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FROM THE DESK OF THE CEO (12/15)

Justin Chadwick (3 April 2015)

QUOTE OF THE WEEK "AGOA is of value to us" Minister Rob Davies

AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

This week most business newspapers have led with the story on AGOA and the poultry issue. The Minister of Trade and Industries also addressed an AGOA Beneficiaries Conference on Tuesday this week. There is no doubt that the poultry issue is complex; and although those supporting both sides of the issue have convincing stories to tell; both are neither right nor wrong. At the heart of the matter are antidumping duties imposed by South Africa on certain categories of poultry imports in 2000. The US and South Africa are in disagreement regarding the WTO compliance of these duties. Many Senators are now joined in asking for revision of these duties or some poultry to be allowed access into South Africa. Both governments have agreed to leave it to the respective poultry industry's to come to a solution (the so called "sweet spot") – the South African Poultry Association (SAPA) and the US Chicken Council. Offers have been made and counter offers received – the latest news seems to indicate that the parties are not that close to the "sweet spot". These parties will continue to deliberate. Since the present AGOA Act terminates on 30 September there is not much time for this process to be completed – most would have wanted the continuation of AGOA to have been concluded already; investments have to be made and orders filled. African countries are pushing for a 15 year AGOA (i.e. through to 2030) to provide some investment and business surety. The biggest beneficiaries of AGOA to date have been the motor industry – with billions earned through trade with the US; one can only imagine the long term planning involved in the motor business.

AGOA has spawned many new terms; in the US there was some talk of South Africa "graduating" out of AGOA. Many in the US were saying that South Africa was more developed and therefore did not need the benefit of the trade preferences. Given the big increase in trade that has taken place as a result of AGOA it is obvious that AGOA has achieved what it set out to do – to assist with the development in Africa. What is interesting is that South African trade with the US is pretty balanced – with imports and exports at roughly the same level. To "graduate" South Africa out would send a poor signal to other African beneficiaries – "don't be too successful otherwise you will be excluded". Another term is the "omnibus" – the addition of many conditions to the renewal of AGOA. Since AGOA is a legislated Act in the USA it is non-reciprocal; this is unlike a Free Trade Agreement (FTA) where parties give and take. However, many in the US have seen an opportunity to link their lobby efforts to the renewal of AGOA. The DTI Minister has pointed out on many occasions that these other issues belong in separate bilateral discussions – and should not be linked to AGOA. These additional conditions would include the 3M's (meat issues – pork, beef and poultry), human rights issues (witness the expulsion of Swaziland on this basis) and other South African policy and legislation issues.

A third term that South Africa has introduced is that of "regional integration" or "regionalization" – the success of South Africa under AGOA has led to many business opportunities in neighboring African countries. The motor industry in South Africa sources a number of components and raw material from our neighbors.

CGA will join a delegation from South Africa to Washington in the third week of April. They will meet many opinion leaders and decision makers to ensure that the success of AGOA to date leads to even greater strides in US-African relations in the future.

CITRUS LEGEND # 3: JOCK DANCKWERTS

Unlike the other legends Jock was not at the inaugural CGA meeting – joining the Board in 2003. Unlike the other legends he is still on the CGA Board – some 12 years later. Like Hoppie Nel he was an inaugural CRI Board member. His tendency for verbosity and his sesquipedalian tendencies (use of long words) had many growers from up north stumped. From his time in court as an expert witness he loved putting his case to the Board – in much the same way as he often put his case to the judge.

Without doubt this legends contribution is through his role of molding Citrus Research International into the world renowned citrus research institution it still is today. He served on the CRI Board for ten years, chairing the Board for that entire time. The process of transferring the Outspan Citrus Centre to the CGA was a difficult transition; other research institutions where vying to take over the job while many alternatives to own research capacity were being proposed. Fortunately this legend stood firm on many principles and the basics of good industry research; his years as a researcher held in good stead as the new CRI Board found its feet.

His passion for the industry, CRI and CGA could be measured by the length of his telephone conversations. They usually started off with "I won't take much of your time"… which meant an hour at least, or "this is not a big thing but"…. which eventually ended up being the most important issue the industry had faced and the fact that he would resign from all positions if it was not resolved.

This legend definitely brought colour and humour into the citrus industry – which can be dour and colourless at times. For his long and dedicated involvement in different spheres within the industry, his ability to accommodate alternative viewpoints and solutions and his custodianship of the industry's sense of humour. The third citrus legend is Dr Jock Danckwerts.