

# The Political Economy: Global, National and Industry Events

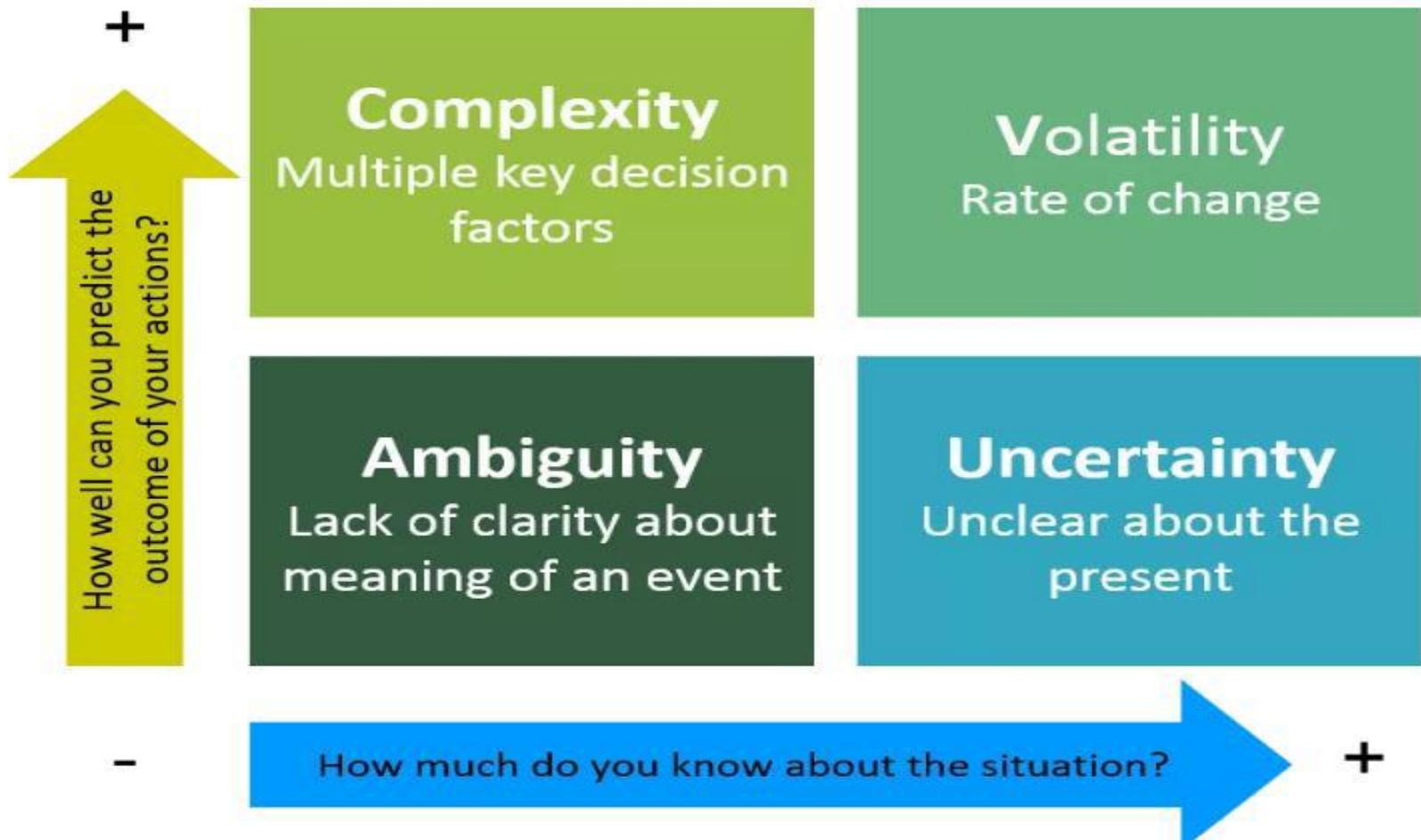
Agbiz Media Day

John Purchase

5 December 2019



# Life in the VUCA world?



# For today.....

## 1. Political economy context:

- Major Global & African risks and challenges
- Major South African risks and challenges

## 2. Food Security and Competitiveness imperative

## 3. Major developments in the political economy environment impacting SA Agriculture/Agribusiness

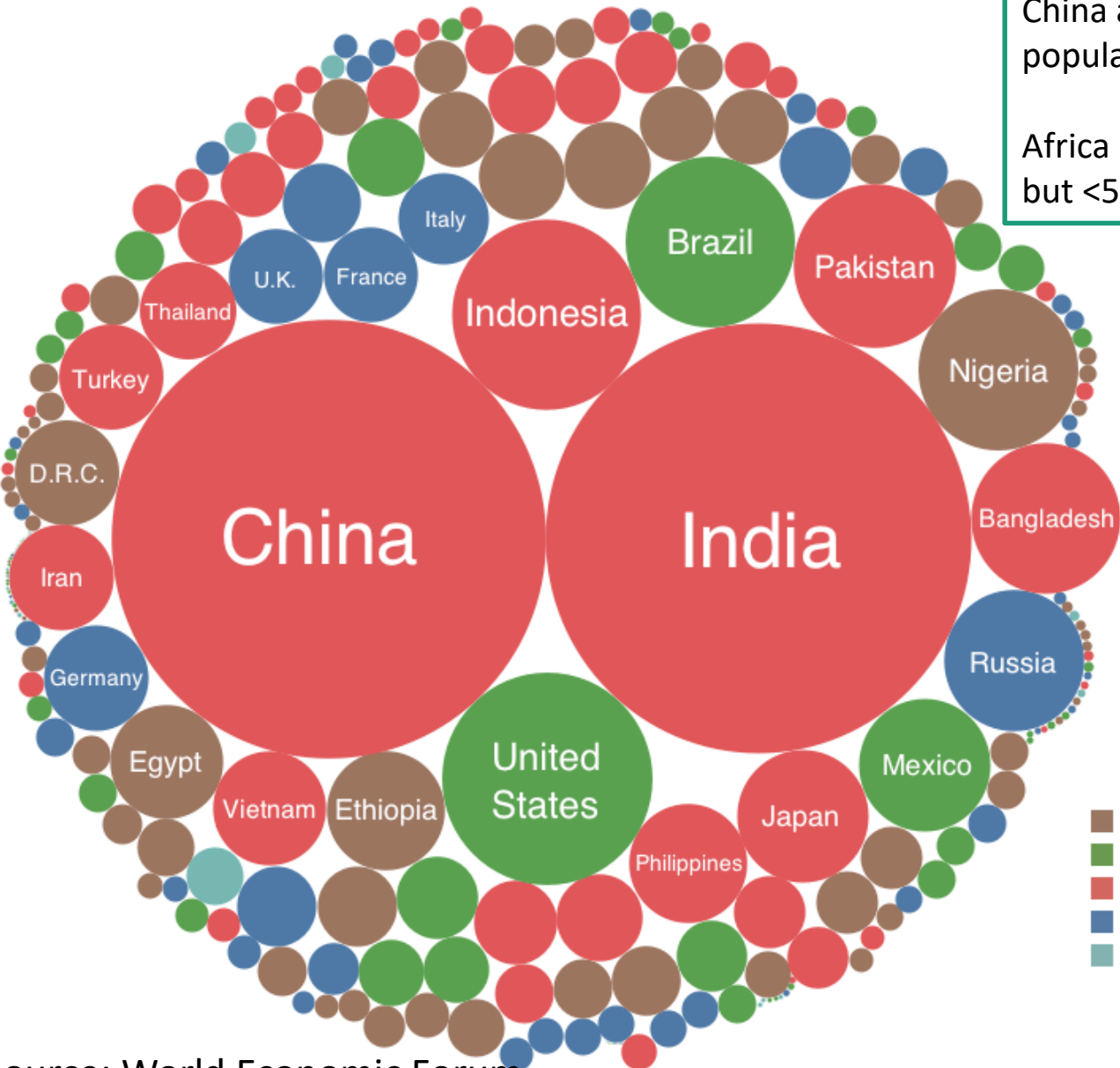
## 4. So for 2020.....!!!

# Major Global Risks and Challenges

- New multi-polar global power dynamic – power shift to Asia (**BRICS factor NB**)
- Middle East tensions to continue – various conflict scenarios playing out.
- Brexit and European Unity: EU/UK deal now probable, but UK economic outlook?
- USA vs China Trade War – major and irreversible impact, including on WTO regime
- **Global population & Africa's demographic 'dividend'**
- Globalisation, Interconnectivity and E-Commerce massive drivers (4<sup>th</sup> IR), despite some protectionist and “narrow nationalism” developments across the globe.
- Mass migration an outcome of conflict and globalisation/interconnectivity - very difficult to stop. Rising xenophobia across the world?
- Environmental sustainability issues, e.g. climate change and extreme weather phenomena, water availability and quality, biodiversity loss, pollution/waste, etc.
- Global GDP slowdown to ~2,5%, but recession unlikely. Some downside risks still.

More interconnected → but greater uncertainty → less control → more risk → greater opportunity and reward though → identify and exploit!

# Countries by Population Size



China and India = 36.2% of global population, but 18,7% of global GDP

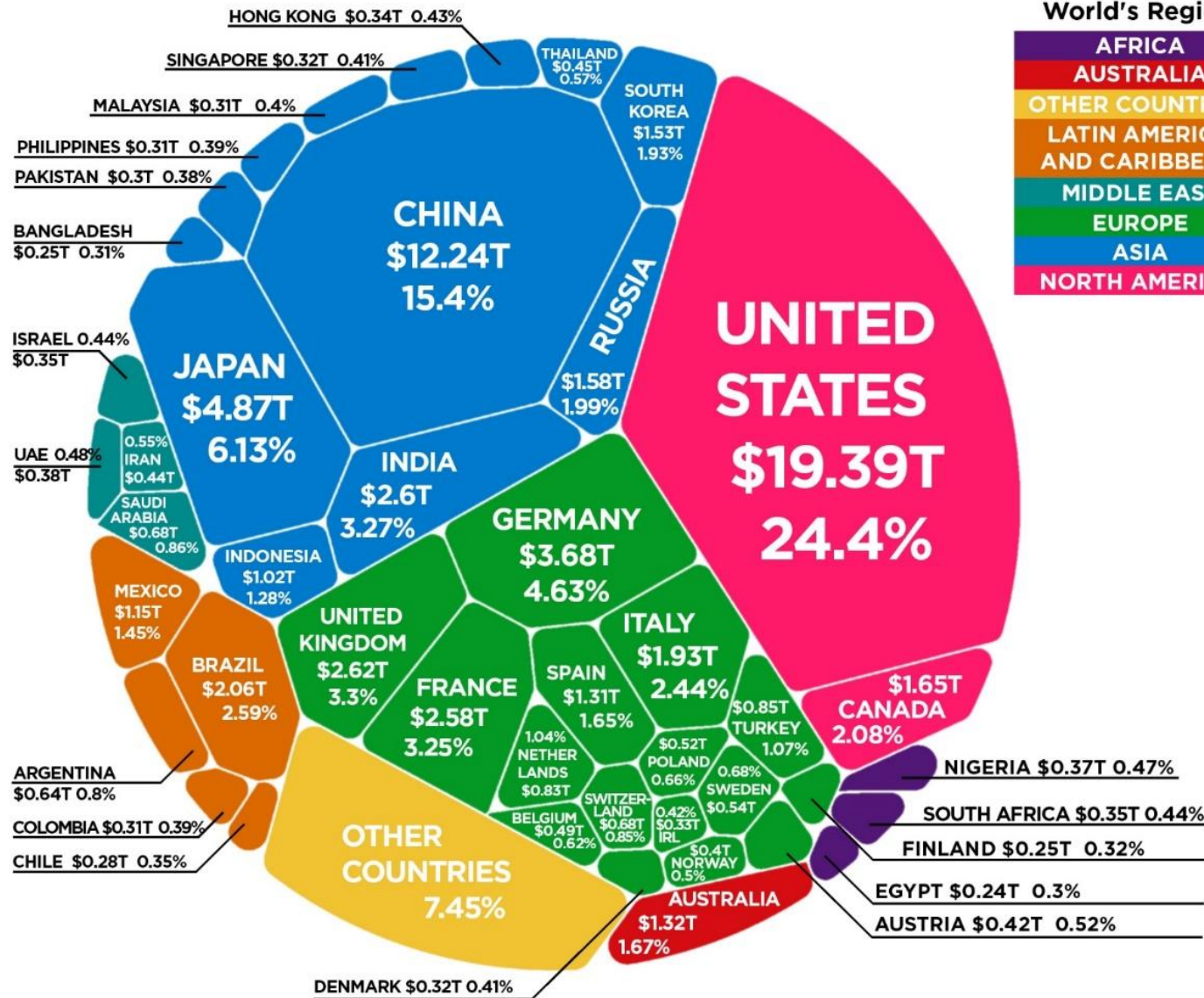
Africa = 16.9% of global population, but <5% of global GDP

- Africa
- Americas
- Asia
- Europe
- Oceania

Source: World Economic Forum



## World's Region



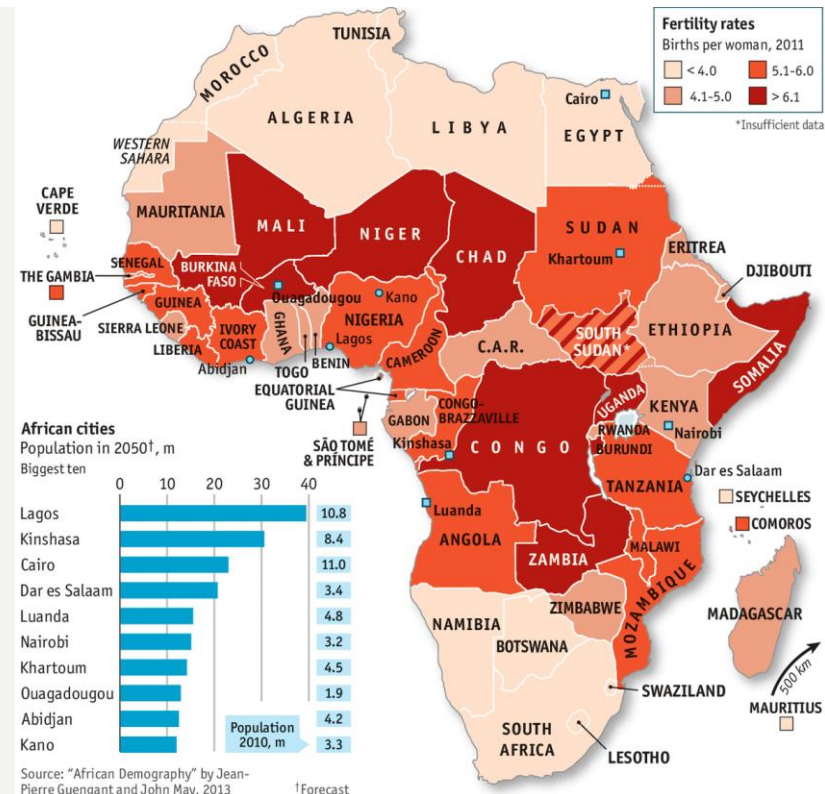
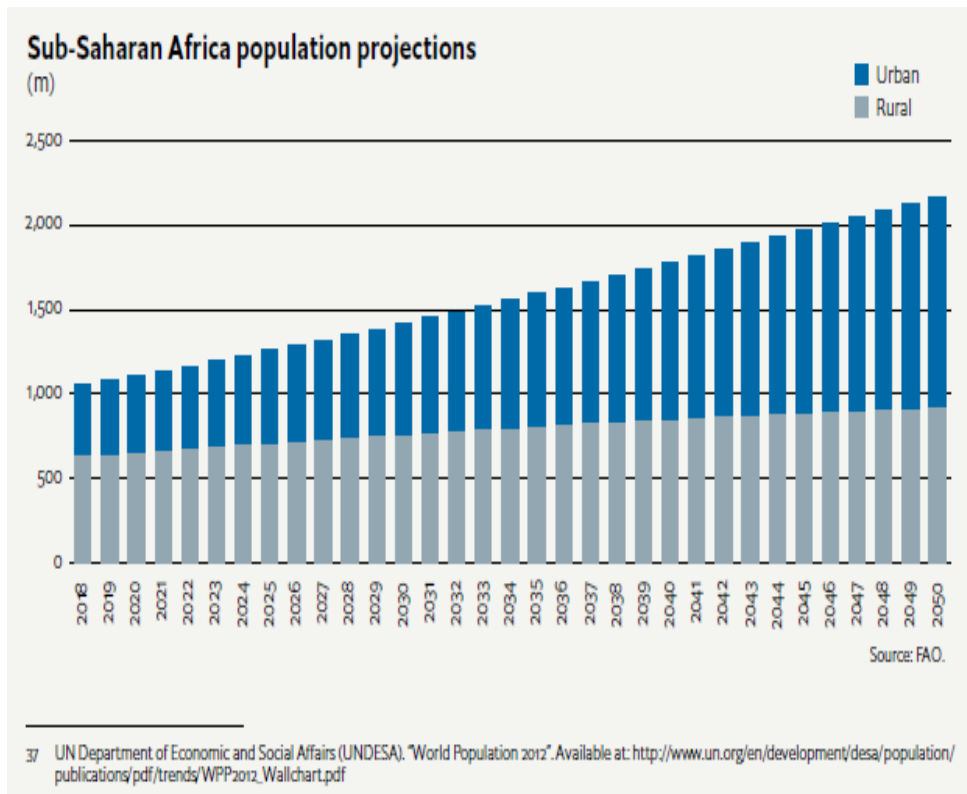
### Article and Sources:

<https://howmuch.net/articles/the-world-economy-2017>  
<http://databank.worldbank.org/data/download/GDP.pdf>

howmuch.net



# Africa Urbanisation and Demographics.....



**Africa's population to exceed 2.0 billion by 2050.  
Africa's population to exceed 4.0 billion by 2100.**

**World population to reach 11.2 billion by 2100**

**Either massive opportunity,  
or a critical risk.....!**

# Major Global Risks and Challenges

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- Brexit and European Unity: EU/UK deal now probable, but UK economic outlook?
- USA vs China Trade War – major and irreversible impact, including on WTO regime
- **Global population & Africa's demographic 'dividend'**
- Globalisation, Interconnectivity and E-Commerce massive drivers (4<sup>th</sup> IR), despite some protectionist and “narrow nationalism” developments across the globe.
- Mass migration an outcome of conflict and globalisation/interconnectivity - very difficult to stop. Rising xenophobia across the world?
- Environmental sustainability issues, e.g. climate change and extreme weather phenomena, water availability and quality, biodiversity loss, pollution/waste, etc.
- Global GDP slowdown to ~2,5%, but recession unlikely. Some downside risks still.

More interconnected → but greater uncertainty → less control → more risk → greater opportunity and reward though → identify and exploit!





# OECD ECONOMIC OUTLOOK

*Time to turn the tide*

OUR  
FUTURE

IN  
YOUR  
HANDS

Laurence Boone  
OECD Chief Economist  
21 November 2019

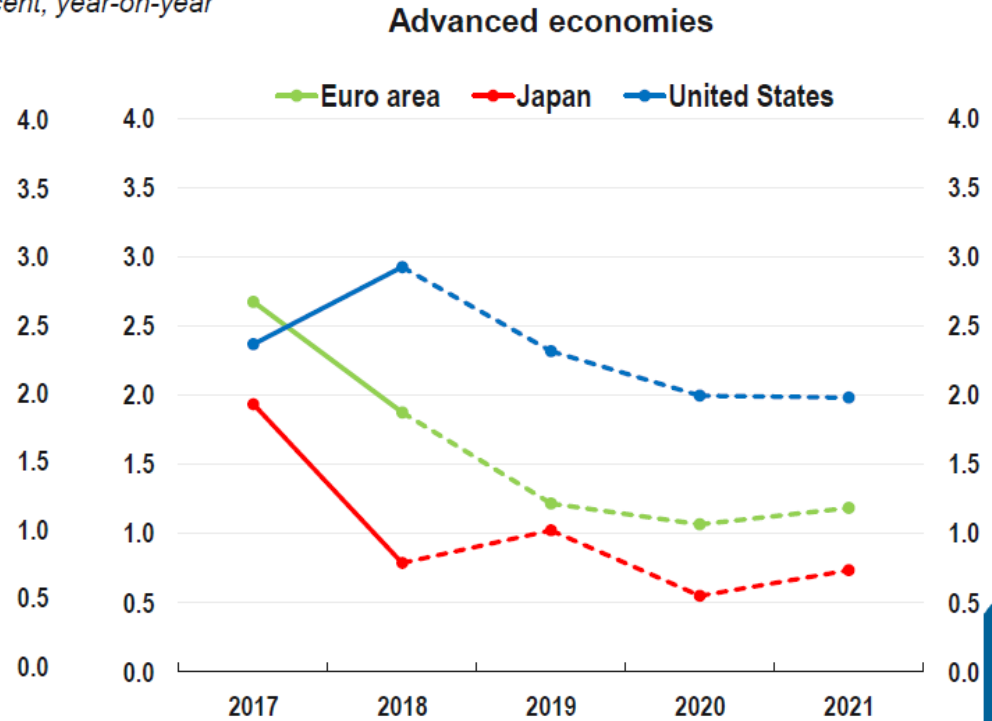
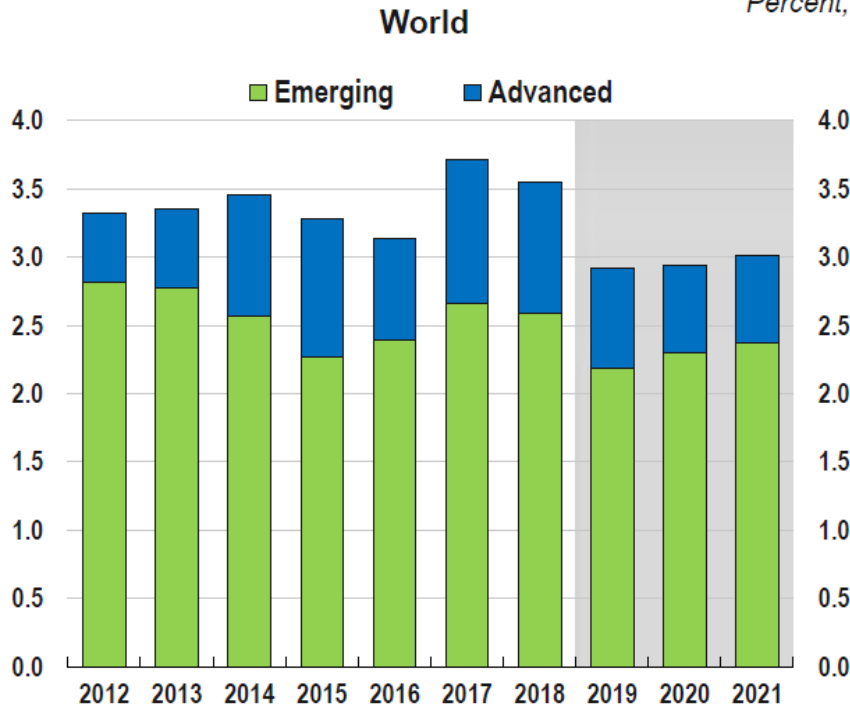
<http://www.oecd.org/economy/outlook/>  
ECOSCOPE blog: [oecdoscope.wordpress.com](http://oecdoscope.wordpress.com)





# Growth is projected to remain sluggish

## Real GDP growth Percent, year-on-year



Note: LHS: Calculated using PPP weights. RHS: Dotted lines represent the projection period.  
Source: OECD Economic Outlook 106 database; and OECD calculations.



# OECD Economic Outlook projections

## Real GDP growth

Percent, year-on-year. Arrows indicate the direction of revisions since the September 2019 Interim Economic Outlook

	2019	2020	2021		2019	2020	2021
World	2.9 ➡	2.9 ⬇	3.0	G20	3.1 ➡	3.2 ➡	3.3
Australia	1.7 ➡	2.3 ⬆	2.3	Argentina	-3.0 ⬇	-1.7 ⬆	0.7
Canada	1.5 ➡	1.6 ➡	1.7	Brazil	0.8 ➡	1.7 ➡	1.8
Euro area	1.2 ⬆	1.1 ⬆	1.2	China	6.2 ⬆	5.7 ➡	5.5
Germany	0.6 ⬆	0.4 ⬇	0.9	India <sup>1</sup>	5.8 ⬇	6.2 ⬇	6.4
France	1.3 ➡	1.2 ➡	1.2	Indonesia	5.0 ➡	5.0 ➡	5.1
Italy	0.2 ⬆	0.4 ➡	0.5	Mexico	0.2 ⬇	1.2 ⬇	1.6
Japan	1.0 ➡	0.6 ➡	0.7	Russia	1.1 ⬆	1.6 ➡	1.4
Korea	2.0 ⬇	2.3 ➡	2.3	Saudi Arabia	0.2 ⬇	1.4 ⬇	1.4
United Kingdom	1.2 ⬆	1.0 ⬆	1.2	South Africa	0.5 ➡	1.2 ⬆	1.3
United States	2.3 ⬇	2.0 ➡	2.0	Turkey	0.3 ⬆	3.0 ⬆	3.2

⬇ downward by 0.3 pp and more    ⬇ downward by less than 0.3 pp    ➡ no change    ⬆ upward by less than 0.3 pp    ⬆ upward by 0.3 pp and more

Note: Difference in percentage points based on rounded figures. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are members in their own right.

1. Fiscal years starting in April.

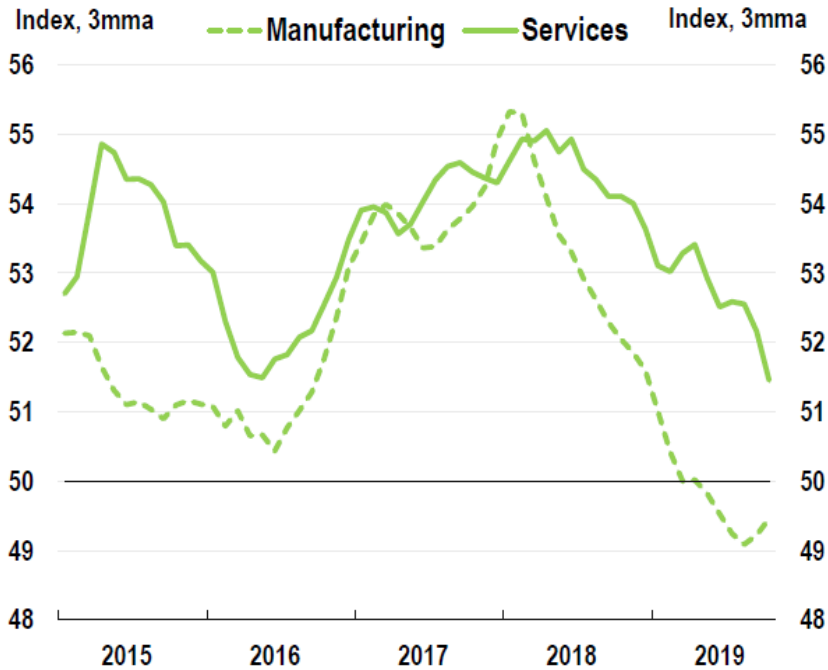
Source: OECD Economic Outlook 106 database; and OECD calculations.



# The manufacturing slowdown is spilling over to services

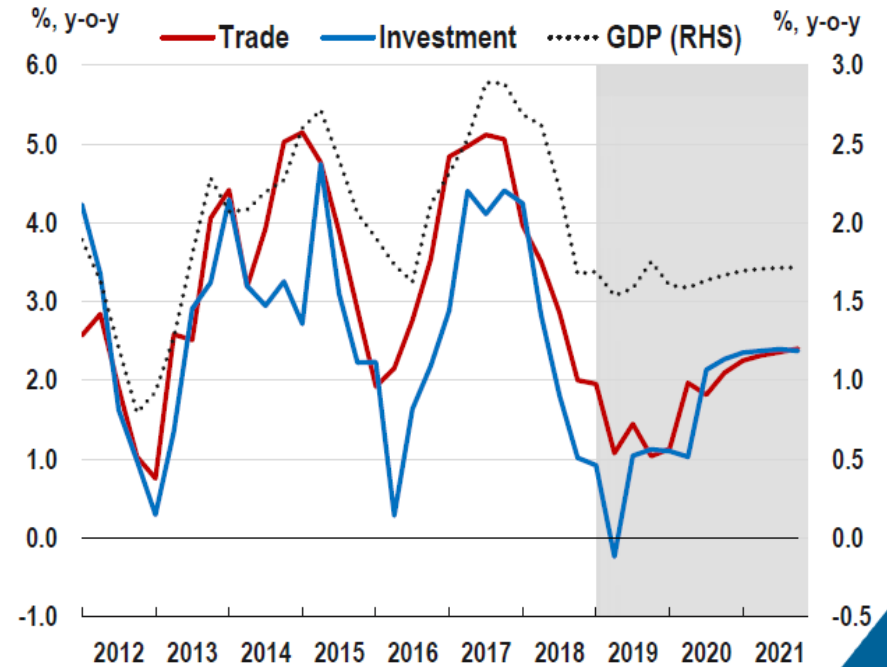
## Global new orders are faltering

PMI



## Trade and investment growth will stay weak

OECD



Note: LHS: The last data point is October 2019. RHS: Ireland is excluded from the OECD aggregate. This is because Ireland's imports grew at an annualised rate of 318% in 2019Q2 and there is no corresponding published increase in exports elsewhere. Including Ireland increases world trade growth to 1.7% in 2019Q2, while excluding Ireland world trade growth was 0.4%. Source: Markit; OECD Economic Outlook 106 database; and OECD calculations.



## Key messages

Slow growth is becoming entrenched for structural rather than cyclical reasons

Risks are biased to the downside

Investment and international cooperation are urgent to escape prolonged stagnation

2

# South Africa's Political Economy: Risks & Challenges

- **Despite poll victory, still turmoil in ANC**– divisions and distrust persist, given various Commissions of Enquiry into respectively 'State capture', SARS, PIC & NPA. **DA & EFF???**
- **Improved political certainty though**, with solid mandate for **President Ramaphosa**. **Difficult decisions have to be made – has certainly made some. ANC National General Council in 2020 a critical indicator of control.**
- **Biggest concern: Lack of GDP growth and Competitiveness decline (WEF).**
- **State capability a major concern** – evidenced in various Departments and SOE's.
- **Massive unemployment (>29%)**, especially amongst the Youth (>50%).
- **Inequality** – SA top of GINI Coefficient (WEF, 2018): populist calls & demands will persist.
- Service delivery and other **protests increasing, and more violent (ISS)**.
- **Land & water reform** will be at the centre of demands. Even nationalisation pressure on banks & mines, e.g. Reserve Bank.
- **Crime & Security factor**, including corruption and farm/rural safety, **a real concern.**

# S A CARRIERS GROUNDED

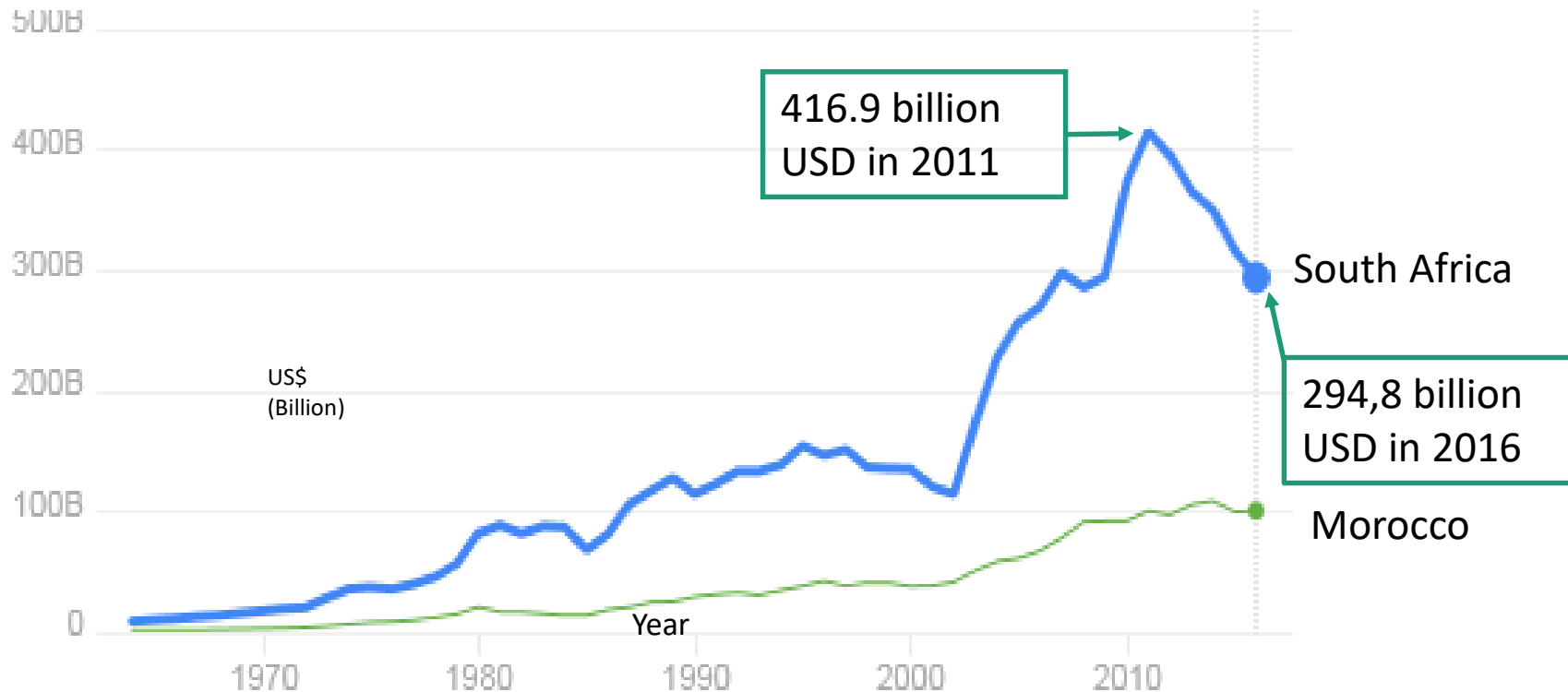


# South Africa's Political Economy: Risks & Challenges

- **Despite poll victory, still turmoil in ANC**– divisions and distrust persist, given various Commissions of Enquiry into respectively 'State capture', SARS, PIC & NPA. **DA & EFF???**
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# South Africa's GDP: 347,7 billion USD (2018)



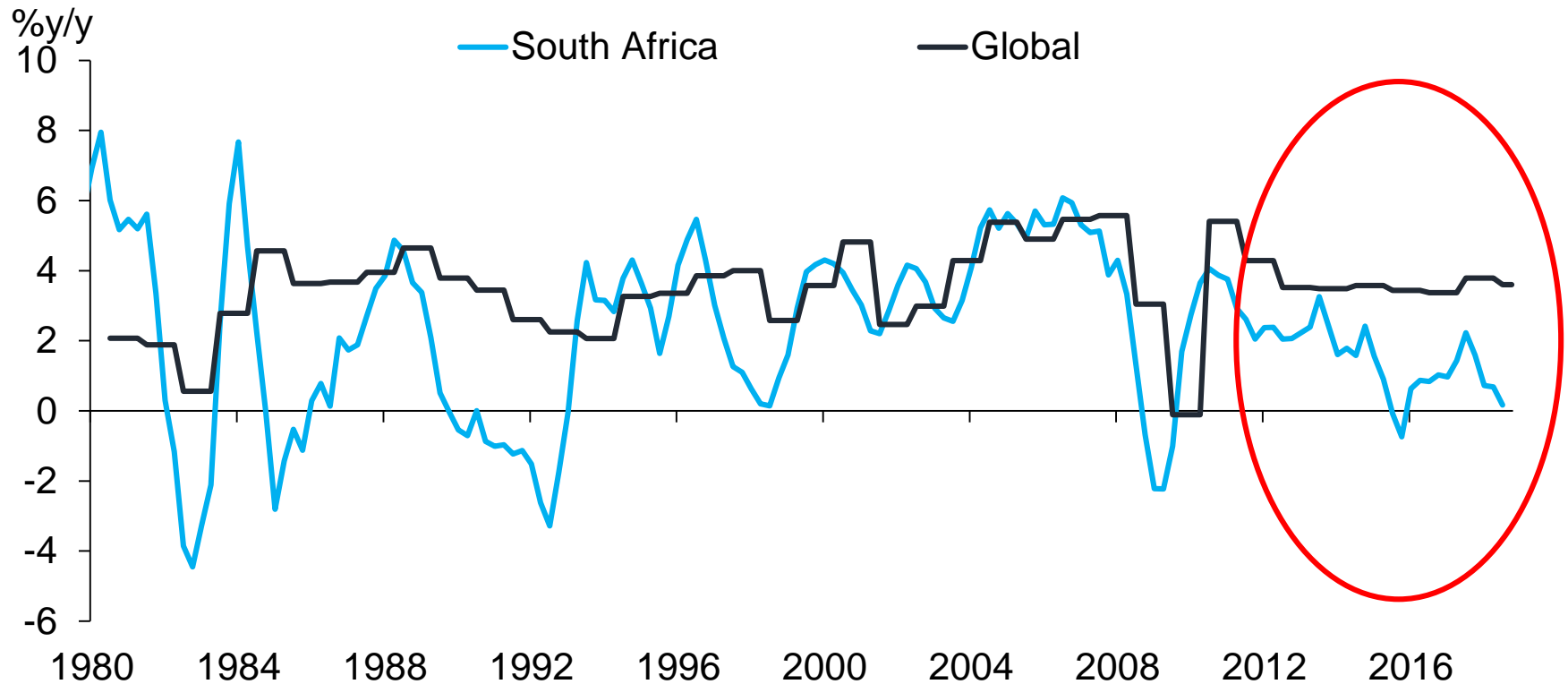
2011 GDP per capita (US\$) = 8,066

2016 GDP per capita (US\$) = 5,261

2018 GDP per capita (US\$) = 6,180

Source: WEF Competitiveness Reports

# South Africa's growth has decoupled from global growth



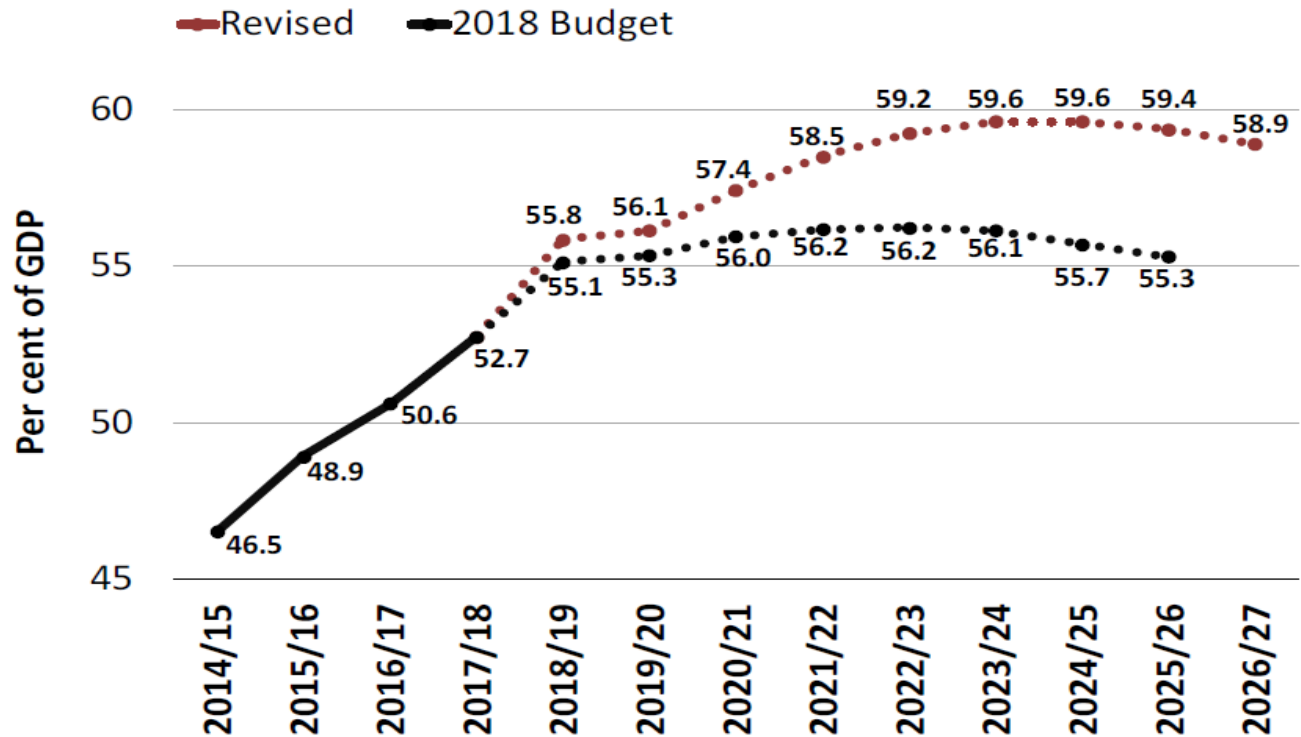
# Debt outlook



Gross debt-to-GDP outlook

Heading for 71.3%

- Debt is expected to stabilise at 59.6 per cent of GDP in 2023/24
- In the current year, upward revisions to gross loan debt reflect the wider deficit and weaker exchange rate



Rating agencies? Only Moody's still investment grade. Negative outlook S&P: Further downgrade in negative sub-investment grade expected



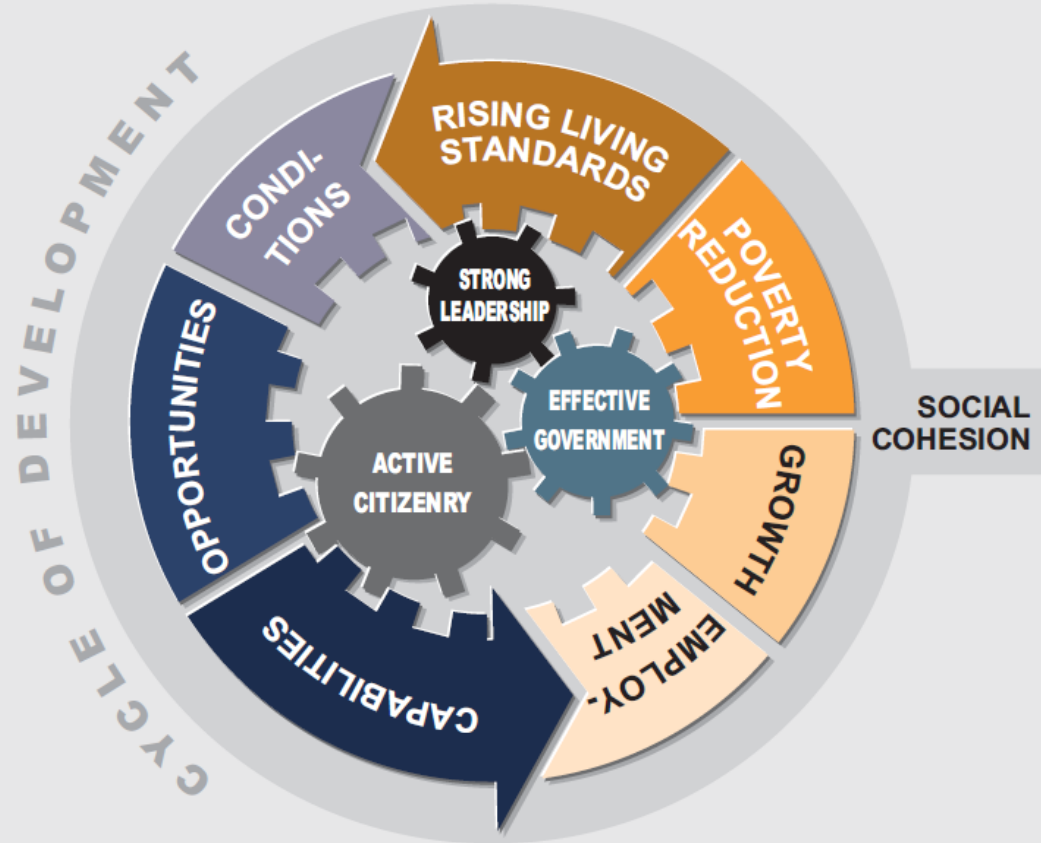
# South Africa's Political Economy: Risks & Challenges

- Despite poll victory, **ANC remains in turmoil** – divisions and distrust persist, given various Commissions of Enquiry into respectively 'State capture', SARS, PIC & NPA. **DA & EFF???**
- Improved political certainty, with solid mandate for **President Ramaphosa**. However, can he act to do what he knows has to be done? **Difficult decisions have to be made – has certainly made some. ANC National General Council in 2020 a critical indicator of support.**
- **Biggest concern: Lack of GDP growth and Competitiveness decline (WEF).**
- **State capability a major concern** – evidenced in DAFF & DRDLR. Also other Dept's/SOE's.
- **Massive unemployment** (>29%), especially amongst the Youth (>50%).
- **Inequality** – SA top of GINI Coefficient (WEF, 2018): populist calls & demands will persist.
- Service delivery and other **protests increasing, and more violent** (ISS).
- **Land & water reform** will be at the centre of demands. Even nationalisation pressure on banks & mines, e.g. Reserve Bank.
- **Crime & Security factor**, including corruption and farm/rural safety, a real concern.

# Our future - make it work



FIG 1.1 AN APPROACH TO CHANGE



# For today.....

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  - Major Global & African risks and challenges
  - Major South African risks and challenges
2. **Food Security and Competitiveness imperative**
3. Major developments in the political economy environment impacting SA Agriculture/Agribusiness
4. So for 2020.....!!!

# Food Security Imperative

The Economist INTELLIGENCE UNIT  
A report from The Economist Intelligence Unit

## GLOBAL FOOD SECURITY INDEX

# 2018

BUILDING RESILIENCE  
IN THE FACE OF RISING  
FOOD-SECURITY RISKS

Sponsored by **CORTEVA**  
agriscience  
Agriculture Division of DowDuPont™



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## 2018 adjusted overall GFSI score

Overall GFSI score adjusted by the Natural Resources & Resilience overall score (0-100 where 100 = most favourable)

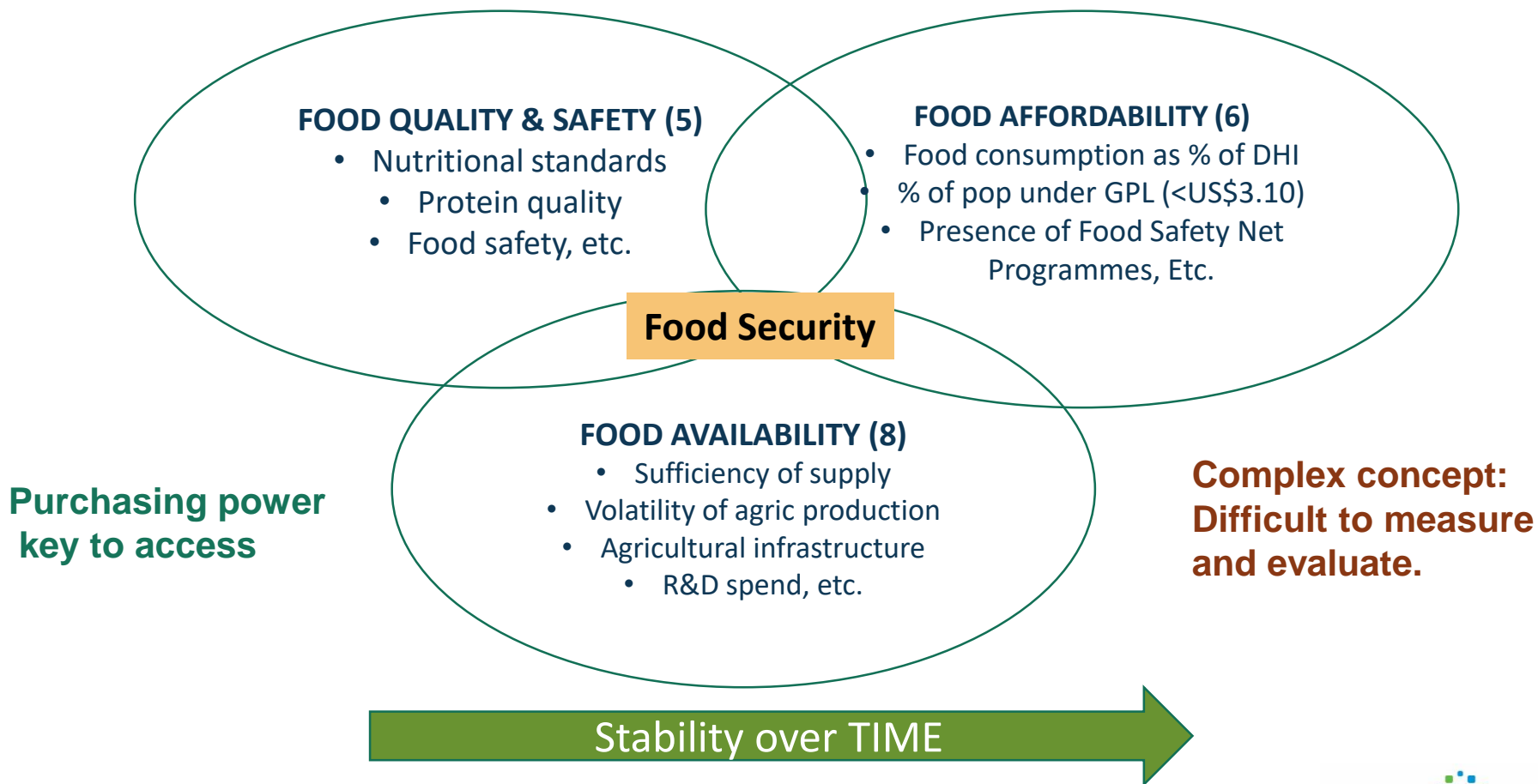
■ Rise in ranking ■ Decline in ranking

Rank	Country	Score / 100	Rank change
1	Switzerland	79.0	6
2	Ireland	78.9	0
3	Austria	78.0	11
=4	France	77.9	6
=4	Netherlands	77.9	1
=6	Canada	77.7	3
=6	Germany	77.7	5
=8	Sweden	77.5	4
=8	United Kingdom	77.5	-5
=8	United States	77.5	-5
11	Finland	77.4	-3
12	Denmark	77.2	4
13	Australia	76.0	-7
14	New Zealand	75.6	1
15	Norway	75.5	-3
16	Singapore	75.2	-15
17	Portugal	74.5	2
18	Japan	74.2	0
19	Belgium	73.9	-2
=20	Czech Republic	72.5	4
=20	Spain	72.5	1
22	Italy	71.4	1
23	Poland	71.2	3
24	Hungary	69.0	6
25	Israel	68.8	-5
26	Chile	68.1	1
27	Qatar	67.5	-5
=28	Greece	67.1	5
=28	Slovakia	67.1	7
30	Uruguay	66.8	4
31	South Korea	66.6	-6
32	Kuwait	66.4	-4
=33	Oman	64.5	-4
=33	Romania	64.5	5
35	Argentina	63.3	2
36	Saudi Arabia	62.8	-4
37	Russia	62.5	5
38	Brazil	62.1	1

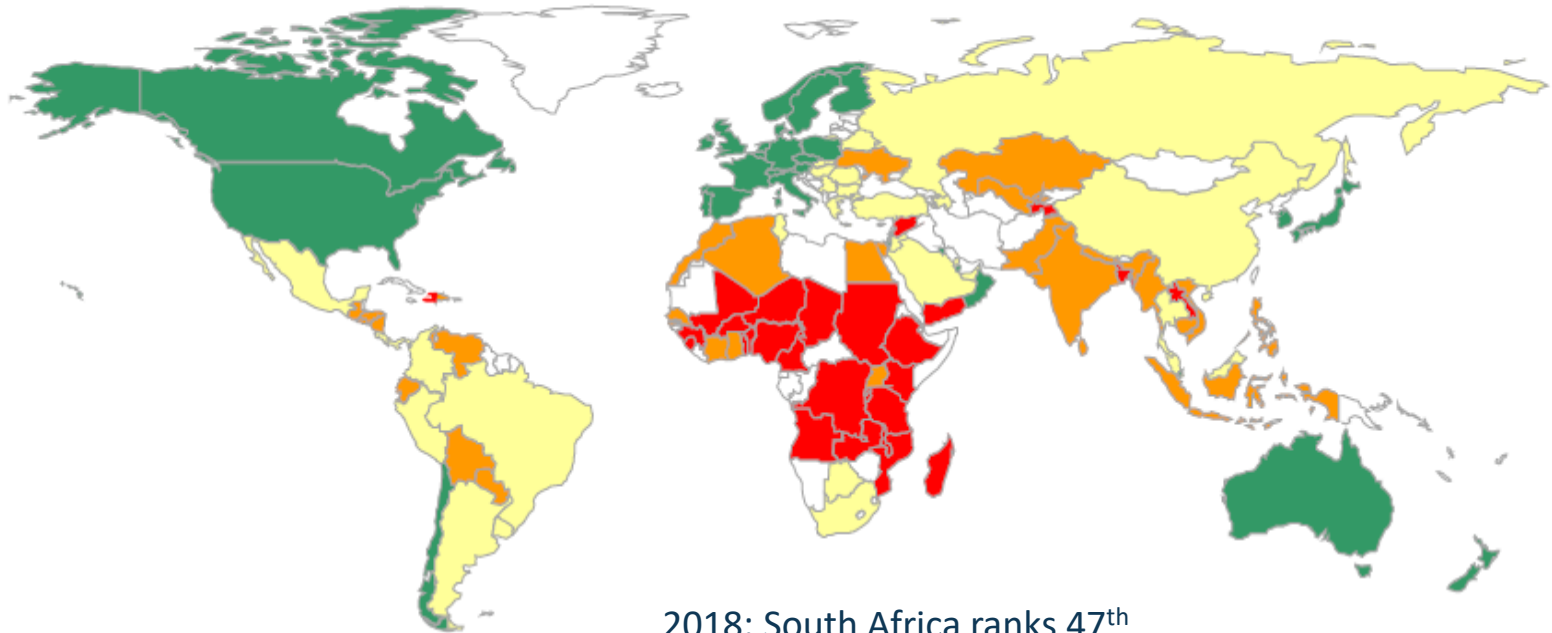
Rank	Country	Score / 100	Rank change
39	Costa Rica	62.0	-3
40	United Arab Emirates	61.8	-9
41	Bulgaria	60.4	6
42	Malaysia	59.9	-2
43	Belarus	59.6	1
44	Turkey	59.3	4
45	Mexico	58.8	-2
46	Bahrain	58.7	-5
=47	China	58.5	-1
=47	South Africa	58.5	-2
49	Colombia	55.9	0
50	Botswana	55.4	2
51	Serbia	55.2	2
52	Panama	54.8	-2
=53	Thailand	54.0	1
=53	Tunisia	54.0	-2
55	Kazakhstan	53.0	2
56	Paraguay	52.6	2
57	Azerbaijan	52.0	-1
58	Jordan	51.8	2
59	Dominican Republic	50.5	-1
60	Peru	50.3	-5
61	Egypt	49.9	0
62	Ukraine	49.8	1
63	Vietnam	49.7	-1
64	Morocco	48.7	0
65	Sri Lanka	48.4	2
=66	Ecuador	47.9	-1
=66	El Salvador	47.9	2
68	Indonesia	47.1	-3
69	Algeria	46.6	0
70	Guatemala	46.1	1
71	Nicaragua	46.0	1
72	Bolivia	45.9	2
73	Honduras	45.6	1
74	Ghana	45.4	-1
75	Philippines	45.2	-5
76	Pakistan	44.6	1

Rank	Country	Score / 100	Rank change
77	India	44.1	-1
78	Venezuela	42.9	0
79	Myanmar	42.2	3
80	Cote d'Ivoire	42.1	1
81	Uzbekistan	41.6	-1
82	Nepal	41.1	-3
83	Bangladesh	38.9	0
=84	Mali	38.3	2
=84	Uganda	38.3	5
=84	Kenya	38.2	-1
87	Kenya	37.9	0
88	Senegal	37.8	-1
89	Cameroon	37.7	-5
90	Benin	36.4	0
91	Tajikistan	35.8	0
92	Rwanda	35.4	1
93	Laos	35.3	2
94	Burkina Faso	34.9	3
95	Togo	34.4	-2
96	Angola	34.2	-4
97	Nigeria	34.1	-1
98	Tanzania	33.9	0
99	Sudan	32.6	0
100	Ethiopia	32.5	0
101	Niger	31.0	3
102	Zambia	30.9	2
=103	Guinea	30.8	-1
=103	Mozambique	30.8	-2
=105	Malawi	29.9	2
=105	Syria	29.9	-2
107	Haiti	29.6	-1
108	Chad	28.3	0
109	Sierra Leone	26.0	0
110	Yemen	24.8	0
111	Madagascar	24.6	0
112	Congo (Dem. Rep.)	22.5	0
113	Burundi	21.9	0

# Components of Food Security



# 2017 Global Food Security Index



2018: South Africa ranks 47<sup>th</sup>

Score = Score in 2017, 0-100 where 100=best

Δ = Change in 2017 score compared with 2016

Green= score improved this year

Red = score deteriorated this year

VERY GOOD (TOP QUARTILE)  
Score Δ

GOOD (3RD QUARTILE)  
Score Δ

MODERATE (2ND QUARTILE)  
Score Δ

WEAK (BOTTOM QUARTILE)  
Score Δ

SA Household Food Security a risk: ~20% of households food insecure

# Competitiveness Imperative

Insight Report

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# The Global Competitiveness Report 2019

Klaus Schwab, World Economic Forum

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# The Global Competitiveness Index 4.0 2019 Rankings

Covering 141 economies, the Global Competitiveness Index 4.0 measures national competitiveness—defined as the set of institutions, policies and factors that determine the level of productivity.

Diff. from 2018 <sup>2</sup>				Diff. from 2018 <sup>2</sup>				Diff. from 2018 <sup>2</sup>						
Rank	Economy	Score <sup>1</sup>	Rank	Score	Rank	Economy	Score <sup>1</sup>	Rank	Score	Rank	Economy	Score <sup>1</sup>	Rank	Score
1	Singapore	84.8	+1	+1.3	40	Mexico	64.9	-2	+0.3	95	Kenya	54.1	-2	+0.6
2	United States	83.7	-1	-2.0	41	Bulgaria	64.9	+2	+1.3	96	Kyrgyz Republic	54.0	+1	+1.0
3	Hong Kong SAR	83.1	+4	+0.9	42	Indonesia	64.6	-5	-0.3	97	Paraguay	53.6	-2	+0.3
4	Netherlands	82.4	+2	—	43	Romania	64.4	+1	+0.9	98	Guatemala	53.5	-2	+0.2
5	Switzerland	82.3	-1	-0.3	44	Mauritius	64.3	-3	+0.6	99	Iran, Islamic Rep.	53.0	-10	-1.9
6	Japan	82.3	-1	-0.2	45	Oman	63.6	-6	-0.8	100	Rwanda	52.8	+8	+1.9
7	Germany	81.8	-4	-1.0	46	Uruguay	63.5	-1	+0.8	101	Honduras	52.7	-1	+0.2
8	Sweden	81.2	+1	-0.4	47	Kazakhstan	62.9	+4	+1.1	102	Mongolia	52.6	-3	-0.1
9	United Kingdom	81.2	-1	-0.8	48	Brunei Darussalam	62.8	+6	+1.3	103	El Salvador	52.6	-5	-0.2
10	Denmark	81.2	—	+0.6	49	Colombia	62.7	+3	+1.1	104	Tajikistan	52.4	-2	+0.2
11	Finland	80.2	—	—	50	Azerbaijan	62.7	+11	+2.0	105	Bangladesh	52.1	-2	—
12	Taiwan, China	80.2	+1	+1.0	51	Greece	62.6	-2	—	106	Chad	52.1	+4	+1.9
13	Korea, Rep.	79.6	+2	+0.8	52	South Africa	62.4	+1	+0.4	107	Yemen	51.8	-2	+0.4
14	Canada	79.6	-2	-0.3	53	Turkey	62.1	—	—	108	Guinea	51.6	+1	+0.8
15	France	78.8	+2	+0.8	54	Costa Rica	62.0	-7	-1.0	109	Nicaragua	51.5	-5	—
16	Australia	78.7	-2	-0.1	55	Croatia	61.9	+5	+1.8	110	Pakistan	51.4	-3	+0.3
17	Norway	78.1	-1	-0.1	56	Philippines	61.9	-8	-0.3	111	Ghana	51.2	-5	-0.1
18	Luxembourg	77.0	+1	+0.4	57	Peru	61.7	-2	+0.4	112	Cape Verde	50.8	-1	+0.6
19	New Zealand	76.7	-1	-0.8	58	Panama	61.6	-2	+0.6	113	Lao PDR	50.1	-1	+0.8
20	Israel	76.7	—	+0.1	59	Viet Nam	61.5	+10	+3.5	114	Senegal	49.7	-1	+0.7
21	Austria	76.6	+1	+0.3	60	India	61.4	-10	-0.7	115	Uganda	48.9	+2	+2.1
22	Belgium	76.4	-1	-0.2	61	Armenia	61.3	+1	+1.4	116	Nigeria	48.3	-1	+0.8
23	Spain	75.3	+3	+1.1	62	Jordan	60.9	+3	+1.6	117	Tanzania	48.2	-1	+1.0
24	Ireland	75.1	-1	-0.6	63	Brazil	60.9	+1	+1.4	118	Côte d'Ivoire	48.1	-4	+0.6
25	United Arab Emirates	75.0	+2	+1.6	64	Serbia	60.9	-7	—	119	Gabon	47.5	n/a	n/a
26	Iceland	74.7	-2	+0.2	65	Montenegro	60.8	-2	+1.2	120	Zambia	46.5	-2	+0.5
27	Malaysia	74.6	-2	+0.2	66	Georgia	60.6	-8	-0.3	121	Eswatini	46.4	-1	+1.1
28	China	73.9	—	+1.3	67	Morocco	60.0	—	+1.5	122	Guinea	46.1	+4	+2.9
29	Qatar	72.9	+1	+1.9	68	Seychelles	59.6	-2	+1.1	123	Cameroun	46.0	-2	+0.9
30	Italy	71.5	+1	+0.8	69	Barbados	58.9	n/a	n/a	124	Gambia, The	45.9	-5	+0.5
31	Estonia	70.9	+1	+0.2	70	Dominican Republic	58.3	+4	+0.9	125	Benin	45.8	-2	+1.4
32	Czech Republic	70.9	-3	-0.3	71	Trinidad and Tobago	58.3	-1	+0.4	126	Ethiopia	44.4	-4	-0.1
33	Chile	70.5	—	+0.3	72	Jamaica	58.3	-1	+0.4	127	Zimbabwe	44.2	+1	+1.6
34	Portugal	70.4	—	+0.2	73	Albania	57.6	-5	-0.5	128	Malawi	43.7	+1	+1.3
35	Slovenia	70.2	—	+0.6	74	North Macedonia	57.3	+2	+0.7	129	Mali	43.6	-4	—
36	Saudi Arabia	70.0	+3	+2.5	75	Argentina	57.2	-2	-0.3	130	Burkina Faso	43.4	-6	-0.5
37	Poland	68.9	—	+0.7	76	Sri Lanka	57.1	+1	+1.1	131	Lesotho	42.9	-1	+0.6
38	Malta	68.5	-2	-0.2	77	Ukraine	57.0	-2	—	132	Madagascar	42.9	n/a	n/a
39	Lithuania	68.4	+1	+1.2	78	Moldova	56.7	+2	+1.2	133	Venezuela	41.8	-6	-1.3
40	Thailand	68.1	-2	+0.6	79	Tunisia	56.4	—	+0.8	134	Mauritania	40.9	-3	+0.1
41	Latvia	67.0	+1	+0.7	80	Lebanon	56.3	-8	-1.4	135	Burundi	40.3	+1	+2.7
42	Slovak Republic	66.8	-1	-0.1	81	Algeria	56.3	+3	+2.5	136	Angola	38.1	+1	+1.1
43	Russian Federation	66.7	—	+1.1	82	Ecuador	56.7	-4	-0.1	137	Mozambique	38.1	-4	-1.7
44	Cyprus	66.4	—	+0.8	83	Botswana	55.5	-1	+1.0	138	Haiti	36.3	—	-0.1
45	Bahrain	66.4	+5	+1.7	84	Bosnia and Herzegovina	54.7	-1	+0.6	139	Congo, Dem. Rep.	36.1	-4	-2.1
46	Kuwait	66.1	+8	+3.0	85	Egypt	54.5	+1	+1.0	140	Yemen	35.5	-1	-0.9
47	Hungary	65.1	+1	+0.8	86	Namibia	54.5	+6	+1.8	141	Chad	35.1	-1	-0.4

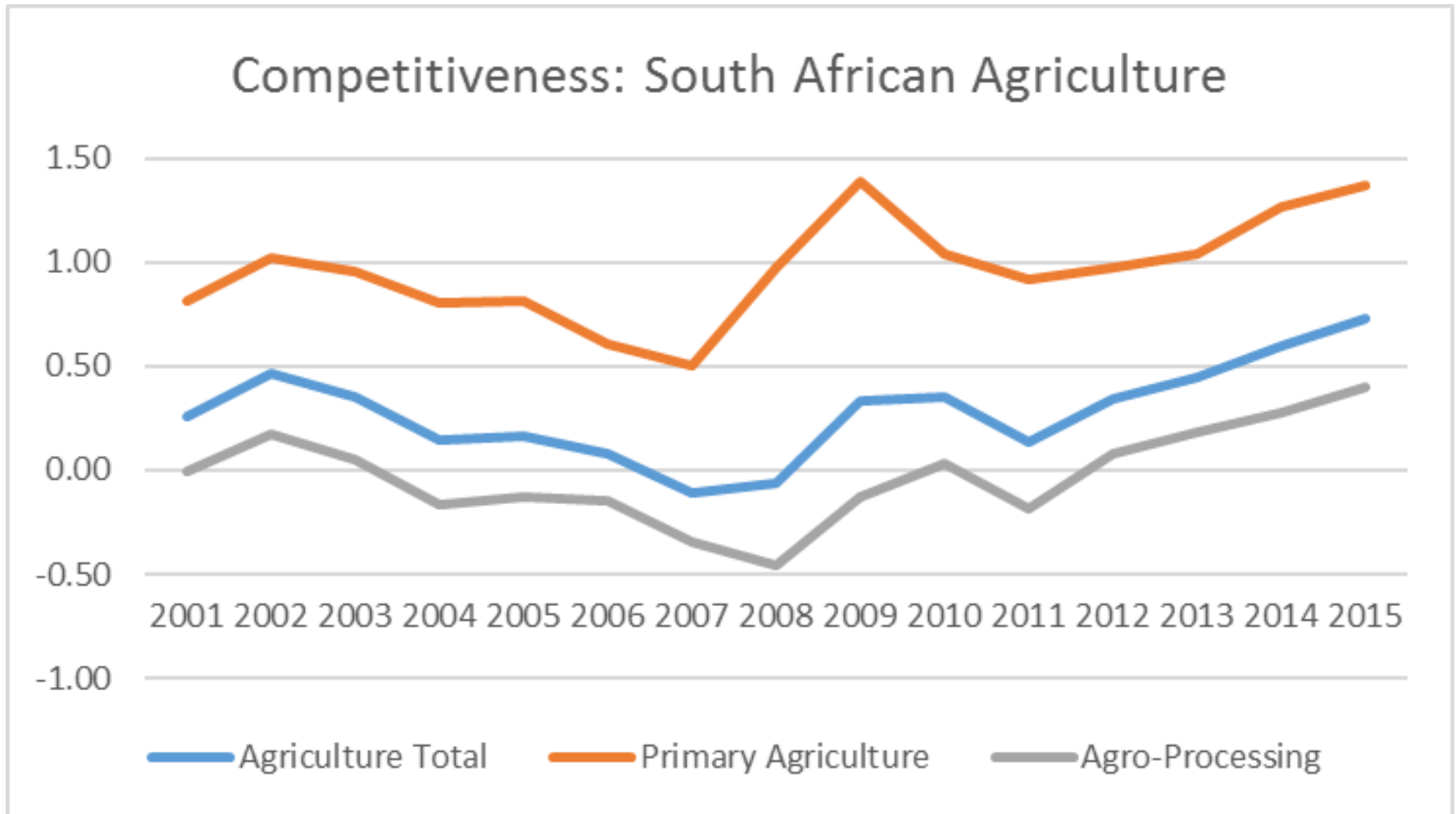
2016 = 47<sup>th</sup>  
 2017 = 61<sup>st</sup>  
 2018 = 67<sup>th</sup>  
 2019 = 60<sup>th</sup>

# Agro-food Value Chain competitiveness

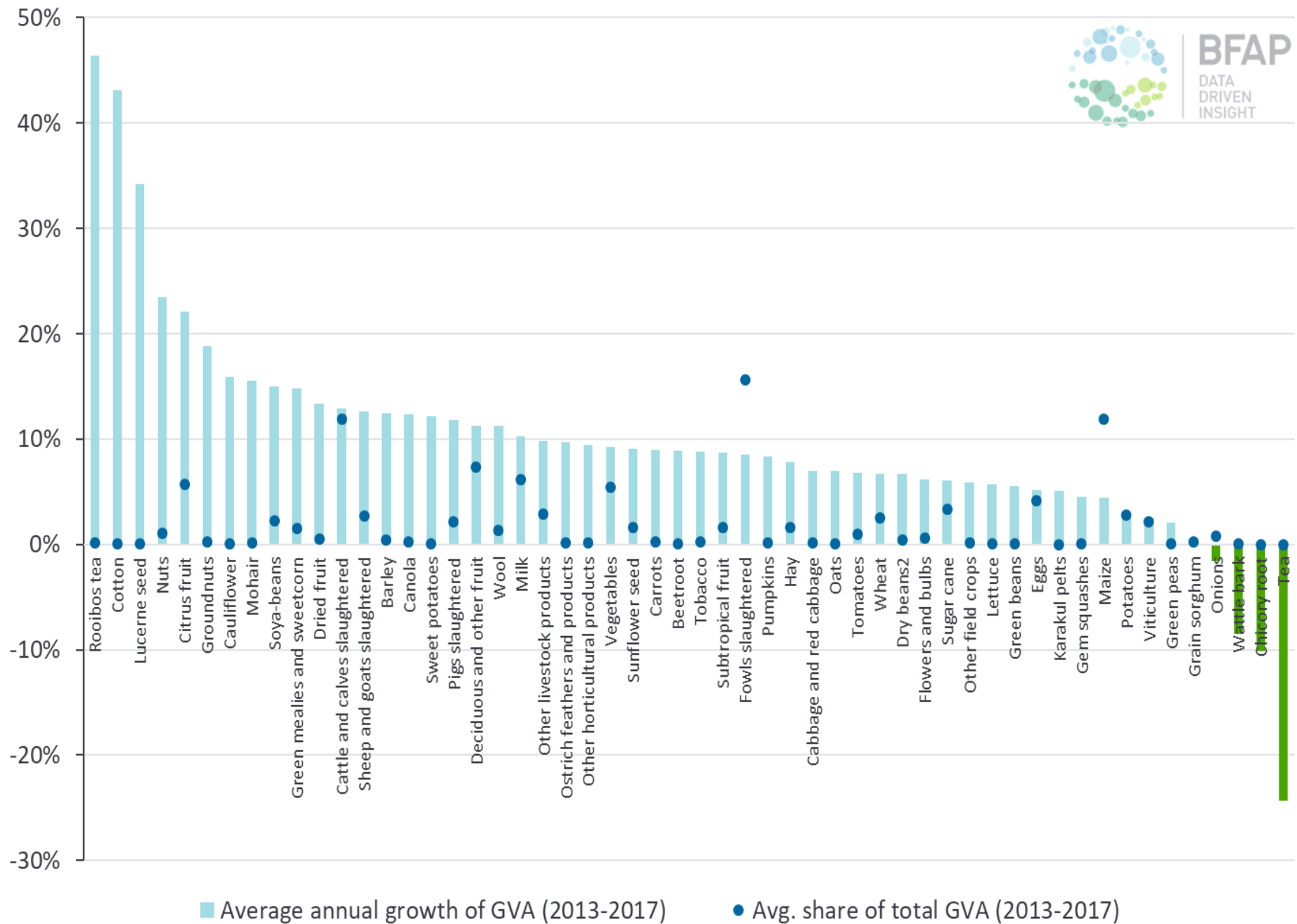
Analysis on:

- Relative Trade Advantage
- Comparative Advantage
- Competitive Advantage
- Porter diamond analysis (Participative analysis)
- Pioneered by Agbiz (Prof Johan van Rooyen and Dirk Esterhuizen) in early 2000's. Still done!

# South African Agricultural Sector







■ Average annual growth of GVA (2013-2017)

● Avg. share of total GVA (2013-2017)

# For today.....

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  - Major South African risks and challenges
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4. So for 2020.....!!!

# Nedlac TIC Strategic Session

Hosted by **Minister Ebrahim Patel**: totally new approach and welcomed. Emphasized **6 major focus areas**, viz.:

- 1. Expand markets for our products** and facilitate entry to those markets
  - 2. Support improved industrial performance, dynamism and competitiveness** of local companies.
  - 3. Improve the levels of investment** in the economy and help to achieve the target set by the President in SONA last year.
  - 4. Promote economic inclusion.** (Competition legislation & B-BBEE)
  - 5. Promoting more equitable spatial and industrial development.** (e.g. SEZ's)
  - 6. Improve the capability of the state.** (CIPC example)
- Two cross-cutting themes for all 6 initiatives:  
(i) Partnerships & (ii) Inclusion & Transformation

# Nedlac TIC Strategic Session (Continued)

Following broad discussion, Minister announced the following structures:

- A National Committee on the African Continental Free Trade Agreement.
- A Ministerial Export Promotion Panel. (Already process is under way - Export Barriers Monitoring Mechanism (EBMM))
- An SEZ Reference Group – met yesterday.
- A Port Charges Joint Committee, chaired by André de Ruyter and Yunus Hoosen.
- A 1-day session on the Technical Regulatory Agencies will be convened, to be preceded by the DTIC reviewing whether the existing regulations are conducive to growing the economy.
- An engagement on addressing Business' concerns regarding the functioning of SETAs to be held. Paul Theron (Business) and André Kriel (Labour) to draft a concept note.
- A Special Ministerial Session on BEE will be convened to endeavour to establish a broad-based BEE framework that maximises impact while minimising costs on business.
- A Committee on Digital Trade, with 2 seats per constituency.

# Public-Private Growth and Masterplan initiative

- Dr Johan van Zyl, Roelf Meyer, Min Dlamini-Zuma (DPME) & Pres Ramaphosa
- Reference in SONA's, Ministry Budget Vote speeches and other forums, including recent Investment Forum of 6 November 2019:

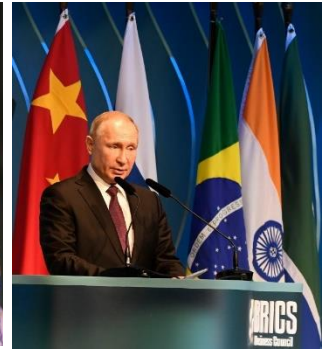
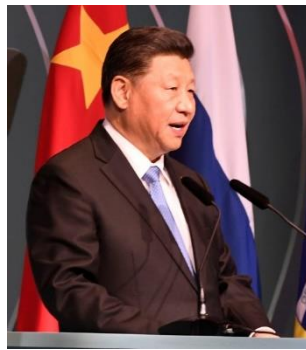
*We are on a path of removing impediments and constraints to inclusive growth. We have embarked on a path that is illuminated by policy consistency and regulatory certainty, fiscal responsibility, and decisive interventions to stimulate economic activity. Central to our efforts to ignite growth and create jobs is an ambitious execution oriented industrial strategy founded on partnerships between government, labour and industry. It prioritises growth in important sectors such as automotive, clothing and textiles, gas, chemicals and plastics, tourism, renewable energy, oceans economy, **agriculture and agro-processing**, mining and beneficiation, the digital economy and the high-tech industries.*

*Master plans for each of these sectors will ensure that **infrastructure, skills, incentives and other resources are directed towards where they have the greatest impact.** Today we will witness the signing of master plans for the poultry and the clothing, textile and footwear industries.*

# Public-Private Growth and Masterplan initiative

- Responsibility in Govt now transferred to DTIC to develop Masterplans in ~15 sectors – working closely with PMO in The Presidency.
- Three Masterplans already developed: 1. Automotive 2. Poultry 3. Retail-CTFL Value Chains (Sugar Masterplan well advanced – industry in distress).
- Agriculture/Agro-processing identified as a key sector.
- ‘NEDLAC’ approach of Government, Business and Labour – PPP approach.
- Agbiz raised concern as coordinator for agro-industry value chains as approach from DALRRD was, in our opinion, out of line with President’s directive:
  - Business’ proposal premised on open, competitive value chains
  - Government proposal based on district-based developmental model and ‘top-down’ investment plans.
- Critical meeting on 15 November 2019 to resolve impasse – much progress.
- Research Reference Group being established.

# BRICS Summit and Business Forum



# BRICS Business Forum: Agribusiness Working Group

The main issues discussed in the Agribusiness Working Group (AWG) were captured in two different topics: **(i) Best practices sharing and (ii) Trade facilitation:**

## 1. Best Practices Sharing

The AWG ratified the importance of sharing best practices in agriculture among the countries as the technology is changing the production means and also international trade. The WG mapped certain focus areas, but strongly recommend that the group advance in identifying key priorities. The one that there is consensus about is cooperation on modern biotechnology.

### **Cooperation on modern biotechnology**

**Context:** The BRICS Ministers of Agriculture adopted the Bonito Declaration on September 26, 2019, as result of their Ninth Meeting, which recognized the role that modern biotechnology can play in the improvement of agricultural efficiency and sustainability. To achieve the proposal objective, the following initiatives should be accomplished:

- Promote at least an annual meeting of their regulatory agencies with the aim to strengthen dialogues and consultations in areas such as biotech safety review and germplasm research and development, including the participation of the private sector.
- **Benefits:** Improve agricultural efficiency and sustainability.
- Other subjects like **water usage, soil fertilization and soil health, and agri-technology** should be explored as well regarding best practices.



# BRICS Business Forum: Agribusiness Working Group

## 2. Trade facilitation and Harmonization of regulatory rules

- Related to trade facilitation the group aligned that this is critical to enhance clear and modern standards for regulation, sanitary and phytosanitary requirements focusing on harmonization and less bureaucracy. Besides that we also agreed that beyond sanitary and phytosanitary regulation we also face challenges in logistics costs and trade barriers that can be further explored by other working groups such as infrastructure and deregulation.

### **Context:**

- The agricultural trade exchange among the BRICS countries is too much regulated, in several products, like bilateral International Certification which are negotiated by the countries directly and have, among each one of them, several different sets of rules. Thus, the documentation is often identified as being bureaucratic and creates barriers to trade. The harmonization of such requirements aims to reduce the aforementioned hurdles and therefore to promote trade in agricultural products.
- To achieve the proposed objective, the following initiatives could be accomplished:
  - The creation of a task force to analyze and prioritize the products or group of products which can be object of such harmonization;
  - Promote at least an annual meeting of the sanitary and phytosanitary bodies of all BRICS countries in order to promote the harmonization, including the participation of the private sector.
- **Benefits:** Improve trade of agricultural products, promoting local development, income generation and creating jobs.
- **Governmental bodies that we recommend to be engaged: DTIC & DALRRD in SA Case**
- There is a great alignment and cooperation among the countries to advance exploring the action plans during the next term in order to implement the key priorities here presented and to be more efficient in delivering the expected outcomes.



# BRICS Summit: Heads of State Declaration

## Preamble

1. We, the Leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa met on 14 November 2019 in Brasília, Brazil, at the Eleventh BRICS Summit, which was held under the theme “BRICS: economic growth for an innovative future”.
2. As leaders of vibrant nations, we reaffirm our fundamental commitment to the principle of sovereignty, mutual respect and equality and to the shared goal of building a peaceful, stable and prosperous world. These concepts, values and objectives provide a solid foundation and clear guidance for our mutually beneficial and pragmatic cooperation. Building on the work of successive summits in the pillars of economy, peace and security and people-to-people exchanges, we will continue to strengthen BRICS cooperation for the benefit and welfare of our peoples and enhance the traditional ties of friendship amongst our countries. **ETC.**

## Economic and Financial Cooperation

**23. Since our last meeting, global economic growth has weakened, and downside risks have increased. Trade tensions and policy uncertainty have taken a toll on confidence, trade, investment and growth. In this context, we recall the importance of open markets, fair, just and non-discriminatory business and trade environments, structural reforms, effective and fair competition, promoting investment and innovation, as well as financing for infrastructure and development. We stress the need for greater participation of developing countries in global value chains. We will continue to cooperate within the G20 and advance the interests of EMEs and developing countries.**

**26. We reiterate the fundamental importance of a rules-based, transparent, non-discriminatory, open, free and inclusive international trade. We remain committed to preserving and strengthening the multilateral trading system, with the World Trade Organization at its center. It is critical that all WTO members avoid unilateral and protectionist measures, which run counter to the spirit and rules of the WTO.**

# NEDLAC Trade and Industry Chamber (TIC) and TESELICO

- TIC: Various Task Teams and Forums on matters affecting agribusiness
- TESELICO:
  - *WTO*
  - *South African (SA) / Southern African Customs Union (SACU) - USA Trade*
  - *Southern African Customs Union (SACU) - India Preferential Trade Agreement (PTA)*
  - *Southern African Development Community (SADC), East African Community (EAC), Common Market For Eastern And Southern Africa (COMESA) Tripartite Free Trade Area (TFTA)*
  - *African Continental Free Trade Area (AfCFTA)*
  - *Southern African Customs Union (SACU) – European Free Trade Area (EFTA) Free Trade Agreement (FTA) Review*
  - *Southern African Development Community (SADC) Trade Protocol Review*
  - *South Africa's trade relations with the EU and Brexit*
  - *Southern African Customs Union (SACU) Review*

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# So for 2020.....!!!

- Relatively healthy and robust agri-food industry, but will remain under huge pressure.
- **Challenges:** Market access, Investment environment, Agro-logistics, Water availability and quality, Environmental sustainability, R&D, Crime and Security, Labour relations & legislation, Land Reform, Climate Change, Droughts, Trade agreements, Sustainable transformation, Plant & Animal Health, Biosecurity, etc.
- **Opportunities:** Growing population, consumer spending trends, new markets (especially to Africa and Asia), new technologies & improved productivity, etc.
- Still a major contributor to Food Security, growth and employment in RSA – **major South African asset.**
- **But we live in VUCA times – many risks and variables, some controllable, others not or less so.**
- **However, risk creates opportunity and reward, and need to concentrate on those risks and opportunities we understand and can manage!**

# Thank you

Questions or comments?

