

# AGOA FACT SHEET

1. **AGOA** stands for African Growth and Opportunities Act (**AGOA**).
2. **AGOA** Legislation was signed into law on 18 May 2000. It was extended in 2004 to expire on 30 September 2015, and it was further extended in 2015 to expire in 2025.
3. South Africa will host the 20th **AGOA** Forum in Johannesburg, South Africa from November 2-4, 2023.
4. This will be the third time AGOA Forum is hosted in Southern Africa after Zambia in 2011 and Mauritius in 2003.
5. The purpose of Forum is to discuss ways to expanding trade and investment relations between the United States and sub-Saharan Africa and the implementation of **AGOA** including encouraging joint ventures between small and large businesses.
  
6. The **AGOA** Forum will consist of the following elements:
  - 6.1 The Formal **AGOA** Forum, with representatives of governments, and business/labour delegates.
  - 6.2 A Forum of African Trade Ministers.
  - 6.3 Private Sector Forum.
  - 6.4 A Labour Forum.
  - 6.5 A Civil Society Forum.
  - 6.6 Forums on competition policy, trade administration, technical standards and development finance.
  - 6.7 An industrial Exhibition, with industrial products.
  - 6.8 African cuisine plus food and beverages.
  - 6.9 A display of African history, film and music.
  - 6.10 Official dinner and VIP lunches (organised by SA).
  - 6.11 Closing reception (organised by USA).
  - 6.12 Possible community visits.
  
7. Currently 35 of the 48 49 countries in Sub-Saharan African have been designated as eligible for **AGOA** benefits.
8. By providing new market opportunities, **AGOA** has helped bolster economic growth, promoted economic and political reform, and improved U.S. economic relations in the region. ([www.gov.za](http://www.gov.za))

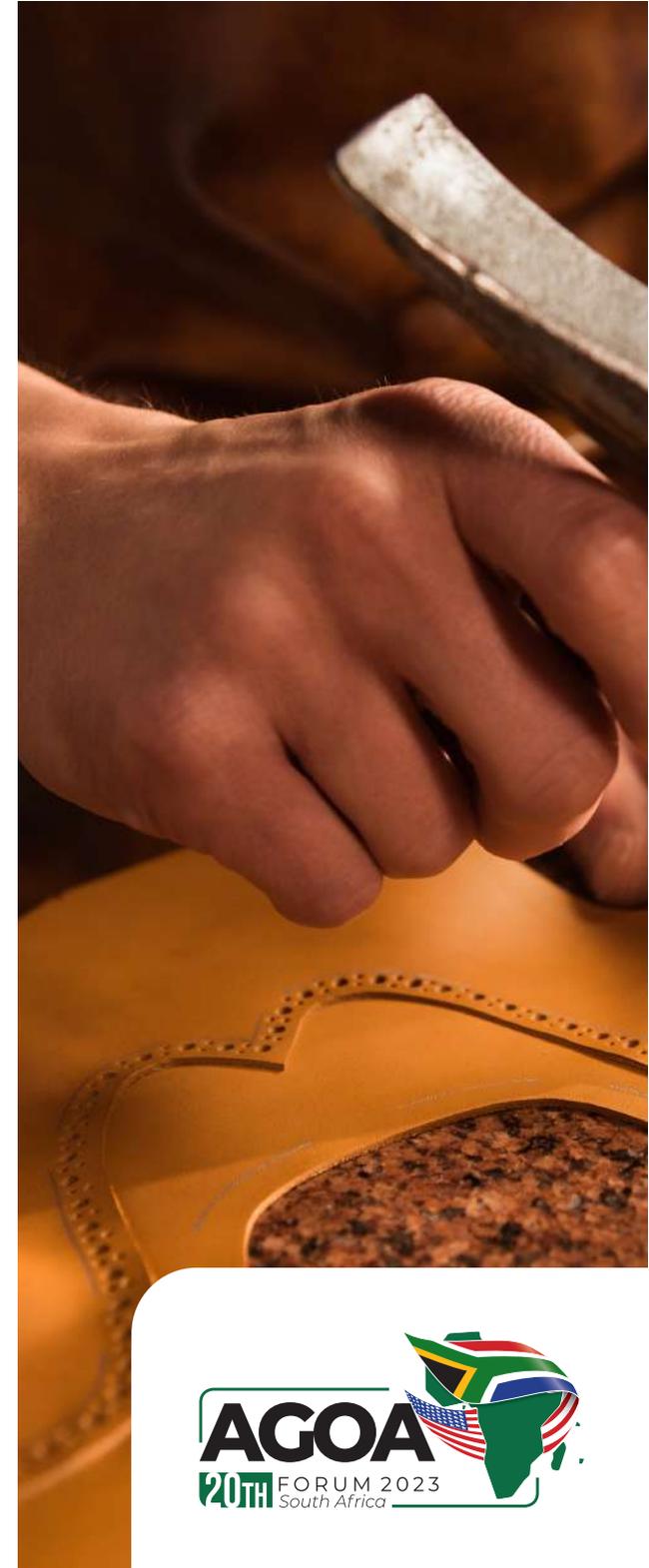


## WHAT IS **AGOA**?

- 1.** The Africa Growth and Opportunity Act (**AGOA**) is a unilateral trade preference scheme that provides qualifying Sub-Saharan African countries with duty-free, quota-free access into the United States (US) market.
- 2.** AGOA remains the cornerstone of the US's commercial relations with Sub-Saharan Africa.
- 3.** **AGOA** builds on another US trade preference scheme, the Generalized System of Preferences (GSP) programme, which was authorised by the Trade Act of 1974 and implemented on January 1, 1976.
- 4.** To qualify for **AGOA**, a country must first be eligible for the GSP. The GSP applies to 3 400 products from designated beneficiary countries, plus a further 1 450 products from least developed countries. **AGOA** supplements the GSP with an additional 1 835 products.
- 5.** The GSP expired on 31 December 2020 and the US Congress is yet to renew the programme. However, **AGOA** legislation integrates the GSP, meaning GSP benefits for **AGOA**-eligible countries will only expire in 2025, at the same time as **AGOA** benefits expire.

## WHO QUALIFIES?

- 1.** Only Sub-Saharan African countries are eligible for **AGOA**. The US determines whether countries have met these requirements of eligibility in Section 104 of the Act.
- 2.** In order to qualify, countries must already be GSP beneficiary countries – though GSP eligibility does not imply **AGOA** eligibility.



## CRITERIA FOR ELIGIBILITY

For Sub-Saharan Africa countries to be eligible for **AGOA**,

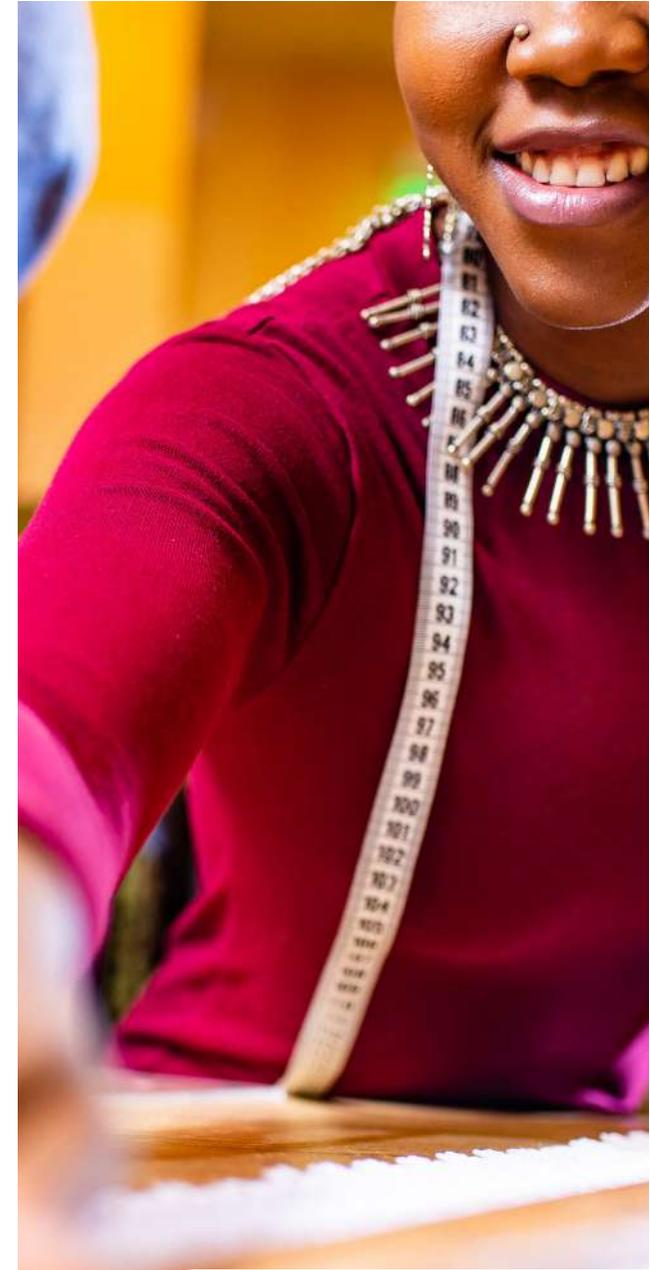
1. if they have established, or is making continual progress toward establishing:
  - i) establishing market based economies.
  - ii) rule of law and political pluralism.
  - iii) elimination of barriers to U.S trade and investment, iv) protection of intellectual property.
  - v) efforts to combat corruption.
  - vi) policies to reduce poverty, increasing availability of health care and education opportunities.
  - vii) protection of human rights and workers' rights, and
  - viii) elimination of certain child labour practices.
2. 2) does not engage in activities that undermine United States national security or foreign policy interests.
3. (3) does not engage in gross violations of internationally recognized human rights or provide support for acts of international terrorism and cooperates in international efforts to eliminate human rights violations and terrorist activities.

**AGOA** builds on the eligibility criteria under GSP, which includes the following:

1. A GSP beneficiary may not be a Communist country, unless such country receives Normal Trade Relations (NTR) treatment, is a World Trade Organization (WTO) member and a member of the International Monetary Fund (IMF), and is not dominated or controlled by international communism.
2. A GSP beneficiary may not be a party to an arrangement of countries nor participate in actions the effect of which are (a) to withhold supplies of vital commodity resources from international trade or to raise the price of such commodities to an unreasonable level and (b) to cause serious disruption of the world economy.
3. A GSP beneficiary may not afford preferential treatment to products of a developed country that has, or is likely to have, a significant adverse effect on U. S. commerce.
4. A GSP beneficiary may not have nationalized, expropriated or otherwise seized property of U.S. citizens or corporations without providing, or taking steps to provide, prompt, adequate, and effective compensation, or submitting such issues to a mutually agreed forum for arbitration.

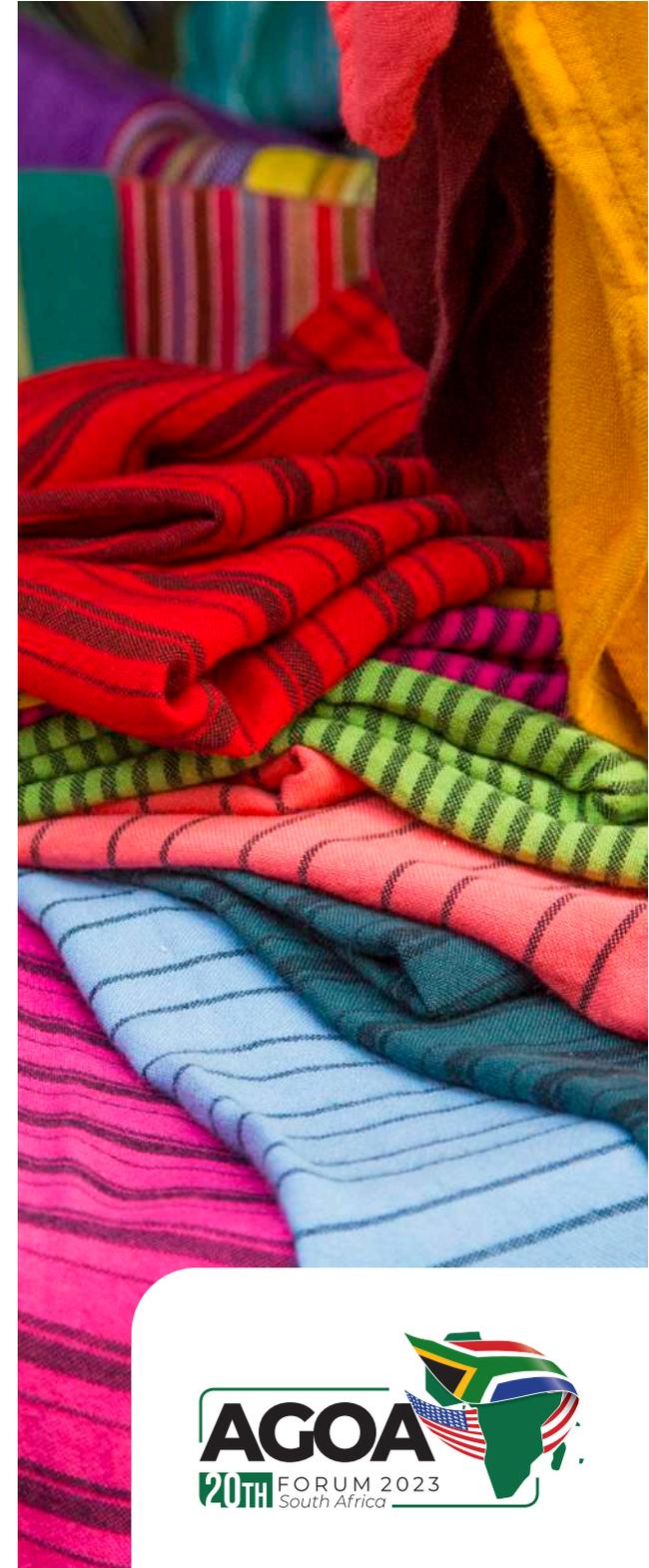


5. A GSP beneficiary may not have failed to recognize or enforce arbitral awards in favor of U.S. citizens or corporations;
6. A GSP beneficiary may not aid or abet, by granting sanctuary from prosecution, any individual or group that has committed an act of international terrorism;
7. o The level of economic development, including per capita Gross National Product (GNP), the living standards of the inhabitants and any other economic factors that the President deems appropriate;
8. o Whether other major developed countries are extending generalized preferential tariff treatment to such country;



## QUALIFYING COUNTRIES

1. There are 49 Sub-Saharan African countries that could qualify for **AGOA**, however, only 45 countries are eligible. Sudan and Somalia never requested to join **AGOA**, while Equatorial Guinea and Seychelles were graduated out of the GSP.
2. Of the 45 eligible countries, only 35 are **AGOA** beneficiary countries.
3. The following countries are not **AGOA** beneficiary countries:
  - Burundi lost eligibility effective 1 January 2016 (human rights, political pluralism, and rule of law).
  - Burkina Faso was declared ineligible lost eligibility effective 1 January 2023 (political pluralism and rule of law).
  - Cameroon declared ineligible effective 1 January 2020 (human rights).
  - Guinea declared ineligible effective 1 January 2022 (political pluralism and rule of law).
  - Eritrea declared ineligible effective 1 January 2004 (human rights abuses and lack of political reform).
  - Ethiopia declared ineligible effective 1 January 2022 (human rights).
  - Mali declared ineligible effective 1 January 2022 (worker rights, human rights, political pluralism, and rule of law).
  - Mauritania declared ineligible effective 1 January 2019 (insufficient progress toward combatting forced labour).
  - South Sudan declared ineligible lost eligibility 23 December 2014 (human rights).
  - Zimbabwe declared ineligible (due to not meeting multiple **AGOA** eligibility criteria human rights, rule of law, corruption, and economic reform).



## RULES OF ORIGIN

1. The rules of origin under **AGOA** provides for 35% local content, with cumulation allowed with other **AGOA** eligible countries, and also with the US (capped at 15%).

## TARIFF LINES

1. According to a US International Trade Commission (USITC) study 1, 38% of tariff lines in the Harmonised System (HS) tariff book are duty-free under normal trade relations (most favoured nation or MFN), while 47% are duty-free under **AGOA**, including the GSP. Therefore, 85% of all tariff lines in the US tariff book are duty-free if imported from an **AGOA** beneficiary country.



## AGOA KEY FACTS: TRADE AND INVESTMENT STATISTICS (SOURCE: THE USTR 202218)

- 1.** Total trade in goods between Sub-Saharan Africa (SSA) 2 and U.S. totaled \$44.9 billion in 2021. The U.S. goods trade deficit with SSA was \$11.7 billion in 2021.
- 2.** US Goods exports to SSA totaled \$16.6 billion, up 22.6 percent (\$3.1 billion) from 2020. The top export categories (2-digit HS) in 2021 were: vehicles (\$3.2 billion), machinery (\$2.0 billion), mineral fuels (\$1.8 billion), aircraft (\$1.1 billion), and cereals (wheat) (\$918 million). U.S. total exports (domestic exports plus re-exports) of agricultural products to SSA totaled \$2.4 billion in 2021. Leading domestic export categories include: wheat (\$739 million), poultry meat and products (excluding eggs) (\$513 million), food preparations (\$134 million), vegetable oils (excluding soybean) (\$115 million), and pulses (\$88 million).
- 3.** The top US export markets in 2021 were: South Africa (\$5.5 billion), Nigeria (\$3.9 billion), Ghana (\$983 million), Ethiopia (\$585 million), and Kenya (\$551 million).
- 4.** SSA goods exports to the US totaled \$28.3 billion, up 47.0 percent (\$9.1 billion) from 2020. The top export categories (2-digit HS) in 2021 were: precious metal and stone (platinum) (\$11.2 billion), mineral fuels (\$6.0 billion), cocoa (\$1.3 billion), vehicles (\$868 million), and knit apparel (\$749 million). The top SSA exporters in 2021 were: South Africa (\$15.7 billion), Nigeria (\$3.5 billion), Ghana (\$1.7 billion), Cote de voire (\$1.2 billion), and Angola (\$1.1 billion).
- 5.** According to the Department of Commerce, U.S. exports of goods and services to SSA supported an estimated 74 thousand jobs in 2020 (58 thousand supported by goods exports and 16 thousand supported by services exports)
- 6.** U.S. foreign direct investment (FDI) in SSA (stock) was \$30.0 billion in 2021, a 1.1 percent decrease from 2020. SSAs FDI in the United States (stock) was \$10.3 billion in 2021, up 4.5 percent from 2020.



## SOUTH AFRICA'S TRADE RELATIONSHIP WITH THE US

### TRADE IN GOODS

- 1.** In 2022 the US ranked second largest destination for South Africa's exports after China and followed by Germany in third position. As a source of imports, the US ranked after China and Germany.
- 2.** Bilateral trade decreased to US\$21.1 billion in 2022, from US\$21.2 billion in 2021 and US\$15.7 billion in 2020.
- 3.** In 2022, US imports from South Africa decreased to US\$14.8 billion, from US\$15.7 billion in 2021 and US\$11.3 billion in 2020.
- 4.** In 2022, US exports to South Africa increased to US\$6.5 billion, from US\$5.4 billion in 2021 and US\$4.4 billion in 2020.

### TRADE IN SERVICES

### INVESTMENT

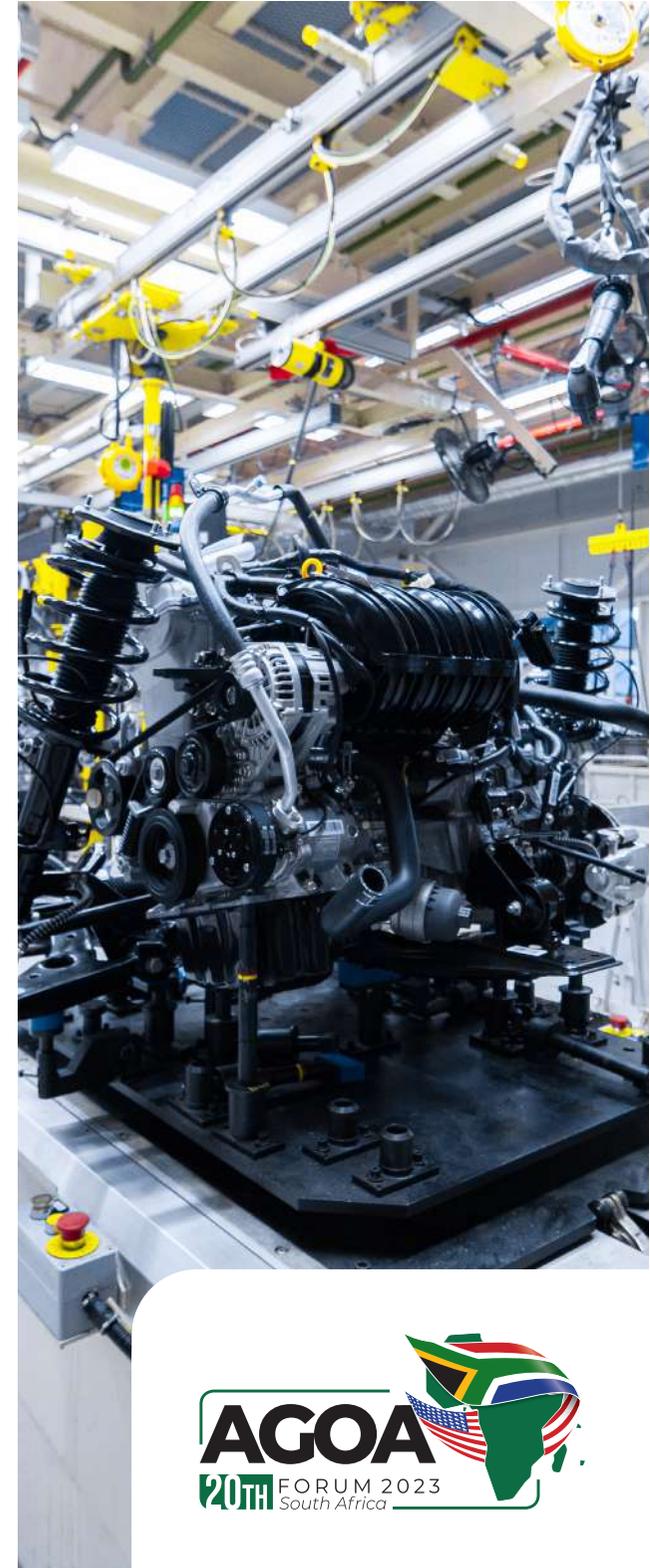
- 1.** In 2022, the U.S. direct investment position in South Africa (outward) was \$7.4 billion, an increase of 11.9% from 2021. The direct investment position from South Africa in the United States (inward) was \$4.5 billion, an increase of 14.7% from 2021.
- 2.** Approximately 22 South African companies currently invest in the US, in 2020 they employed 6 600 people in the US. This includes the Sasol investment in gas-to-liquid facility in Louisiana, creating approximately 1 200 permanent and 7 000 construction jobs in the US.
- 3.** South Africa is home to more than 600 US companies across a range of sectors. According to the US Bureau of Economic Analysis, in 2020 these companies employed approximately 147 600 people in South Africa.



## BENEFITS OF **AGOA**

### BENEFITS FOR SOUTH AFRICA

- 1.** In 2022, South African exports under MFN accounted for the largest share (approximately 75%) and largest export value (US\$10.8 billion) of the country's total exports to the US market. South African exports under MFN grew steadily from US\$5.6 billion in 2011 to US\$12.7 billion in 2021.
- 2.** Trade under **AGOA** accounted for approximately 21% of South Africa's total exports to the US in 2022. South African exports to the US under **AGOA** increased in value from US\$2.0 billion in 2021 to US\$3.0 billion in 2022.
- 3.** South African exports under the GSP programme dropped significantly, from US\$1.3 billion in 2011 to US\$597 million in 2022. South African exports under GSP accounted for approximately 4% of the total bulk of exports to the US in 2022.
- 4.** South Africa enjoyed a trade surplus of \$8.0 billion in 2022, down from \$10.2 billion in 2021 and an increase from US\$6.9 billion in 2020.
- 5.** The composition of South African exports to the US under **AGOA** comprises commodities and value-added products.
- 6.** In 2021, the leading South African export products (in HS2) to the US included (HS87) vehicles (US\$799 million), (HS72) iron and steel (US\$310 million), (HS08) edible fruits (US\$171 million), (HS29) organic chemicals (US\$120 million), and (HS71) precious stones (US\$95 million).
- 7.** The share of **AGOA** exports in total South African exports was 21% in 2022, up from 13% in 2021..
- 8.** The decline in **AGOA** exports may be attributed to a number of factors, Section 232 tariffs affecting the exports of steel and aluminium.
- 9.** In 2021, major **AGOA** beneficiary sectors for South Africa included vehicles (US\$1.5 billion), iron and steel (US\$368 million), edible fruits (US\$242 million), organic chemicals (US\$151 million), and precious stones (US\$110 million).
- 10.** Some studies estimate that **AGOA** generated about 350 000 direct and 1.3-million indirect jobs in Sub-Saharan Africa. In South Africa, **AGOA** created a total of 62 395 jobs, both directly and indirectly.



## BENEFITS OF **AGOA**

### BENEFITS FOR SUB-SAHARAN AFRICA

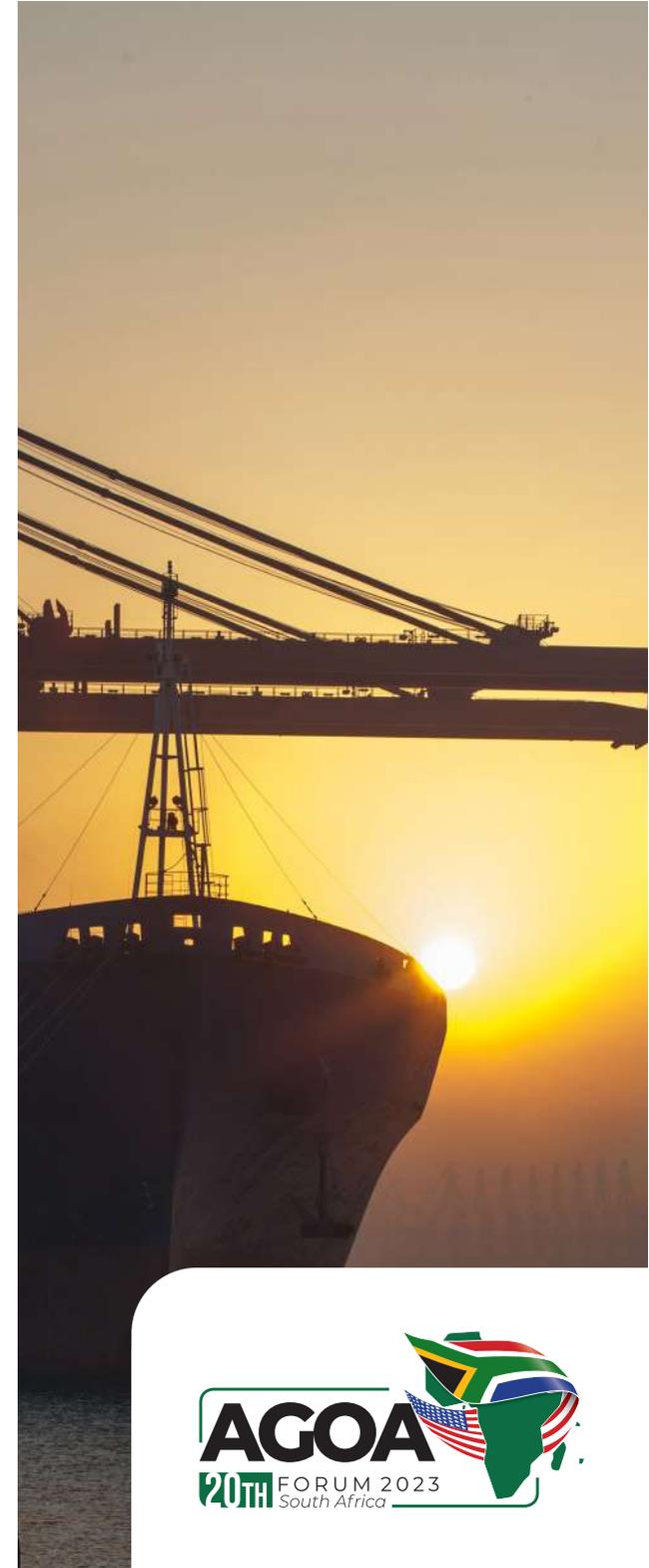
1. Preferential access to the US market directly and via regional value-chains for products
2. Opportunity for job creation and economic development
3. Platform to move up the value-chain in manufactured products
4. Signaling effect for US firms that assists with attracting foreign direct investment

### BENEFITS FOR THE US

1. Studies have estimated that AGOA has created about 100 000 jobs in the US. For South Africa, Tthe estimates put the number of jobs at 62 000 jobs.
2. Geo-political and strategic factors
3. Access to strategic minerals, value-chains and investment opportunities
4. Benefits to US consumers with cheaper products entering the market
5. Contribution to African economic development as part of building a more inclusive global economy

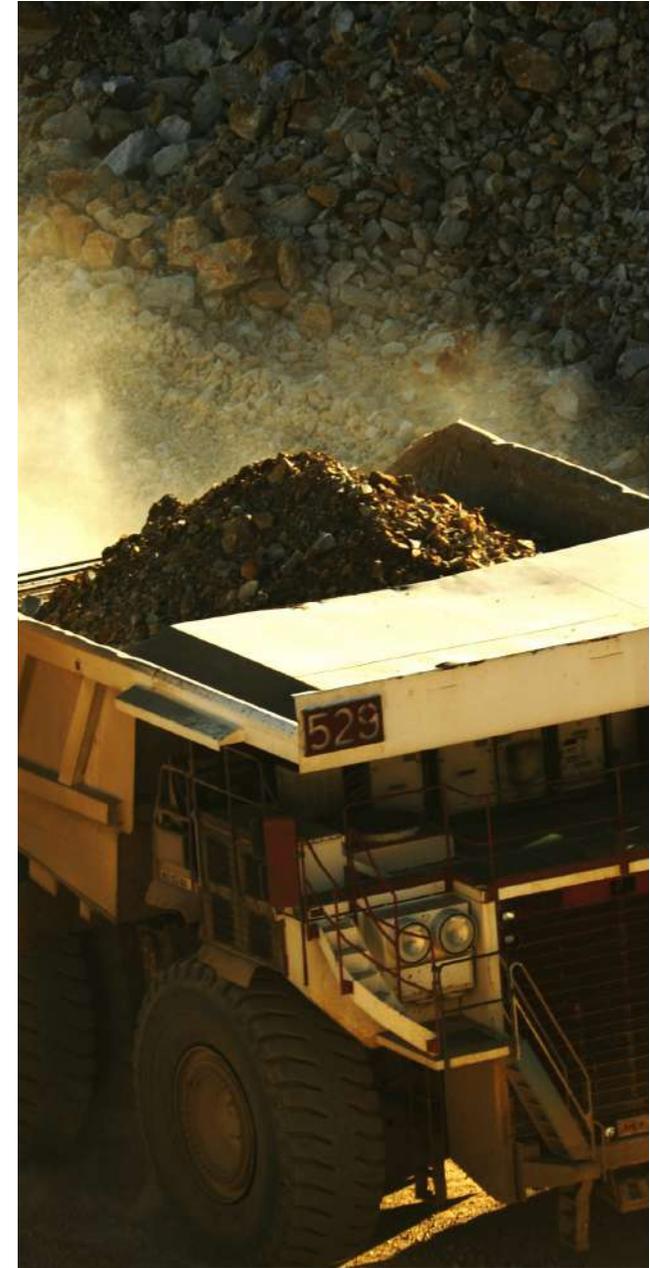
### AFRICA'S POSITION ON THE FUTURE OF AGOA BEYOND 2025

- 1 African Trade Ministers met in 2021 and 2022 to develop a common position on the future of **AGOA**.
2. SA was nominated to put forward the African case, which was done to a joint meeting with US Congressional representatives and US Administration officials, in December 2022 in Washington DC. South Africa is the co-chair of the sub-Committee on **AGOA**.
3. African countries advocate for extension of AGOA for a 10-year period from 2025 to 2035, with existing beneficiaries retained
4. Further, proposals to enhance **AGOA** include the removal of US trade restrictions on African products that limit the use of **AGOA**, as well as product coverage expansion and reduction of red-tape



## AGOA Forum 2023 in South Africa

1. An annual **AGOA** Forum is held, alternating between the US and the African continent. The last physical meeting held on the African continent was in 2019, in Cote D'Ivoire.
2. Virtual meetings were held subsequently due to Covid-19 and a short physical meeting was held in Washington DC, in December 2022.
3. South Africa was nominated by African countries to host the next **AGOA** Forum, scheduled for 2023.
4. On 20 September 2023, following a meeting in Washington DC, Minister Ebrahim Patel together with USTR Ambassador Katherine Tai, released a joint statement to launch the hosting the 20 th **AGOA** Forum in South Africa.
5. The AGOA Forum will take place from 2-4 November 2023, in Johannesburg.
6. Invitees: African Trade Ministers; US Trade Representative; Deputy Secretary of Commerce; and members of Congress.
7. Other attendees: private sector, labour and civil society representatives; regional economic communities; industrial exhibitors and buyers from retailers and other commercial enterprises.
8. The following theme has been agreed between SA and the USA: "Partnering to Build a Resilient, Sustainable, and Inclusive **AGOA** to Support Economic Development, Industrialization and Quality Job Creation".



1 November 2023 - Africa Senior Officials and Experts Meeting

2 November 2023 - Africa Ministers of Trade Meeting Private Sector Forum  
Organised Labour and Civil Society Forum  
Made in Africa Exhibition Start

3 November 2023 - **AGOA** Forum Ministerial Starts  
President supported by Minister and US Representative tour the Made in Africa Exhibition  
Opening Ceremony  
Keynote Address by H.E President Ramaphosa  
Report back from Meetings of 2 November  
1 Plenary Session  
VIP Lunch, with Panel Discussion on “Trade and Competition Policy Nexus – Balancing Trade and Competition Policy in the Era of Globalization”  
Breakout Sessions  
Trade Ministers meeting  
VIP Gala Dinner including Made in Africa Fashion Show  
Delegate Wine Tasting and Braai

4 November 2023 - **AGOA** Forum continues  
Made in Africa Exhibition continue [and public allowed to enter]  
2 Plenary sessions  
1 Breakout session  
VIP Lunch, with panel discussion on “Promoting SMEs and Women-Owned Enterprises for Trade”  
Closing ceremony  
Closing Reception hosted by the US Government at Apartheid Museum

