

## **THE MAIZE TRUST**

### **MEDIA RELEASE**

#### **SOUTH AFRICA'S PARTICIPATION AS A THIRD PARTY IN A WORLD TRADE DISPUTE BETWEEN CANADA/BRAZIL AND THE UNITED STATES OF AMERICA WITH REGARD TO AGRICULTURAL SUBSIDIES**

Agriculture has always been an important sector in the South African economy. In 2004 primary agriculture contributed 3 percent to total GDP, while accounting for over 10 percent of all reported employment. Agricultural subsidies by other countries, however, have a significant impact on the viability and economic stability of South African agricultural industries.

The grain industry is one of the largest industries within the agricultural sector and contributed 14 percent to the total gross value of agricultural production between 1999 and 2005. In 2003/2004 maize contributed 11,6 percent to the total gross value of agricultural production; making it the second largest contributing agricultural commodity (second to the poultry industry); while wheat contributed approximately 3 percent.

International trade has taken on an increasingly important role in the South African economy. The maize sub-sector contributed approximately 85 percent to the total value of cereal exports between 1999 and 2005. This amounted to approximately \$1 billion, (R7.5 billion) in nominal terms. In terms of regional food security, South Africa is the most consistent, and for most years, the only significant exporter of maize into the Southern African Region.

To this end the Maize Trust, acting in an impartial manner for the benefit of the maize industry as a whole, found it prudent to determine whether there is a '*prima facie*' case for the South African Government, together with the industry, to jointly become involved as a third party in the WTO corn dispute that was imposed by Canada and Brazil against the USA.

South Africa has both a commercial and systemic interest in the issues under consideration in this dispute. As the United States' largest trading partner in Africa and as a significant exporter of agricultural products, particularly maize, South Africa has a substantial interest in these proceedings, which is done by means of a panel hearing. Moreover, South Africa has a significant systemic interest in the proper interpretation of WTO disciplines, as applicable to agricultural domestic support and cited by the Canada and Brazil in their requests for the establishment of the WTO panel.

The Maize Trust has made a significant amount of money available for drafting South Africa's case and has done so in close cooperation with the Departments of Agriculture and Trade and Industry, and also with the major agricultural

associations and entities, which includes the University of Pretoria. All role-players are continuously involved in the drafting process and inputs from everyone concerned are taken into consideration throughout.

It is a specific condition of the Maize Trust that this venture should aim to build capacity in the industry, and in Government, as far as WTO disputes and related matters are concerned. To this extent a Consultation Group was formed, which consists of representatives from Government and industry. This group facilitates the process and ensures that capacity building initiatives are implemented, as far as possible, without derogating from the confidentiality of the South African case.

One of the important capacity building initiatives that took place on 14 April 2008 was a conference at the University of Pretoria where South Africans, who previously served on WTO panels, were invited to participate. This was arranged so that their experiences and expertise could be shared with a large group of interested parties and students, and also assists in making sure that the South African submission to the WTO is on the right track. The funding for this and other similar initiatives is provided by the Maize Trust.

South Africa's submission as a third party is close to being completed and will be submitted in terms of the WTO rules when required. The Trust firmly believes that this is a very important matter for the grain industries and that it is imperative for South Africa to be involved, but that it is equally important to use the opportunity to build expertise and capacity in matters of this nature.

Interested parties are invited to contact the Trust's Administrators for further details:

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**ISSUED ON BEHALF OF THE MAIZE TRUST ON 16 APRIL 2008.**