019 show an increase of 23.8 % as compared to the same period last year. Low export growth can be attributed to weak production from the manufacturing sector, where production declined by 2 % in the first quarter of 2019. Export bans on animal products due to disease outbreaks also affected exports of agricultural goods like wool and meat. Notwithstanding the current trade deficit, the country is expected to perform better in the coming quarters of 2019, driven by agricultural exports such as fruits and mining commodities. The stabilisation of electricity supply in the country is likely to enhance production in the manufacturing sector, which will lead to exports.

South Africa registered a positive trade balance for two consecutive years, driven by minerals, precious stones and agricultural commodities. Despite subdued economic growth and drought in recent years, South Africa achieved a trade balance of R14.6 billion in 2018 and R76.6 billion in 2017, indicating the resilience of the country. The recovery of commodity prices in the international market, coupled with a weaker exchange rate, are among contributing factors to the positive trade performance in the past two years. Furthermore, the ascent of President Cyril Ramaphosa to Mahlamba Ndlopfu in early 2018 boosted the confidence of South Africa's trading partners, thus helping the country to maintain its position as a supplier of quality agricultural, mining and other commodities to international markets. According to the Agribusiness Chamber, the confidence in the sector improved from 41 index points in the fourth quarter of 2018 to 46 index point in March 2019, suggesting positive expectations from business on the prosperity of the sector and the country as a whole.

In his State of the Nation Address in February 2019, the President affirmed the need to broaden South Africa's export markets in order to generate foreign earnings for the country. Agriculture was one of the economic sectors identified as a key exporter, with the strong potential to create jobs and alleviate poverty in rural areas. This section assesses the trade performance of the agricultural sector over the past 28 months and also provides the outlook of agricultural trade in the near term.

Author: Dr Sifiso Ntombela is a chief economist under the Trade Research Unit (MERC) at the National Agricultural Marketing Council. He can be contacted at sifiso@namc.co.za or (012) 341 1115.

Drivers of agricultural trade growth

In 2017, South Africa's agricultural sector obtained a monthly average of R4.27 billion in trade balance, which was 15.4 % higher than the monthly average achieved in 2016. In both years, fruit exports – particularly citrus fruits – were the main drivers of agricultural trade growth. Oranges were the biggest agricultural product exported, valued at R10.8 billion in 2018, followed by wine with a value of R10.4 billion and grapes with a value of R9.2 billion in the same year. Other prominent agricultural exports include pome and stone fruits, sugar, as well as wool. Figure 1 shows the monthly trade balance for aggregated agriculture over the past 28 months. It is obvious from this graph that South Africa's agricultural exports are growing. This growth comes under taxing conditions such as the severe drought conditions over the past two years and the constantly increasing fuel and electricity prices. It is therefore evident that the growth in agricultural exports is linked to the exchange rate.

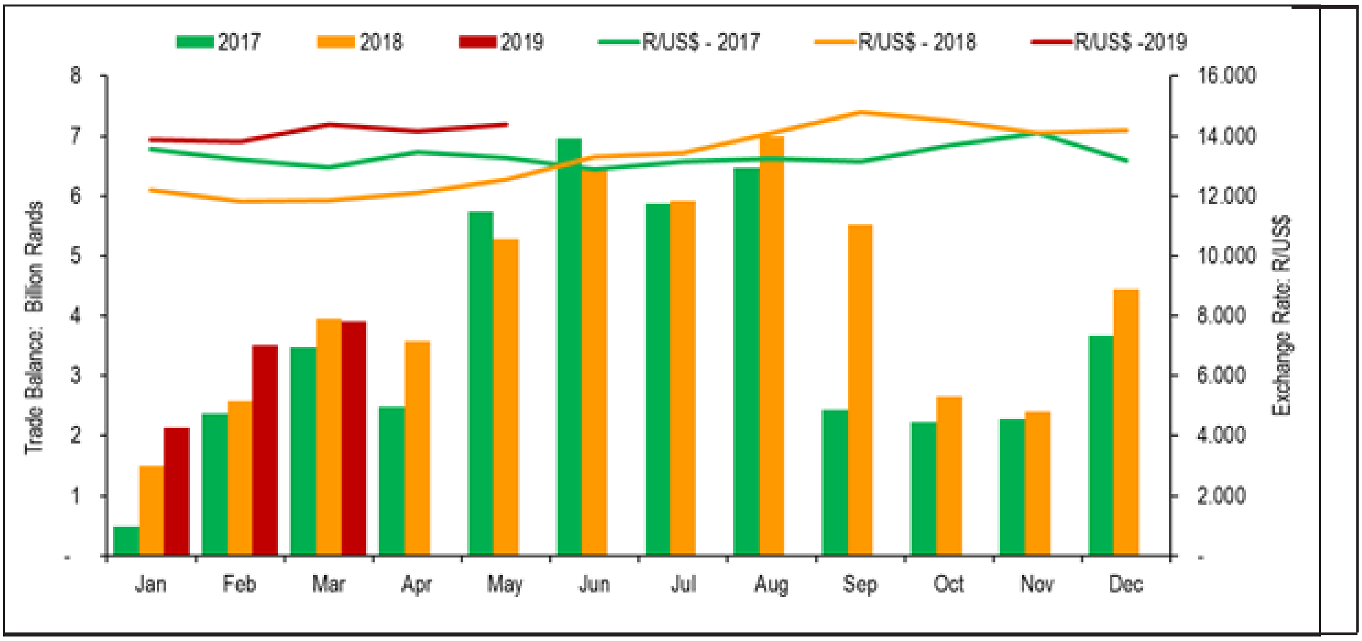


Figure 1: South Africa's agricultural trade balance
Source: Raw data from SARS (2019)

In December 2017, the exchange rate was 13.19 R/US$ and it strengthened to 11.83 R/US$ in March 2018; thereafter it deteriorated until it reached 14.79 R/US$ in September 2018. Since then it has hovered around R14.3 R/US$ as witnessed in May 2019, which is somewhat positive for exported agricultural products. Because of the exchange rate effect, fruit industries benefited despite having low production quantities due to drought in the 2018 export season. Since South Africa is a strong exporter of fruits, wines and other unprocessed agricultural products, the positive effect of a weaker exchange rate is somewhat limited, and its benefit is distorted by the fact that South Africa also imports large quantities of grains and animal products, which then come at a higher cost due to the weaker exchange rate. The next section looks at the agricultural import profile for South Africa.

Implications of agricultural trade opening on local industries

South Africa is a net importer of grain and meat products and the weaker exchange rate tends to affect the food affordability in the country, in particular, staple food products such as wheat, rice and poultry meat. These commodities are considered pivotal sources of protein and starch, which are key for human consumption and development. In 2018, South Africa imported rice valued at R6.9 billion, followed by poultry meat worth R6.5 billion and wheat valued of R5.3 billion. Agricultural imports not only affect the affordability of food but also constrain local production. Market access data from the United Nations and World Trade Organization's International Trade Centre (UN-WTO ITC) shows that South African farmers receive relatively little support from the government as compared to their counterparts in other developing nations, as well as developed nations. As a result, the imports coming from these better-supported nations pose unfair competition in the local market.

The relatively cheaper imports coming into the country have compelled some local farmers to rely on trade policy for protection – for example, the sugar and poultry industries have recently lodged applications to increase customs duty rates to a bound level to guard the local industries against growing imports. Industries have justified their tariff escalation requests using import data that showed a rise in products like sugar, poultry meat and wheat. While this reasoning is somewhat justifiable when looking at recent import data, it is important for policymakers assessing these applications to also consider other constraining factors that hinder innovation and competitiveness in the country. Some of these factors include low investment in research and development, as well as rising cases of anti-competitive conduct in the agricultural sector, which affect the agricultural sector's ability to accommodate new players.

A 2018 survey by the Department of Science and Technology found that South Africa spends less than 0.8 % of Gross Domestic Product (GDP) on research and development, which is lower than the average expenditure by BRICS countries. The investigations conducted by the Competition Commission found that the majority of firms engaged in anti-competitive acts such as fixing prices, market divisions and abuse of dominance in the grains and livestock sub-sectors. As a result of these investigations, the penalties paid by firms for anti-competitive conduct increased from R295 million between 2004 and 2008 to R692 million between 2009 and 2013. Part of the policy reforms promised by President Ramaphosa is a review of competition and trade policies to boost economic growth. It is crucial for policymakers to strike a balance in terms of setting appropriate protection levels using trade policy and also ensuring that constraining barriers on the supply side are resolved.

South Africa's trading partners on agricultural commodities

Figure 2 presents South Africa's main suppliers of agricultural products in 2018, along with the market destinations for the country's agricultural exports. Bilateral trade between South Africa and the European Union (EU) appears to be relatively balanced. South Africa exports 30 % of its agricultural products to the EU and sources 34 % of its agricultural imports from the EU. A similar picture is seen for Asian markets. However, bilateral trade between the Americas and South Africa is biased towards the Americas. South Africa only supplies 6 % of her agricultural exports to the Americas, but imports more than 18 % of agricultural products from the Americas. agricultural imports largely constitute poultry meat and sugar products. This suggests a need to review trade relations between South Africa and its trading partners, which is one of the critical areas that policymakers under President Ramaphosa's administration would have to prioritise because trade policy is a key enabler to unlock new growth in production and job creation in the country.

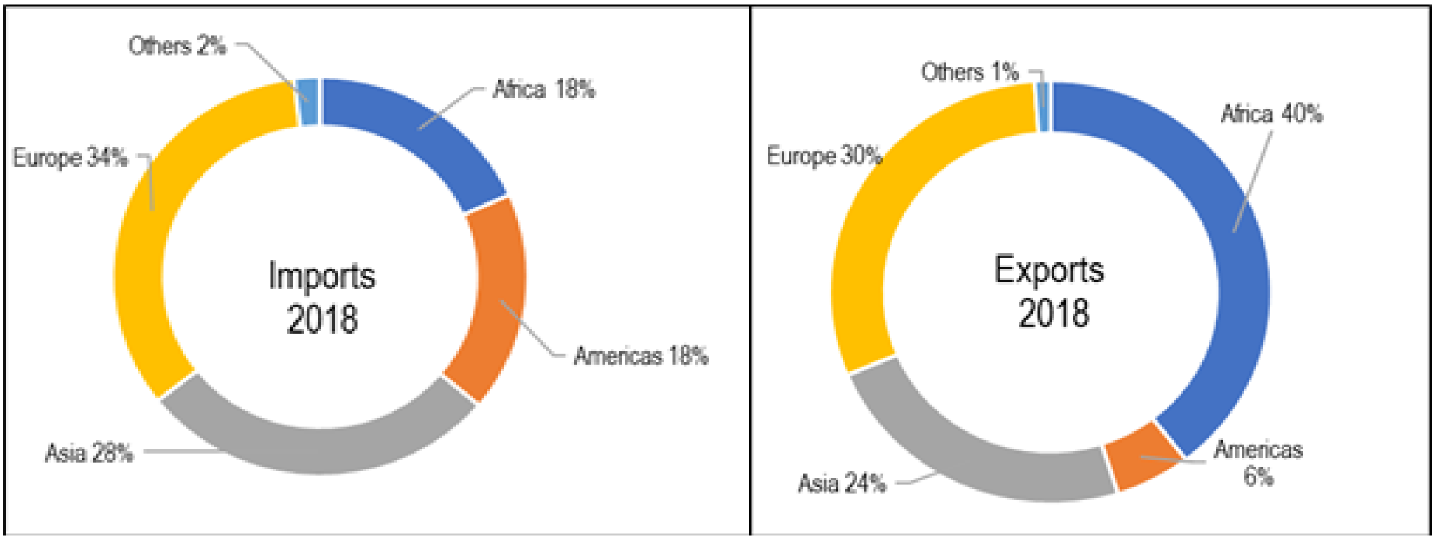


Figure 2: South Africa's suppliers of agricultural imports and destinations for agricultural exports
Source: Raw data from SARS (2019)

Agricultural trade outlook in the near term

South Africa remains a competitive producer and exporter of agricultural products such as fruits and wine. However, the dry conditions in recent years and the growing incidence of water restrictions have affected the production of fruits. The weather conditions are expected to improve across the country in the upcoming production seasons and that will lead to production recovery in many growing areas. Some crops like citrus fruits are expected to gain stronger growth in the near term due to expanding export markets and area planted in the country. In livestock exports, little growth is expected in the near term due to biosecurity issues and lack of an animal traceability system, which affects the country's ability to comply with export standards in many international markets.

From the import perspective, the country is steadily increasing its customs duty rate on many tariff lines due to growing imports and decaying competitiveness in the local market. According to market access data from the UN-WTO ITC, South Africa's agricultural tariff rate (Most Favoured Nation - MFN) increased from an average of 4.98 % in 1996 to 10.97 % in 2010, and 19.03 % in 2018. Also, the preferential rates offered by South Africa to its trading partners grew from an average of 9.72 % in 2010 to 16.29 % in 2018. While tariffs are important to ensure a fair playing-field on trade, they could affect local consumers if fundamental challenges such as low investments in research and development, decaying infrastructure and rise of anti-competitive conduct in the country are not dealt with. A balance in setting the right protection level and simultaneously tackling domestic barriers on the supply side will ensure the country retains its competitive position in the world. In conclusion, the rising confidence in President Ramaphosa to institute appropriate reforms is likely to boost agricultural investments and growth, thus promoting exports in the short to medium term.

What does the African Continental Free Trade Area (AfCFTA) agreement mean for South Africa's agricultural sector?

By Dr Moses Lubinga

Introduction

The AfCFTA is thus far the most ambitious initiative on the continent, with the AfCFTA agreement framework covering a wide spectrum of issues (including trade in goods and services, investment, intellectual property rights, and competition policy). The AfCFTA agreement states that tariffs on a number of products will be eliminated, and also address the non-tariff bottlenecks limiting intra-Africa trade, among other objectives. Following the attainment of a 22-country threshold of countries that have deposited their instruments of ratification with the Chair of the African Union Commission as per Article 23 of the agreement, the AfCFTA came into effect on 30 May 2019. Beyond the 22-country threshold, the AfCFTA will bring together 55 African countries with an estimated population of 1.2 billion. The high population presents great opportunities for the agricultural sector to produce more food while creating job opportunities, in a quest to address the food insecurity issue among many African states. In this section, the focus is on South Africa's agricultural sector. Agriculture presents an interesting case for consideration given the fact that many countries south of the Sahara derive their livelihoods from this sector.

Intra-Africa agricultural trade overview

In 2018, intra-Africa agricultural trade accounted for only 20 % of all exports on the continent. Overall, South Africa, Kenya, Namibia, Mozambique and Botswana contributed the most towards intra-Africa trade, accounting for 17 %, 6 %, 6 %, 5 % and 5 % respectively of all agricultural exports. South Sudan, Central African Republic and Guinea-Bissau exported the least among the African states. With the exception of edible fruits and nuts (HS 08) and edible vegetables (HS 07), intra-Africa agricultural exports largely comprise of processed products, including cigarettes, sugar and palm oil. Africa's intra- exports of tobacco products (HS 24) accounted for 72 % relative to tobacco imports in 2018 (See: Table 1). With reference to Africa's tobacco exports to the world, intra-Africa exports assumed 50 %. On the other hand, the share of intra-Africa sugar (HS 17) exports to imports only accounted for 22 %. More than 57 % of Africa's sugar products were exported within Africa as compared to the rest of the world.

Author: Dr Moses Lubinga is a senior economist under the Trade Research Unit (MERC) at the National Agricultural Marketing Council. He can be contacted at Hlubinga@namc.co.za or (012) 341 1115.

[1]Chad, Congo Republic, Djibouti, Egypt, Ethiopia, ESwatini, Gambia, Ghana, Guinea, Ivory Coast, Kenya, Mali, Mauritania, Namibia, Niger, Rwanda, Saharawi Republic, Senegal, Sierra Leone, South Africa, Togo, and Uganda.

Table 1: Top 10 agricultural products exported on the African continent in 2018

HS code	Product label	Africa's exports to Africa	Africa's imports from world	Africa's exports to world	% share exports to imports (intra Africa)	% share intra-Africa exports to Africa's exports to world
		R '000				
'24	Tobacco & manufactured tobacco substitutes	19748246	27153651	39199879	72.7	50.4
'17	Sugars and sugar confectionery	16299622	73121251	28220824	22.3	57.8
'22	Beverages, spirits and vinegar	13160957	37903112	24896536	34.7	52.9
'09	Coffee, tea, maté and spices	10993540	28575589	63228922	38.5	17.4
'15	Fats & oils & their cleavage products;	10134284	107715605	28879937	9.4	35.1
'21	Miscellaneous edible preparations	9689725	38078749	14374241	25.5	67.4
'08	Edible fruit and nuts; peel of citrus fruit or melons	8835509	20206713	141254130	43.7	6.3
'23	Residues & waste from the food industries	7899680	43510902	16870667	18.2	46.8
'19	Preps of cereals, flour, starch or milk; pastry-cooks' products	6789340	41101520	9327351	16.5	72.8
'07	Edible vegetables and certain roots and tubers	6587536	28036430	45314356	23.5	14.5

Source: ITC (2018)

The relatively low level (20 %) of intra-Africa agricultural trade is attributable to the variation in tariff rates amongst African states, depending on the regional economic community (REC) to which a given country ascribes. According to Tralac (2019), tariff rates are highest among African countries that do not have a preferential trade agreement in place. For instance, sugar imports into Ethiopia are subject to a 5 % duty if it comes from countries that are not members of COMESA, while in Egypt, coffee extracts imported from countries that do not ascribe to the Pan Arab Free Trade Area (PAFTA) and AGADIR area pay 10 % duty. AGADIR is a free trade agreement between Egypt, Jordan, Morocco and Tunisia. As seen in Table 1, the limited trade in fresh agricultural products such as horticultural products could be due to trade facilitation problems across the continent, especially amongst the landlocked countries. For instance, infrastructure in many African countries is in a bad state, hence exacerbating transport costs coupled with the unavailability of relevant market information. In addition, customs and border procedures are highly bureaucratic, leading to delays.

AfCFTA unfinished business

Despite the fact that the 22-country threshold has been ratified, the AfCFTA still has some unfinished business – for instance, the sticky issues of tariff concessions and rules of origin remain ambiguous. Without a clear road map for tariff concessions, it is bound to make the implementation of the agreement ineffective, as countries will not be in a position to know how and when to adjust.

Opportunities for South Africa's agricultural sector

• South Africa is bound to largely benefit in the AfCFTA, given that it is the only African economy that is a significant destination market and also a source country for agricultural products. To a great extent, South Africa is the leading exporter of processed agricultural products – especially beverages, sugar and cereals & their preparations (Sandrey, 2018; Lubinga, Phaleng & Nyhodo, 2018). Other African countries largely trade in primary and intermediate agricultural products which South Africa can process into higher value products, presenting an opportunity for South Africa to invest more in agro-processing so as to be in a position to handle the anticipated increased volume of both primary and intermediate agricultural products that are likely to be exported by other African countries.

• Assuming that there is greater market access across the continent due to the enactment of the AfCFTA agreement, there shall be an indirect enhancement of the more efficient use of natural resources, leading to increased production efficiency (IMF, 2016). Countries like South Africa are temperate, implying competitiveness in producing agricultural products that are not necessarily produced in tropical countries (the reverse is also true). This will enable countries to produce more of the agricultural products not produced by their trading partners on the continent. For instance, Sandrey (2018) posits that West Africa does well in producing cocoa-related products, unlike Southern Africa (South Africa, to be precise), which generally exhibits prominence in wines, grapes, citrus, apples and pears, and fruit juices. Sandrey (2018) project that South Africa's sugar production will increase by over 25 % by the year 2025 when tariffs go to zero, while production in oilseeds, dairy and beverages/tobacco will increase by 6.9 %, 4.2 % and 2.35 % respectively. Although specialising in producing certain agricultural products contributes towards being more efficient, it presents a high risk of market distortions, especially in the event of shocks (e.g. export bans) arising on the supply side.

• The establishment of the AfCFTA agreement is anticipated to foster South Africa's agribusiness sector by creating new regional markets for farmers, and enhancing agro-value chains and innovation while substituting imports from other continents/ regions. Overall, Africa's agribusiness sector is envisaged to attain US$ 1 trillion in 2025 (Biteye, 2018).

• Successful reduction of tariff rates will be a step forward towards fostering South Africa's agricultural products (e.g. sugar) and gaining market access into many African countries (e.g. Kenya), hence boosting intra-Africa trade. Many African countries (e.g. Kenya, Tanzania and Zimbabwe – See: Jensen & Sandrey, 2015) impose high import duties given that duties are an important source of revenue to their economies; thus some may not necessarily be in favour of tariff rate reductions and this a key challenge faced by the AfCFTA negotiators. Potelwa et al. (2018) reckon that the Economic Community of Central African Countries (ECCAS) on average imposes the highest tariff rates (23 %) on agricultural imports, while the Economic Community of West African States (ECOWAS) imposes the lowest tariff rates estimated at 15 %. It is worthwhile to note that simply reducing tariff rates without addressing the non-tariff trade barriers – for instance, the poor trade logistics and infrastructure – will not sufficiently enhance integration.

- Among other low-income countries, South Africa will also benefit from the AfCFTA, particularly when it comes to high-value agricultural exports, such as citrus, which are highly protected (subject to high tariff rates and other non-tariff measures) in the European Union and the Middle East, among other major export destinations for fresh, high-value agricultural products.

Conclusion

The AfCFTA is a most ambitious initiative on the continent to enhance intra-Africa trade and regional integration. Despite the existing ambiguity on tariff rate concessions and rules of origin enshrined within the AfCFTA agreement, a number of opportunities are foreseen to benefit South Africa's agricultural sector following the enactment of the agreement. To get the best out of the AfCFTA, tariff reductions must be complemented with initiatives aimed at overcoming non-tariff-related trade barriers (e.g. improving services at customs points and clearance procedures). Furthermore, South Africa may need to use complementary structural reforms so as to ensure efficiency in the agricultural sector, particularly in competitive industries. There is also a need to establish means of identifying and monitoring how the major agriculture-related non-tariff barriers, such as the use of restrictive rules of origin, phytosanitary and phytosanitary measures, will be implemented upon enactment of the AfCFTA agreement.

Trade implications of US-China trade war on South Africa's agriculture

By Ms Onele Tshitiza

Introduction

The United States of America (USA) has been trading in the global economy since the 1930s, since the first Reciprocal Trade Agreements Act (RTAA) of 1934, and has a long history of trading ties with other countries. In those earlier years, there were no set international agreements on tariffs and other rules of trade, and tariffs were high (USITC, 2009). Agreements that existed then were said to be bilateral with many barriers to entry, while the focus was also mainly on manufactured goods and tariff rates. Since then, the country has signed multiple trade agreements with its trading partners, as well as removed, modified and added on its trade policies. Much of the economy of the USA was built on trade and literature notes that trade liberalisation has benefited the United States positively, maybe more than the loss of opening up the market. However, according to the literature, tariff reductions, including non-tariff barriers, can have a significant potential effect on welfare if the tariff barriers are very low, which could lead to fewer economic gains.

According to the Council on Foreign Relations (CFR, 2019), the People's Republic of China and the USA have not always traded with each other, emanating from the tension in 1949 when China gained its power from the Nationalists, which the USA supported. It was only in the 1970s, when China opened its doors to the United States, that talks started between the two countries. However, the relationship has not always been smooth, with the USA banning trade with China in the 1980s over political disagreements. Official trade between China and the USA was enforced in 2000, which paved the way for China to be a part of the World Trade Organization. China is America's largest goods-trading partner to date. In 2018, the USA exported about $179.3 billion (R1.58 trillion) worth of goods and services to China and imported $557.9 billion (R7.4 trillion).

This means that America had a trade deficit with China. China was also the third largest importer of goods from the USA in 2018 (ITC, 2018). Furthermore, China is the USA's fourth largest agricultural market in the world, while China is the USA's third largest supplier of agricultural goods. China made up 22 % of all USA imports (ITC, 2018). This is to say that the relationship between China and the USA has been interdependent. Table 2 shows the largest agricultural product exports by the USA to China. In 2018, the USA exported R167.5 billion worth of agricultural products to China. It can be seen that a large proportion of these goods exported by the USA goes to China rather than anywhere else in the world. It can also be noted that the tariffs ranged from 0 % to 9 %, with the exception of guts, based on ITC calculations. However, the new tariffs were introduced towards the end of 2018 and differ from those shown.

Author: Ms Onele Tshitiza is an economist under the Trade Research Unit (MERC) at the National Agricultural Marketing Council. She can be contacted at otshitiza@namc.co.za or (012) 341 1115.

Table 2: USA's agricultural exports to China, 2017-2018

Product Description	Value in R' Billion		Growth (%)	Share in USA's exports (%)	AVE tariff faced by USA
	2017	2018	2014-18		
Agriculture	**310.7**	**167.5**			
Soybeans	163.0	41.4	-25	18	3
Oak "Quercus spp."	10.4	8.6	1	56	0
Coniferous wood in the rough	9.9	7.7	0	52	2
Grain sorghum	11.2	7.0	-26	66	6
Whole raw hides and skins of bovines	10.7	6.9	-15	55	0
Wood in the rough	4.0	4.6	18	65	0
Wood	4.9	4.2	5	40	9
Swedes, mangolds, fodder roots, hay	5.0	4.1	3	23	17
Guts, bladders and stomachs of animals	2.6	3.4	17	38	3
Potassium chloride for use as fertiliser	0.8	3.1	18	25	

Source: ITC (2018)

The USA mostly exports products such as soybeans, hides and skins, as well as pork and pork products and grains like sorghum. Meanwhile, China exports agricultural products like processed fruit and vegetables, fruit and vegetable juices, snack foods, spices and fresh vegetables. Table 3 illustrates agricultural product exports by China to the USA. Generally, products made from leather are the largest export to the USA from China, followed by products of wood, animal feed and unfermented apple juice.

Table 3: China's agricultural products exports to US, 2017 - 2018

Product Description	Value in R' Billion		Growth (%)	Share in USA's exports (%)	AVE tariff faced by USA
	2017	2018			
Agriculture	**241.5**	**253.2**			
Trunks, suitcases, etc.	27.2	28.4	0	22	15
Travelling-bags, etc.	19.6	24.8	9	31	12
Handbags	14.3	14.7	-4	18	11
Articles of wood	9.5	11.9	17	36	-
Laminated wood without blockboard	5.5	6.9	4	46	3
Statuettes and other ornaments of wood	4.9	6.0	22	51	3
Wallets, purses	5.1	5.9	1	19	11
Dog or cat food	3.9	4.2	5	37	0
Apple juice, unfermented	3.9	4.1	2	51	0
Frozen fillets of cod	3.7	4.0	9	38	0

Source: ITC (2018)

From March 2018, the USA announced its first round of three rounds of increased tariffs on various products coming from China, ranging from 5 % to 25 %, claiming that China was transferring its technology and intellectual property (CFR, 2019). One month later, China retaliated by increasing its own tariff rates on certain goods from the USA. The two countries were said to be in negotiation talks when the USA imposed further duties towards the end of 2018. This led to observers concluding that a trade war was emanating between China and the USA.

The products

To date, the USA has imposed approximately $200 billion (R2.9 trillion) worth of tariffs on goods from China, and China has retaliated with tariffs to the value of $60 billion (R875.8 billion) on American goods. The full list is provided by the US Trade Representative (USTR, 2019), with over 5 000 full or partial tariff lines. The USA has proposed tariffs on a further $300 billion worth of products from China. Those goods subject to the new tariff from China include minerals used in manufacturing, various agricultural products, foods, beverages, ores, mineral fuels, inorganic and organic minerals, fertilisers, raw hides and leather, wood, paper, silk, cotton, precious stones and pearls, electronics and many more. By September 2018, the tariff rate had increased to 10 % for various products. The tariff rates then increased from 10 % to 25 % by 10 May 2019. The updated list now includes consumer products like TVs, electronics and food. China, on the other hand, will raise tariffs by up to 25 % on some American goods such as beef, dairy, seafood and soybeans.

The rationale

The argument by the American president for an increase in tariffs is that China is forcing American companies to transfer their technology, intellectual properties and innovation to domestic companies in China, putting US companies and the US economy at a disadvantage (USTR, 2019). The initial tariffs were targeted at technological and machinery products or parts from China, but have since expanded to include all imports. The administration, amongst other things, rationalises that the local prices of US goods would be cheaper than Chinese imported goods, making consumers buy locally produced products.

Implications for USA and China

On 19 May, reporters such as CNN reported that rural farmers in the USA were feeling the impact of the trade war because of imposed tariffs on their commodities by China. Both consumers and businesses suffer because they have to pay more to buy products, which will affect their income and profits, respectively.

China is best known for its industrialisation, manufacturing and processing. It is a world leader in the production of machinery and the use of technology, and therefore, these companies will likely lose. There is no doubt that businesses and consumers will suffer in both countries, although the extent might not be known at this point. Not only will the countries involved be affected, but the rest of the world too.

How is SA affected? (Percentages of products exported to China and values)

South Africa exports many products to China, which are directly or indirectly re-exported to the USA as products. Overall, these exports amounted to US$ 8.6 billion (R114.0 billion) in 2018. Some of the raw materials that China uses for machinery, textile and food processing such as minerals, fruits, skins & hides and wool come from South Africa. South Africa exports minerals to both China and the USA. Table 4 shows the agricultural exports from South Africa to China. The steel industry has already experienced the impact of an increase in tariffs in South Africa, where many companies have cut down on jobs due to an inability to keep up with the high duties that the USA has imposed on the industry. If the trade war continues, this could affect the trade of agricultural products with China as affected by the demand decrease in America. South Africa currently exports fresh oranges, grapefruit, raw cane sugar and wine. If South African exports decline, industries in South Africa could lose a significant portion of foreign earnings. This could, in turn, leave primary resource producers and processors with products that have low sales volumes, and this could lead to job cuts to relieve the losses. The overall economy suffers in the long run if the GDP declines.

Table 4: South Africa's agricultural exports to China

		Value in R' Thousand (2016		
		2016	2017	2018
		3452232	**3958675**	**6170249**
080510	Fresh oranges	535574	913883	1186238
080540	Fresh grapefruit	176585	200809	571902
170114	Raw cane sugar	0	154298	521488
220421	Wine of fresh grapes	499742	402629	487203
080290	Nuts	15535	17548	482305
020230	Frozen, boneless meat of bovine animals	0	61570	326075
080261	Fresh or dried macadamia nuts	24753	109704	289433
410210	Raw skins of sheep or lambs	465711	397094	289223
030631	Rock lobster and other sea crawfish	0	144706	280296
230120	Flours, meals and pellets of fish	478022	359644	231067

Source: ITC (2018)

The same scenario could be true for South African exports destined for the USA, which are normally processed and sold to China. The country could lose that portion of earnings, leading to producers being affected and in turn the economy.

Conclusion

The world is now a global village and no single event like a trade war happens in isolation from other external factors or parties. The ongoing tug and pull happening between China and the USA will not only affect those two countries but could have a ripple effect on other trading countries in the short and long run, especially developing countries. The effects might differ from country to country, depending on their level of connection with directly or indirectly affected countries, thus creating volatility in the global economy and making countries worse off. It is therefore important for structures governing global trade policies to intervene so that an agreement is reached, sooner, rather than later, before the whole global economy is in turmoil. This is critical, especially when a trade war is in effect between the two largest economies in the world. However, some countries could gain new markets or expand on an existing market access point in either China or theUSA. Both countries would likely need to find other markets to absorb their products, which could positively or negatively affect the rest of the world.

Potential implications of Brexit on South Africa's agricultural exports

By Mr Lucius Phaleng

Introduction

It was in June 2016 when the United Kingdom (UK) decided to leave the European Union (EU) and this followed a public referendum during which members of parliament voted in favour of leaving the EU. Brexit is a famous terminology used to reference Britain's exit from the EU. The UK was the largest economy amongst the 28 EU member states in terms of its contribution to the EU economy and a major importer of a larger share of agricultural products destined for Europe. Brexit raises serious questions and uncertainties about the future shape and conditions of the EU trade agreement with trading partners. The rationale behind the trading partners' concerns is that a larger share of its agricultural exports might struggle to gain access into the UK market due to the cut of ties with the EU.

On the other hand, the remaining 27 EU members will continue to have the existing rights and obligations and market access. The EU negotiated the terms of members seeking to leave the EU, and this has resulted in the development of Article 50, which indicates the plan for any country that wishes or intends to leave the EU. Article 50 further states that "any member state wishing to withdraw from EU member state should notify the European Council of its intention. In the light of the guidelines provided by the European Council, the union shall negotiate and conclude an agreement with that state, setting out the arrangements for its withdrawal." According to Article 50, Britain was given until March 2019 (two years) to negotiate its arrangement and trade conditions and also to reconsider its decision, and after that period its membership was supposed to automatically lapse. However, the official lapse period was extended several times due to ongoing internal negotiations in Britain. Therefore, this section aims at updating information on the rapidly evolving development around the exit of the UK from the EU in accordance with Article 50 and its potential implications for South Africa's agricultural exports.

Author: Mr Lucius Phaleng is a economist under the Trade Unit (MERC) at the National Agricultural Marketing Council. He can be contacted at lphaleng@namc.co.za or +27(012) 341 1115

Evolving developments around Brexit

It was indicated previously that the official period for UK membership lapsed but it was extended several times after parliament continuously rejected Prime Minister May's withdrawal agreement. This has resulted in the EU, giving the UK enough time to come up with a concrete decision that will be passed by parliament. The new deadline of 31 October will give the UK parliament a proper planning period to deal with Brexit. The decision as to whether the UK should take hard or soft Brexit is the main reason for the postponement of the membership lapse. Soft Brexit is a close possible agreement that will keep both countries in strong ties and allow the free movement of people and agricultural products.

The UK is South Africa's second largest trading partner in the EU region after the Netherlands. Britain consumes 7.51 % of agricultural exports destined for the world and about 40 % of agricultural exports that go to the EU region. Table grapes are the largest agricultural product imported by the UK market, followed by wine, apples, oranges, berries and cane sugar. Figure 3 below illustrates the performance of South Africa's agricultural products within the UK market over the past two (2) years. It can be noted that South Africa still enjoys free movement of agricultural products to the UK, and this arrangement is driven by the existing SADC-EU-EPA agreement. However, the agreement will no longer apply to the UK if parliament opts for hard Brexit. On average, South Africa's agricultural exports increased in 2018 as compared to the 2017 period. Agricultural products to the value of about R34 million were exported in 2017 as compared to R38.5 million in 2018.

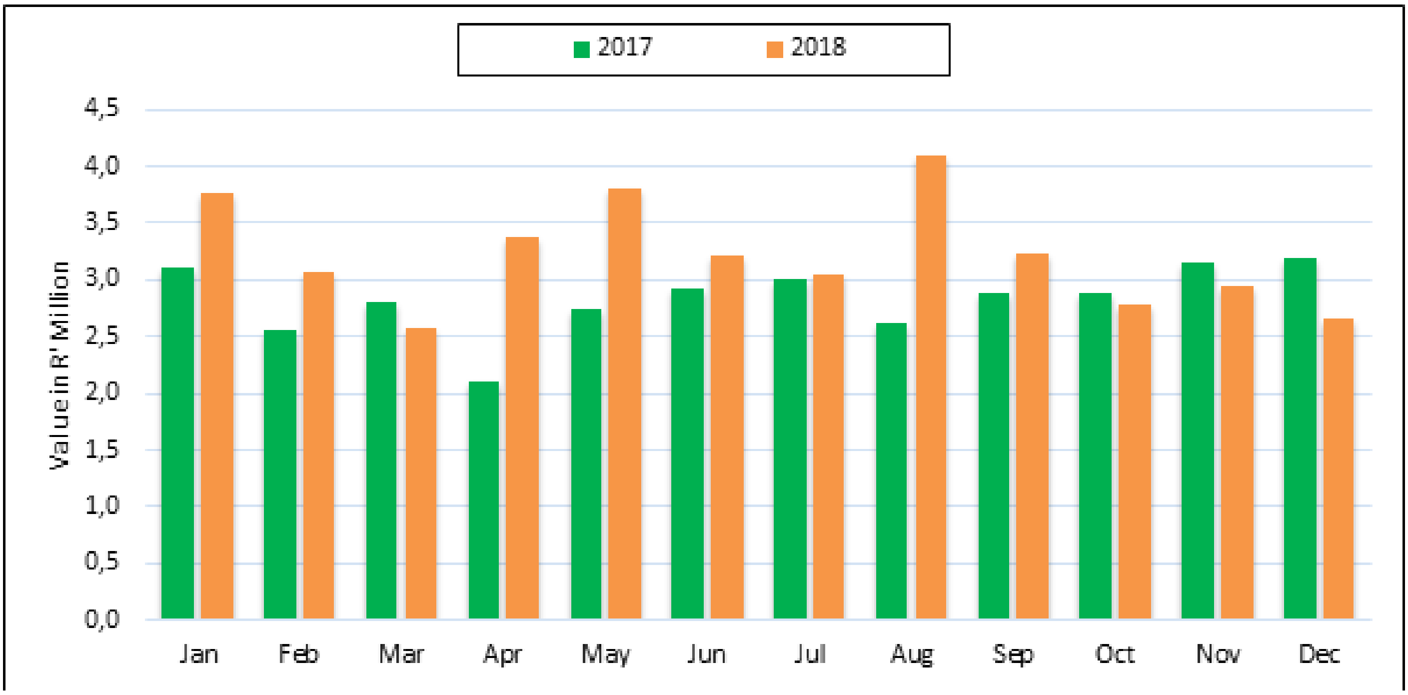


Figure 3: South Africa's agricultural exports to UK markets
Source: Raw data from SARS (2019)

Potential implications for South Africa's agricultural exports

Currently, the SADC-EU EPA governs South Africa's trade with the EU, including the UK. The agreement treats South Africa to several economic developments through trade liberalisation, encouraging maximised agricultural production alongside the EU single market. The UK exists as one of the largest consumers of South Africa's agricultural exports destined for Europe. As a result of Brexit, the arrangements between the EU and UK will be evaluated under "hard" and "soft" Brexit trade conditions, with potential implications for South Africa's agricultural exports post-Brexit. The conditions indicated might result in different implications for how trade relations between the UK and the EU could reform and thereby influence South Africa and also the agricultural sector in this case.

– Hard Brexit conditions: There is much uncertainty but negative implications are anticitipated for South Africa's agricultural trade with the UK because they mean that Britain will give up its membership in the EU's single market. Hard Brexit will mean that 7.51 % of South Africa's agricultural exports destined for the UK will face imposed duties or MFN duties, thus affecting South Africa's agricultural exports negatively if UK finds itself outside of the customs union – meaning that South African agricultural exports to the British market will suddenly become more expensive and thus reduce demand.

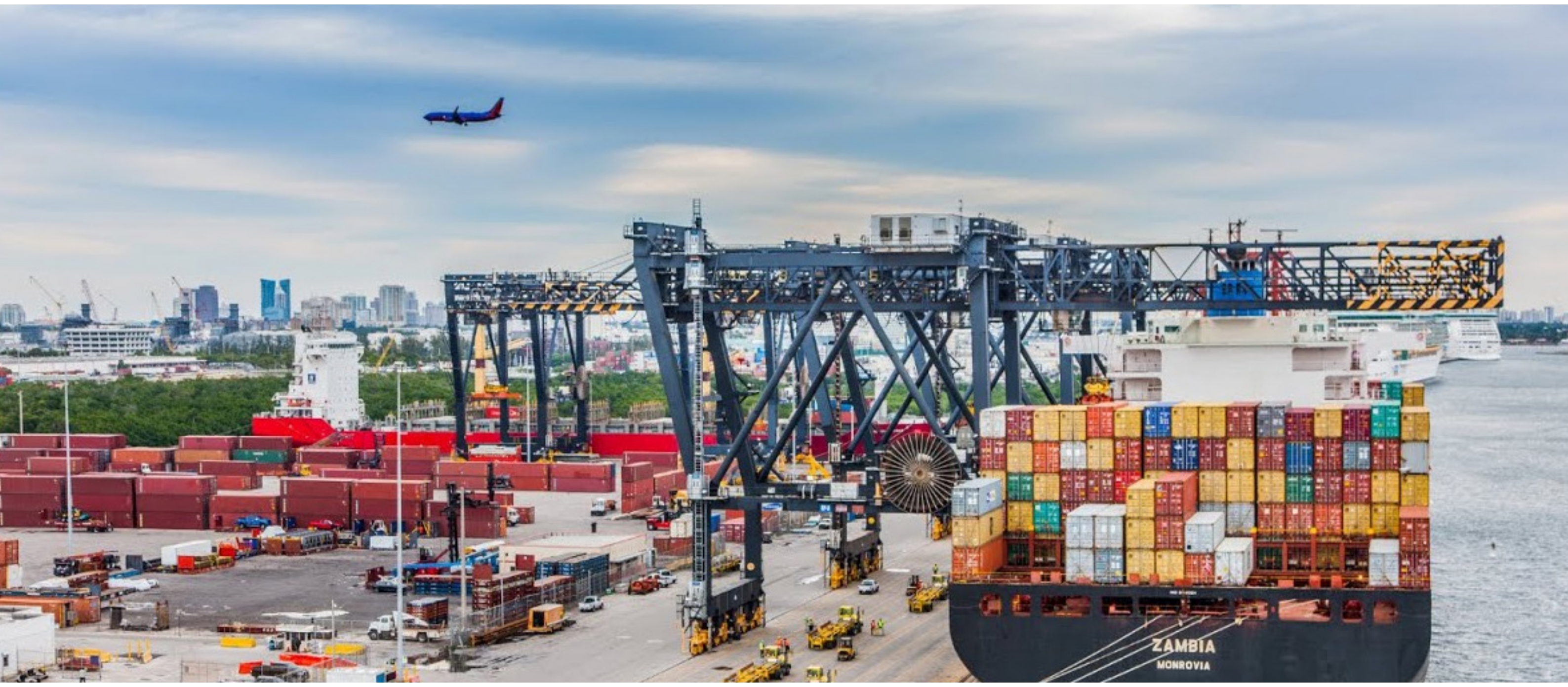
– Soft Brexit conditions: These conditions mean that the UK will remain close to the EU by retaining some form of the bloc's single market. With this condition, there is minimum disruption because free movement of agricultural products will be maintained, and South Africa's agricultural exports will continue to enjoy access to UK markets on a duty-free basis under SADC-EU EPA arrangements. However, this will also mean that the UK would be unable to engage in or formulate its own trade deal with South Africa.

Way forward

Noteworthy is the positive trade balance that South Africa continues to enjoy in its trade with the UK, which earns the country foreign currency and contributes to reducing the country's current account deficit, according to Rob Davies, the Minister of Trade and Industry in South Africa at the time of writing this article. As the UK is in the process of exiting the EU, South Africa has welcomed the UK's intention to avoid any disruption of trade, and both parties have agreed to assess options for bilateral technical co-operation in the areas of trade and investment promotion. Additionally, the parties have agreed to work together to promote investments in priority sectors to advance sustainable economic development (DTI, 2019). It is important for both countries to realise their importance, especially in the area of agricultural trade. The conditions of the bilateral trade agreement should depend on the outcome or decision regarding Brexit. Hard Brexit will mean that the UK must negotiate new trade agreements with its trading partners, and as such, there has been some progress on the South African side.

South Africa's agricultural market opportunities in the United Kingdom (UK)

By Mr Lucius Phaleng



Introduction

Agriculture in the United Kingdom is a vitally important part of the overall economy, while also meeting the majority of domestic food consumption needs. The UK produces many agricultural products for both consumption and commercial purposes. According to FAO (2012), milk is the most produced agricultural product in the UK, followed by wheat and sugar beets. Other products on the list include pig, cattle, sheep, duck, turkey and chicken meat; potatoes; hen eggs barley; mushrooms and truffles; rapeseed; apples; wool; grease; carrots and turnips; and strawberries. This country also lacks in the production of certain agricultural products and these shortages are being satisfied through importation (a net importer of agricultural products). This insufficient agricultural production makes the UK a potential market for the importation of related products from its trading partners. The UK is an important trading partner with South Africa, which ranked as the second leading importer of agricultural products in the world. The rationale behind this section is to illustrate the agricultural market opportunities that might exist in the UK market, and also research the agricultural products that will gain market access.

In South Africa, agricultural products are produced on a commercial and smallholder scale and the main importance of this sector is that it contributes to livelihoods, employment creation and foreign exchange earnings. A large proportion of agricultural products, especially fruits, is being exported to the international markets and in return, this contributes to economic growth and development. Table 5 highlights the value of top agricultural products exported to the world markets in the past six (6) years, with most of these products destined for the European markets due to the existing arrangement that allows for free movement of agricultural products. A total of R133 730 million in agricultural products was exported to the global market in 2018 – an increase of R6 912 million as compared to the previous period (2017). Oranges were ranked as the principal exported agricultural product in 2018 at a value of R10 758 million, followed by table grapes (R7 127 million), wine (R6 742 million), maize (R5 624 million) and wool (R5 126 million). South Africa's top exported agricultural products indicate that there is increasing consumption and demand in the global markets.

Table 5: South Africa's agricultural exports to the world, by product

	Value exported in R' Million					
	2013	2014	2015	2016	2017	2018
Total SA agric. exports	**93249**	**105034**	**112068**	**127343**	**126818**	**133730**
Oranges	5695	6561	7633	8836	10028	10758
Table Grapes	4260	5392	6126	6408	7209	7127
Wine	4903	5504	5964	6546	6396	6742
Maize	6722	4876	2147	4441	5899	5624
Wool	2804	2694	3134	3799	4557	5126
Apples	4282	3838	4861	5275	4981	5106
Lemons and Limes	1251	2481	3073	3890	3895	3545
Pears	1853	2065	2062	2792	2662	2548
Cane Sugar	1842	2554	868	1194	2066	2528
Macadamia Nuts (Shell)	794	1005	1664	1571	1571	2461

Source: GTA (2019)

The figure below highlights the main importers of agricultural products from South Africa in the period 2017 and 2018. Generally, it can be observed that South Africa's agricultural exports improved in 2018 as compared to the 2017 period. The UK has been identified as the second largest importer of agricultural products from South Africa, with South Africa's exports having improved due to increasing demand for and consumption of agricultural products. About R8 847 million and R10 038 million worth of agricultural products were consumed by the UK during 2017 and 2018 respectively. Under the Southern African Development Community-EU Economic Partnership Agreement (SADC-EU EPA), the EU has fully or partially removed customs duties on 98.7 % of imports coming from South Africa, including most agricultural commodities. The Netherlands, UK and Germany are the leading consumers of agricultural products in Europe and they have implemented the SADC-EU EPA agreement.

Figure 4: South Africa's agricultural exports to the world, by country
Source: GTA (2019)

Commodities with potential

The EPA has provided South Africa's agriculture an opportunity to access new markets, and most of these products are eligible for sustainable certification. There has been an increase in the global demand for macadamia nuts in the past three years and a steep increase in prices fetched on the global markets. South Africa produces about 44 610 tons of macadamia nuts and is the world's leading producer of in-shell macadamia nuts. This product is seen as a potential commodity in the UK markets, and utilisation of the SADC-EU EPA creates a platform for this product to enter the UK markets. Other agricultural commodities that have potential include maize, wool, grapefruit, cane/beet sugar, cigarettes, animal feed and ethyl alcohol.

Table 6: South Africa's agricultural exports and product opportunities in the UK market

SA agric. exports to the UK			SA agric. exports to the world		
Description	**2017**	**2018**	**Description**	**2017**	**2018**
Table grapes			Oranges		
Wine, Nov 2 Litres			Table grapes		
Apples	1639.2	1668.6	Wine, Nov 2 Liters	10028.4	10758.2
Wine, Nesoi	1007.4	1235.7	Maizë	7208.8	7126.8
Oranges	937.8	1084.4	Wool	6395.7	6742.1
Cranberries,	487.9	662.9	Apples	5899.2	5624.1
Blueberries	621.3	586.0	Lemons And Limes	4557.2	5125.9
Fruit, Nesoi	367.3	574.4	Pears, Fresh	4980.7	5106.1
Cane Sugar	225.6	436.8	Cane Sugar	3894.6	3545.2
Lemons and Limes	166.9	363.7	Macadamia Nuts,	2661.7	2548.4
Peaches, etc.	291.4	329.3	(Shelled)	2066.0	2527.8
Avocados	226.3	251.5	Grapefruit	1570.6	2461.4
Plums and Sloes	174.3	250.2	Cane/Beet Sugar	1760.7	2367.8
Fruit, Dried	244.5	219.5	Wine, Nesoi	1477.1	2355.3
Other Berries	189.0	200.1	Food Preparations Nesoi	2036.2	2350.2
Pears	186.2	150.3	Raisins	2354.1	2188.3
Vegetable Products	167.6	131.9	Ethyl Alcohol	1325.1	1996.4
Raisins	70.0	130.9	Macadamia Nuts,	1468.6	1762.6
Fresh Cut Buds	80.0	129.1	(in Shell)	1714.8	1680.9
Food Preparations	48.0	97.1	Cigarettes	1869.7	1664.7
Nesoi	80.5	92.2	Animal Feed	1310.7	1585.7

Source: GTA (2019)

*Underlised are potential commodities for South Africa's exports

Conclusion

In conclusion, the UK remains the main importer of agricultural products from South Africa under the existing arrangements of the SADC-EU EPA. Fruits are the main commodities in demand in the British markets and this is due to the expansion in the consumption level. However, the supply chain for fruits, as with many exported products, is complex and highly competitive, and smaller producers in South Africa operating alone are likely to struggle. Mangoes and litchis also provide a good opportunity in the European market, where demand is good. Processing of the remaining fruit into products like juice could also offer opportunities for collective operators. Wine, grapes, citrus and pome fruits are the main commodities exported to the UK markets over the past two years and there is an opportunity for expansion.

South Africa's agricultural industry funding and government support

By Mr Bonani Nyhodo

Background and introduction

South Africa's agriculture is one of a kind compared to its counterparts in the international arena. One can argue that it has survived the test of time (international isolation) and may have been safeguarded by the subsidies it used to receive from government. The sector is worth celebrating because of its economic and social contributions. The Organisation for Economic Co-operation and Development (OECD) argues that South Africa's agricultural sector is one of the most unprotected and unsupported sectors of the developing world. So as not to imply that the South African government is not supporting the sector, this section was compiled to answer the following questions:

- How is the South African agricultural sector financed?
- What role does the South African government play in this sector?

Government support

It is important to note upfront that this is not a comprehensive article – some measures may not have been outlined herein. South African trade policy, and to some degree, the Southern African Customs Union (SACU) sector, are supported through the policy measures provided by the International Trade and Administration Commission (ITAC).

- **Trade policy measures:** In its provision of support , ITAC has to ensure that no international and regional commitments are overlooked or compromised by the application. Industry bodies apply to ITAC for policy changes such as an increase or reduction of a tariff, or institution of an antidumping measure. In the case of increase requests, they have to take a close look at the South African tariff commitments in terms of the bound rates. In the case of most of the applications that are below the bound rate, ITAC can decide that if the request is above the bound rate,

then notification must be given to the World Trade Organization (WTO). In the case of some applications, such as the antidumping or countervailing applications, there has to be a rigorous investigation into the causal relationships between the performance of the industry in question and the material damage caused by imports. Market access matters regularly emerge because of the frequent occurrences of quarantined pests and diseases. The recent case of the Chinese ban on South African wool and mohair due to the outbreak of foot and mouth disease is an example. The partnership in the work of FruitFly Africa serves as a tool to ensure that market access is not lost.

- **Tax exemption:** The South African government, through the South African Revenue Service (SARS), offers value-added tax (VAT) exemption to the sector through the diesel rebate facility. Most if not all the organisations (producer and industry) are exempted from paying income tax as not-for-profit organisations. It should be noted, though, that these organisations are paying capital gains tax (CGT), which is proving to be difficult as part of the exemption package.

Statutory members

The statutory levies are provided for under the Marketing of Agricultural Products Act (47) of 1996. Under this Act, the industry has the responsibility to mobilise among members of that value chain for buy-in and agreement of the levy amount. The policy provision prescribes that the value should not exceed 5 % of the value of such an industry as the first point of sale. The policy provisions are also very clear on what the expenditure lines can and cannot be in funding the affairs. Recognising the historical context that led to the exclusion of Black farmers, there is a condition that 20 % should be spent on transformation.

Industry trusts

Some agricultura l industries benefited from the controlled environment in that during the deregulation process that was facilitated by the NAMC; they inherited certain assets. These inherited assets (movable and immovable) have been safeguarded through the establishment of industry trusts with specific mandates as stipulated in the trust deeds. The membership of the members of the board was then agreed upon and the terms specified. It is important to note that the trust assets have increased over time. It is also important to note that there are cases where the trust assets have been depleted. The trust funds industry activities such as research and development, trade promotion and transformation through institutions called trust administrators.

Membership fees

South Africa's producer organisations are financed largely through membership fees. The producer organisations facilitate and coordinate the industry-specific issues of strategic value to the producers. The producers' annual general meeting decides on the acceptable fee to ensure that the service offering is valuable to the operations of a farm business (this includes protected information that is accessible to members only through the use of passwords).

Concluding remarks

South Africa's agriculture is supported by the South African government. The industry funds itself through government regulatory measures and benefits from tax exemption based on the reasons for the collection of the monies.

Author: Mr Bonani Nyhodois a senior manager under Agricultural Industry Trust Division at the National Agricultural Marketing Council.
He can be contacted at bonani@namc.co.za or
(012) 341 1115.

Perspectives on the AfCFTA – Keys to success for the AfCFTA negotiations

The extent to which the AfCFTA will reduce barriers to intra-Africa trade is largely linked to the ongoing negotiations. This section explores the implications of those negotiations, with a particular focus on market access for goods and services and rules of origin (RoO). It also briefly touches upon the outstanding regulatory issues.

Extract from the Recommendations: “With respect to RoO, it is important that they are sufficiently flexible, to enable SMEs in the least developed AfCFTA State Parties to take advantage of AfCFTA preferential tariffs. Complicated and stringent RoO could risk straining the institutional capacities of African countries ill-equipped to manage complicated RoO, especially in the context of porous borders. Moreover, while the acquis and the existing RoO make full RoO harmonisation impossible, negotiators should ensure, at a minimum, that the RoO are built upon existing regimes.”

In the context of the Phase II negotiations, a number of key questions regarding scope and objective must be clarified. Given the vast disparity between the development of different African countries, questions regarding capacity - building for Phase II are especially critical. The African Union (AU), Regional Economic Communities (RECs) and international organisations should come to an agreement about who is going to foot the bill for the additional resources that will be required to make the regulatory protocols workable for all African countries, especially Least Developed Countries (LDCs). Finally, the negotiators must clarify the numerous ambiguities currently present in the AfCFTA agreement, by creating a roadmap of the remaining unknowns: for example, who is negotiating what with whom, how reciprocal Most Favoured Nation (MFN) is being approached, what will happen to customs unions if not all members have ratified/signed on to the AfCFTA, and how conflicts will be resolved. These additional clarifications will be critical for the AfCFTA's successful implementation going forward.

By Tralac (https://www.tralac.org/news/article/14089-tralac-s-daily-news-selection-friday-31-may-2019.html)

SA poultry industry backs Namibia against dumping of chicken from Brazil

The South African Poultry Association (SAPA) said on Tuesday that it had noted with alarm that the insidious dumping of chicken from Brazil, which is plaguing the local industry, has also taken root in Namibia. Izaak Breitenbach, general manager of SAPA's broiler division, said that it was increasingly clear that Southern Africa was now in the crosshairs of exporters looking for markets for the unwanted leg quarters that are the by-products of their lucrative breast-meat exports to the US and Europe. Breitenbach said that given similar experiences with the effects of chicken dumping in West Africa, it might be necessary for Africa to stand together to fight dumping from big market players. After historically being a net importer of chicken, Namibia was encouraged by the increase in demand for poultry to invest in developing a home-grown chicken industry, following a pattern that saw local chicken industries in other African countries all but wiped out by dumped imports.

As the South African experience proves, job losses are soon to follow, but what is worse is that the investment in a new industry that Namibia embarked on only six years ago, might bear no more than stunted fruit once this predatory trade practice wipes out any possibility of industry expansion and development. I believe that the time ha s come for Southern African countries to stand together against this onslaught from Brazil, which is one of the biggest exporters of chicken in the world, and which targets this region with bulk exports of unwanted brown meat. Breitenbach said the Namibian industry is calling for drastic action, and they have the full support of the SA Poultry Association. The Southern African Customs Union (SACU) has embarked on making an application to the International Trade Administration Commission (ITAC) for an 82 % import tariff imposed on Brazil, among a number of other countries, Breitenbach said.

This development came after parliament ratified the

By ITAC (http://www.itac.org.za/news-headlines/itac-in-the-media/sa-poultry-industry-backs-namibia-against-dumping-of-chicken-from-brazil)

President Ramaphosa deposits SA's AfCFTA instrument of ratification

agreement on the establishment of the AfCFTA in December. The agreement will come into effect once the 22 member states have deposited their instruments of ratification. South Africa's ratification, alongside that of Mauritania and the Republic of Congo, who also deposited their instruments of ratification during the AU Summit, brings the number of countries that have ratified (or approved ratification of) the AfCFTA agreement to 18. The AfCFTA was launched during an extraordinary summit of the AU heads of state and government in Kigali, Rwanda in March 2018. South Africa signed the agreement in July 2018 in Nouakchott, Mauritania and has now handed in the instrument of ratification, a formal approval by parliament of the AfCFTA, to H.E Moussa Faki Mahamat, Chairperson of the African Union Commission.

"We do so willingly having been mandated to do, becoming one of those African states who have now signed to become full participants of the [African Continental Free Trade Area]. We, therefore, deposit this instrument with great pride and joy," President Ramaphosa said. "This step demonstrates South Africa's binding and unwavering commitment to the implementation of the AfCFTA, which will remove trading barriers, boost intra-Africa trade and build an integrated and diversified market, with a GDP of approximately 3.3 trillion USD," a statement from the Presidency read. President Ramaphosa said the AfCFTA not only opens up a market of 1.2 billion people but also offers an excellent opportunity for the South African economy. "It creates opportunities for all of us as Africans. It opens opportunities for economic development and infrastructure progress for all the other countries on the African continent. We are very pleased that the AU has seen it correct to move the continent in this direction so that all countries can progress economically and in other ways," the President said.

By Tralac (https://www.tralac.org/news/article/13899-president-ramaphosa-deposits-sa-s-afcfta-instrument-of-ratification.html)

REFERENCES

Biteye, M., 2018. My wish for the agriculture sector in Africa. Available online at https://www.rockefellerfoundation.org/blog/wish-agriculture-sector-africa/.

CFR (Council on Foreign Relations). 2019. US relations with China. Available online at https://www.cfr.org/timeline/us-relations-china.

Council on Foreign Relations (CFR). 2019. U.S. Relations with China. Available online at: https://www.cfr.org/timeline/us-relations-china

IMF (International Monetary Fund). 2016. Global trade: What's behind the slowdown? World Economic Outlook. Washington, DC: IMF.

ITC (International Trade Centre). 2018. Trade Map: Trade statistics for international business development. Available online at https://www.trademap.org/Index.aspx.

Jensen, H.G. & Sandrey, R. 2015. Trade liberalisation in Africa: A GTAP analysis of intra-African agricultural tariffs going to zero. Stellenbosch: Tralac.

Lubinga, M.H.; Phaleng, L. & Nyhodo, B. 2018. Regional integration and disaggregated agricultural trade. In: T. Hartzenberg et al. (Eds.). Monitoring Regional Integration in Southern Africa. Yearbook 2017/18 (15th Edition). Stellenbosch: Tralac.

Tralac, (2019). The African Continental Free Trade Area: A Tralac guide. Stellenbosch: Tralac.

Trade Map. 2019. Trade Statistics for International Business Development. Available online at: https://www.trademap.org/Index.aspx

U.S. Trade Representative (USTR). 2019. Under Section 301 Action, USTR Releases Proposed Tariff List on Chinese Products. Available online at: https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/april/under-section-301-action-ustr

United States International Trade Commission (USITC). 2009. Chapter 3: U.S. Trade Policy since 1934. The Economic Effects of Significant U.S. Import Restrictions. Sixth Update. Investigation no. 332-325. Accessed online at: https://www.usitc.gov/publications/332/pub4094.pdf

Sandrey, R., 2018. Agricultural production and trade: The four corners of Africa. In: R. Sandrey et al. (Eds.). Agriculture and the African Continental Free Trade Area. Stellenbosch: Tralac.

For correspondence:

Dr. Sifiso Ntombela
sifiso@namc.co.za
+27 (0) 12 341 1115

For article contribution to the Trade Probe:
Mr. Lucius Phaleng
lphaleng@namc.co.za
+27 (0) 12 341 1115

Designed by
Mr Sylvester Moatshe
Smoatshe@namc.co.za
+27 (0) 341 1115