

Book Launch - WTO: Agricultural Issues for Africa

Collaboration between tralac and National Agricultural Marketing Council

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Trade Liberalisation legs

- 1) Unilateral - do yourself
- 2) Bilateral -- with one partner
- 3) Regional -- within the region
- And 4) Multilateral - the WTO – World trade Organisation

We will look at the WTO and specifically what an Agreement on agriculture may mean for Africa

Three main areas

- 1) Tariff and non-tariff measures
- 2) Export competition measures
- 3) Trade distorting domestic supports
- It is 1) that is of most interest now. Tariffs are generally low in non-agricultural goods BUT NOT in many agricultural products
- Other issues such as dispute settlement and trade facilitation that are of interest though

Structure of WTO

- Developed countries -- South Africa self-selected – means more stringent rules
- Developing countries
- with subset of Least Developing countries
- In practice, for market access Least developing are expected to do very little (if anything). This includes most African countries who comprise almost one third of WTO

Structure of the WTO

- Specifically the current state of the Agreement on Agriculture (really unchanged in 25 years)

Estimates of value to the world

- Twenty years ago there was much excitement about the large numbers an agreement would bring.
- These estimates are being reduced
 - More recent data and better models
 - Looking at tariff revenues
 - Tariff erosion for developing countries
 - Difference between 'bound' and 'applied' tariffs
 - Domestic supports are reducing (mostly)
 - Many least developing countries

Real Agr issues for Africa

- **Sugar.** South Africa as exporters, Kenya as importer. But little the WTO can do. EU is reforming (tralac modelling on this – not so good for Africa). Intra-Africa needs to look at African solutions
- **Cotton** – flashpoint but in reality little gain
- Trade facilitation. Much hype – does reality match rhetoric? No. Little 'new' monies. Most of the gains are Unilateral anyway

Details support previous slide

- Tariffs / quotas -- “Rice Pudding” globally (rice, sugar and dairy – Big culprits. And domestic supports.
- Only sugar is an African issue. Here EPAs with EU, AGOA with US and Intra-Africa are best avenues.
- Cocoa, tea, coffee, live animals – top-10 African exports – all duty free. Fruit (inc processed) to EU, China and India. Tobacco – China tariff. Other main exports are mainly to EU and Africa.

South Africa exports

- Agriculture, forestry and fisheries
- Mostly to EU (EPAs) or Africa – note possible preference erosion into EU in particular.
- Africa becoming increasingly important destination for South Africa.
- China perhaps main partner where WTO may help

2016 over 2015 RSA agr exports

Agr Exports from South Africa \$ million

To world		Note UK large trader			
2015	2016	What about Brexit??			
8,394	8,913				
To Africa		To EU			
2015	2016	2015		2016	
3,660	3,818		2,256	2,347	
Down from earlier		steady			

Imports (NAMC paper also)

- **Wheat, rice and poultry**
- Poultry very active as protection sought by South Africa
 - not really WTO issues though
- Sugar – complex regimes within SACU / SADC

Implications for BLNS

- Very little
- Sugar and beef main exports. EPA with EU takes care of most problems.
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- Forestry – EU and RSA duty free access
- Fisheries – Namibia – few issues

Non-tariff measures/barriers

- Please – **Alleviating** these, **not Eliminating** them
- They are becoming more apparent as tariffs reduce
- More important than tariffs generally
- WTO provides a last-resort Disputes Court. But no teeth (although still useful). WTO also sets standards in many areas
- Regional Agreements offer good opportunities but still in development stages. Provide a forum

Other issues

- “Singapore Issues” of trade and investment; competition policy; and government procurement. All important, but rejected as core WTO issues.
- That leaves trade facilitation (next slide)
- Other issues – Value chain – can WTO do much here??. Really about tariff escalation – not a major African issue. Infrastructure costs are African limitation

Trade Facilitation

- Need another word to be spoken here
- Is the WTO project “for real” ??
- Who benefits – African exporters of outside access into Africa??
- You do not need an agreement for Unilateral facilitation projects.

Final points

- There seems little for Africa in a WTO Agricultural settlement
- But overall Africa should support the WTO for wider benefits to a freer global trading regime