SOUTH AFRICA IN AGOA: IMPACT, POTENTIAL AND THE CASE FOR RENEWAL

November 2023

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This paper was written with support and input from the Congress of South African Trade Unions (COSATU) and affiiated unions. Opinions expressed in this paper are the result of consultation between the lead author and COSATU.

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ABBREVIATIONS

AGOA	African Growth and Opportunity Act
CIF	Cost, Insurance, and Freight
CTFL	Clothing, Textiles, Footwear and Leather
EU	European Union
FAS	Free Alongside Ship
FTA	Free Trade Agreement
GSP	Generalised System of Preferences
ICT	information and Communication Technology
LDCs	Least Developed Countries
MFN	Most Favoured Nation
NMW	National Minimum Wage
OEMs`	Original Equipment Manufacturers
PGFMs	Platinum Group Metals
SA	South Africa
USGS	United States Geological Survey
USITC	United States International Trade Commission
USTR	United States Trade Representative
US	United States

KEY FACTS AND FIGURES

- **US$14,5 billion** (R237 billion) **–** Value of exports from South Africa to the United States in 2022.
- **US$3,6 billion** (R59 billion) **–** Value of exports from South Africa using AGOA/Generalised System of Preferences (GSP) in 2022.
- **25%** – Share of South African exports to the US benefiting from AGOA/GSP in 2022.
- **59%** – Share of South African manufacturing exports to the US benefiting from AGOA/GSP in 2022.
- **75%** – Share of South African agricultural exports to the US benefiting from AGOA/GSP in 2022.
- **US$116 million** (R1,9 billion) – Value of tariffs avoided by South African exporters in 2022, as a result of AGOA and GSP.
- **2.8%** – Simple average of preferences on offer from AGOA/GSP tariffs, versus Most Favoured Nation (MFN) tariffs.
- **48%** – South Africa's share of total exports to the US under AGOA from beneficiary countries.
- **54%** - South Africa's share of non-petroleum manufacturing exports to the US under AGOA from beneficiary countries.
- **155 042** – Estimated American jobs supported by total (including indirect) trade with Africa.
- **US$66,5 billion** – Value of United States earnings from the total economic relationship with Africa, including goods exports, services exports and investment returns.
- **US$59,9 billion** – Value of African earnings from the total economic relationship with the United States; including goods exports, services exports and investment returns.
- **15** – Number of United States critical mineral inputs that South Africa produces, out of a total of 50.
- **72%** – Share of manufacturing product lines for which South Africa imports more from the AGOA group than the United States does.
- **29%** -- Share of AGOA beneficiary countries for which South Africa imports more manufactured products than the United States does.

Note: Assuming 1 US Dollar = 16.3559 South African Rand.
Conversion based on South African Reserve Bank Middle rate for 2022.

INTRODUCTION

The African Growth and Opportunity Act (AGOA) remains the United States' cornerstone economic initiative in Africa. Since being signed into law in 2000, the Act has offered unilateral preferential access to the US market for a wide range of African markets, including South Africa. In 2022, preferential access under AGOA helped South African exporters avoid US$116 million in tariffs. While these savings are relatively small compared to South Africa's US$14,5 billion in total exports to the US, they nevertheless play an important role for key sectors such as automotives, petrochemicals, citrus, wine, and a range of others – with 59% of manufacturing exports and 75% of agricultural exports entering the US market on a preferential basis And they help give South Africa a competitive edge in a period in which South African production is strained by a glut of domestic shocks ranging from loadshedding to mismanagement of core network infrastructure.

Yet despite these positives, AGOA has often failed to live up to its proclaimed aims of driving the development of value-added exports from Sub-Saharan Africa, and with them creating quality jobs in the region. While the market access offered by AGOA is useful in the abstract, it remains difficult for many African countries to benefit from preferences that require strong existing productive capacity. Reaching and competing in the US market is a daunting prospect for even the most established manufacturer, and AGOA preferences are often inadequate to counteract the costs of underdeveloped regional productive networks or the complexities of navigating the logistics and customs systems on the way to the US market.

These underlying challenges have been aggravated by continued uncertainty on the renewal of AGOA, which has typically been extended on a rolling 10-year long basis. These uncertainties have hit a fever pitch in South Africa, as geopolitical tension with the US has threatened the country's continued presence in the programme, and has built on pre-existing threats of South Africa being graduated out of the programme due to the country's relatively high levels of development.

With AGOA's 2025 expiry close on the horizon, the time is right to evaluate the programme, looking at how it is being used, whether it is meeting its core objectives, what can be done to improve it, and how likely it is that it will be extended. Core to these questions is a consideration of the structure of trade that would best enable AGOA to have a real impact on the lives of people in beneficiary countries. While the programme has traditionally seemed to have an implicit theory of change that imagines AGOA helping firms directly export to the United States, the evidence suggests that the complexities of this direct market access approach are extremely difficult for most exporters. With the exception of South Africa, trade under AGOA remains dominated by a few product lines that often lean on natural endowments like cocoa or petrol; while growth in new or diversified sectors remains stifled by the complexities of trying to directly reach the US market.

Increasingly, AGOA needs to be conceptualised as an international opportunity for a regional productive network, rather than for individual countries.

Companies in smaller markets can find much more accessible pathways to the US market by supplying regional productive hubs – like Kenya and South Africa – than by immediately trying to make it in the US. These regional value chains help broaden the impact of existing exports to the US, while also underpinning the process of growth, capacity development and learning that companies have to go through before succeeding in more complex export markets. But they also call for a move beyond some of the recent short-term uncertainties over geopolitics, towards an embrace of larger exporters as a means for less developed markets to benefit from AGOA.

This paper aims to explore these various questions, and to examine the potential for this new regional framework for thinking about AGOA. It proceeds in four parts.

Part 1 provides an overview of trade under AGOA, examining trends in trade, which products are traded, and profiling the tariff advantages of the programme.

Part 2 looks at the bilateral impact of AGOA for South Africa and the United States, looking at the mutual advantages for both sides in employment creation, investment, trade in services, and the provision of critical mineral products.

Part 3 examines the regional impact of AGOA, and particularly looks at a comparative of routes to market, weighing direct exports to the US against regional routes to market.

Part 4 examines the future of AGOA, including undertaking an analysis of the political dynamics of renewal, scoping out some potential areas for expansion of AGOA preferences, and considering policy options should South Africa be excluded from the programme.

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1. TRADE UNDER AGOA

1.1. History of AGOA

The African Growth and Opportunity Act was signed into law in May 2000, by President Bill Clinton, for an initial period ending in 2008. The Bill had its origins in both rising efforts to strengthen economic outreach to Africa, as the region emerged as an increasingly important economic player, and off the back of a period of enthusiasm for trade opening under the Clinton administration. AGOA was designed to build on the GSP, which had offered preferential access to the US markets for least developed countries (LDCs) since 1976, but was much more limited and increasingly poorly suited to African markets that were growing more sophisticated and developed.

AGOA was extended to 2015 in 2004, by President George W. Bush, with matching extensions for the textiles provisions under AGOA happening through two parallel extensions. The extension of a Democratic piece of legislation by a Republican President was an indicator of the broad bipartisan support for AGOA, which has remaining throughout most revisions of the deal. Generalising greatly, this bipartisan support stems from Republican support for open markets and Democratic support for development policies, and in both cases by the relatively low costs associated with the programme. This support was also underpinned by a broader effort to shift the US's relationship with Africa from one centred on aid to one centred on trade, which offered both the prospect of better long-term economic opportunities for American firms, and a less costly means of supporting the continent.

In general, AGOA has less resistance and attention from industry and civil society groups than a typical Free Trade Agreement (FTA), part of which is likely based on a general belief that African firms are less of a threat than, for example, Chinese or Mexican manufacturers. This general belief will be increasingly difficult to maintain as regional markets grow more sophisticated and competitive, and will mean that future rounds of AGOA will almost certainly attract more scrutiny than the initial passage of the agreement and its first extension. Additional efforts will be needed to highlight the ways in which Africa's increasing industrialisation can complement US growth efforts, providing both more meaningful markets for US products and more diversified supply chains for US producers.

This was already evident in the 2015 renewal of the programme. This saw significant lobbying pressure from US industry to extract certain concessions from large markets – with an out-of-cycle review of South Africa in 2015 foremost among these efforts – in order to both extend AGOA access and remain in the programme. In South Africa's case, this was centred on a bipartisan effort, led by Senators Chris Coons and Johnny Isakson of the Senate Chicken Caucus, to reduce South African anti-dumping and other restrictions on US poultry exports. While a range of other issues were also raised – including intellectual property protection – the poultry issue became the lynchpin concern in talks, and ultimately only the granting of special import quotas resolved the dispute. The extension finally passed as the AGOA Extension and Enhancement Act, which extended the programme to an end point in 2025.

On balance, AGOA remains a relatively uncontroversial programme in the context of the American political system, historically attracting bipartisan support with relatively minor resistance. This relatively low profile has historically allowed the preferences to pass as part of large omnibus legislation – such as being attached to a defence spending bill in the first iteration of AGOA.

Increasingly, however, it seems likely that AGOA will become a more divisive issue, more akin to the types of negotiations that come about when ratifying an FTA. The previous round of AGOA already demonstrated how the programme was used to extract concessions for American exporters, and increasingly the focus will likely fall on the threat of exports under AGOA to American producers. This

points to the complexities of maintaining unilateral preferences of this type – in which the programme succeeds by promoting more value-added exports from Africa, but could also be threatened by the same trend.

Table 1: AGOA beneficiary countries, 2023

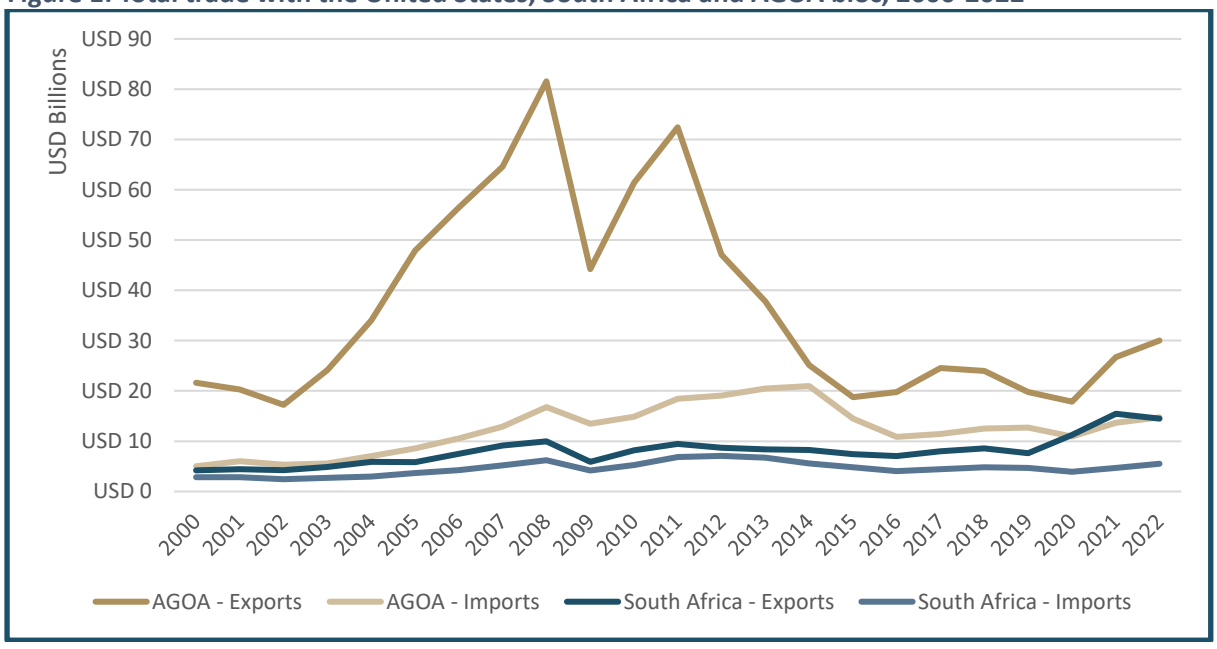
AGOA BENEFICIARY COUNTRIES, 2023		
Angola	Eswatini	Mozambique
Benin	Gabon	Niger
Botswana	The Gambia	Nigeria
Burkina Faso	Ghana	Rwanda
Cabo Verde	Guinea-Bissau	Sao Tome & Principe
Central African Republic	Kenya	Senegal
Chad	Lesotho	Sierra Leone
Comoros	Liberia	South Africa
Republic of the Congo	Madagascar	Tanzania
Dem. Republic of the Congo	Malawi	Togo
Cote d'Ivoire	Mauritius	Uganda
Djibouti	Namibia	Zambia

Source: United States Trade Representative (USTR), AGOA Eligible and Ineligible Countries.

1.2. Trade with the United States

Despite these concerns and the significant shift in the structure of tariffs between Africa and the United States brought about by AGOA, the volume and composition of trade between Africa and the United States hasn't changed as dramatically. As can be seen in Figure 1, the only dramatic shift in trade patterns was a significant expansion in exports from the AGOA bloc between roughly 2002 and 2008, followed by an equally sharp contraction in exports from around 2012. Virtually all of this trend can be explained by the shifting fate of oil exports, which initially boomed to a high of USD 68 billion in 2008, and then fell sharply as the US largely replaced oil sourced from Africa with domestic sources from the shale oil boom, dipping to US$7 billion by 2015.

Figure 1: Total trade with the United States, South Africa and AGOA bloc, 2000-2022



Source: US International Trade Commission (USITC) DataWeb.

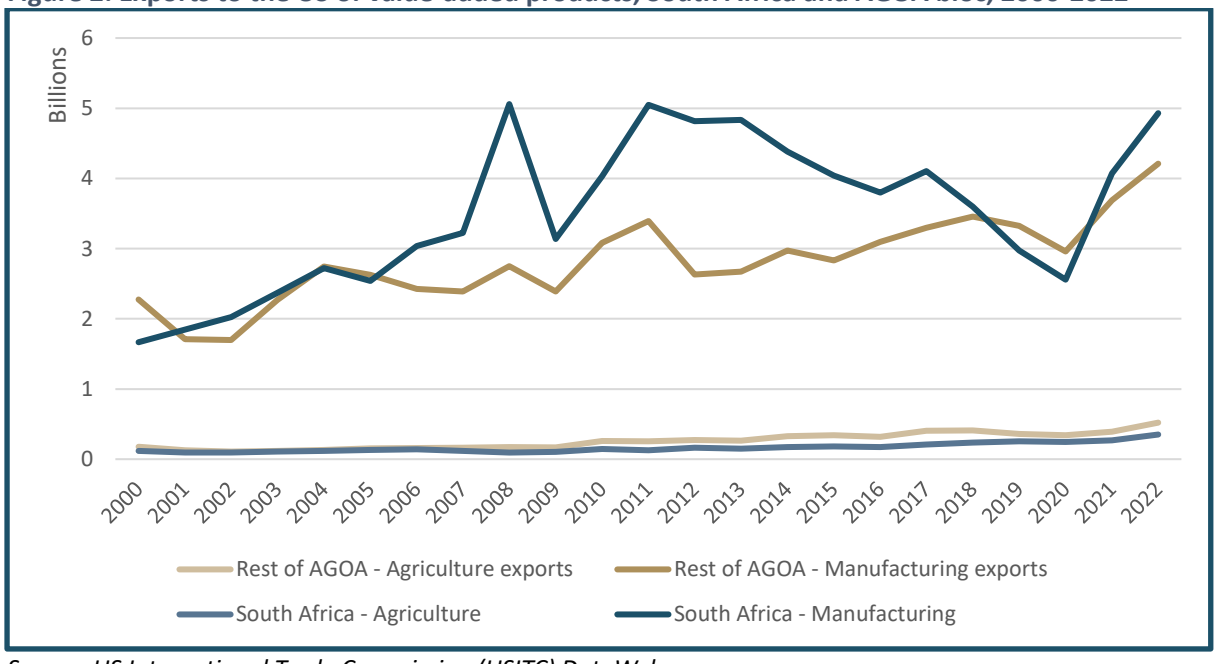
South Africa's trade has been similarly slow to grow, with recent spikes in exports being driven largely by surging prices for platinum group metals (PGMs), and again emphasising the continued dominance of minerals in exports to the United States. South Africa is an outlier in this trend, with non-petroleum manufactured exports making up 34% of total exports, significantly higher than the 14% that comprise exports from the rest of the AGOA bloc. Agriculture makes up around 2% of exports for both South Africa and the rest of AGOA. As of 2022, South Africa accounted for more than half of non-petroleum manufactured exports to the US from the AGOA bloc.

Box 1: Understanding US trade data

The United States provides numerous types of trade data. As a result, the figures quoted in this paper may differ from values quoted elsewhere, due to the selection of different categories of data. For import data, the paper uses US Imports for Consumption, which refers to products cleared through US customs (thus excluding imports into free-trade zones and bonded warehouses); and values this data at Customs Values, which excludes CIF (cost, insurance, and freight) charges and import duties. For export data, the paper uses Domestic Exports, which refers to exports that have undergone some level of transformation in the US (i.e. excluding transit trade and exports from bonded warehouses or other areas outside the formal US customs area); and values the data at FAS (free alongside ship) Export Values, which includes inland logistics costs but excludes global shipping costs.

Despite this, there have been some gains in value-added exports since the conclusion of AGOA, as can be seen in Figure 2. South Africa's manufactured exports have grown more than three-fold since 2000, expanding from US$1,6 billion to just under US$5 billion. At the same time, non-petroleum manufactured exports from the rest of AGOA grew from US$2,3 billion to US$4,2 billion.

Figure 2: Exports to the US of value-added products, South Africa and AGOA bloc, 2000-2022



Source: US International Trade Commission (USITC) DataWeb.

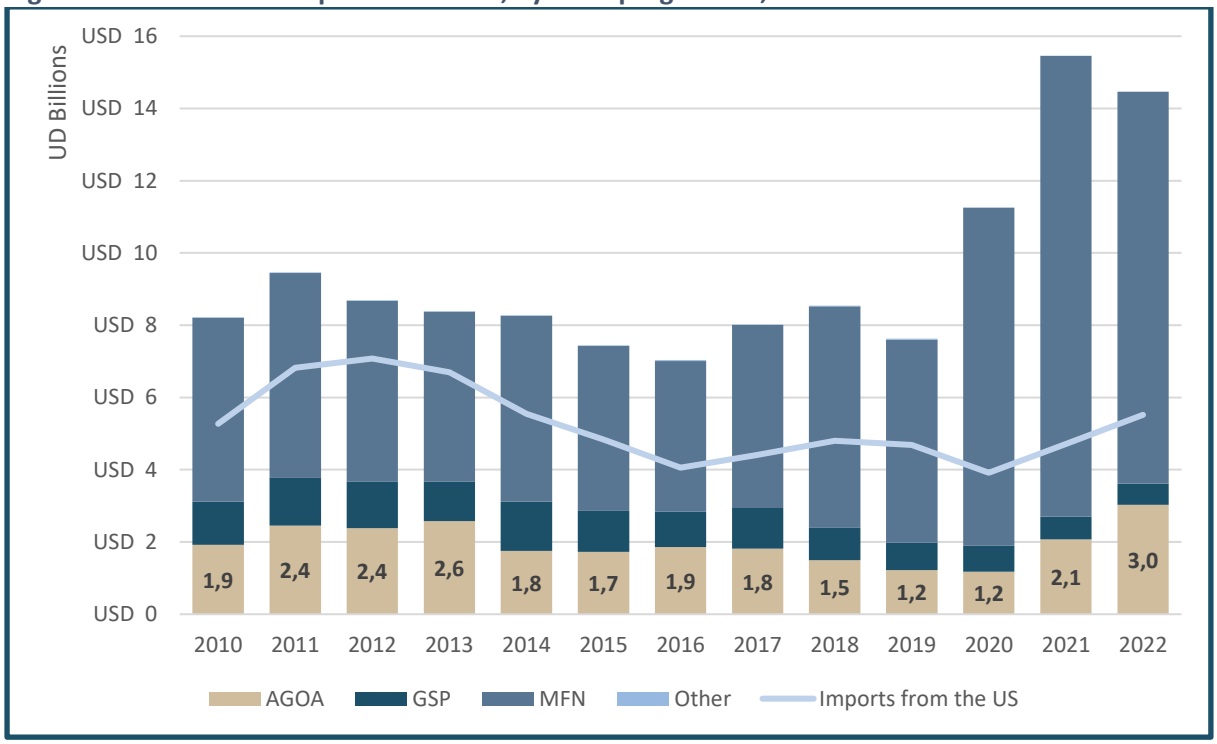
In both the South African and the region's case, local economies underwent notable transformations during this time, and it is unlikely that AGOA was the primary driver of this growth. In the case of South Africa, aggressive support to the automotive sectors through the Automotive Production and Development Programme and its predecessors was likely a major contributor, with autos making up

54% of total manufactured export growth since the start of AGOA. Export growth is almost always a combination of domestic strengthening and shifting market conditions, and on balance AGOA seems likely to have played a facilitating role in the underlying changes happening in the South African economy, but did not drive that transformation in isolation from them.

1.3. Trade via AGOA/GSP

Despite this, uptake of AGOA by South African exporters has been strong. Exports from South Africa under AGOA reached US$3 billion for the first time in 2022, but have consistently hovered around the US$2 billion mark for much of the programme's recent history. In 2022, exports under AGOA made up 21% of South Africa's exports to the United States, while AGOA and GSP preferences combined made up 25% of total exports. This likely underestimates the true scale of AGOA/GSP usage, since 2022 featured an unusual high degree of PGMs exports and, on average since 2010, AGOA/GSP have made up 33% of total exports to the US.

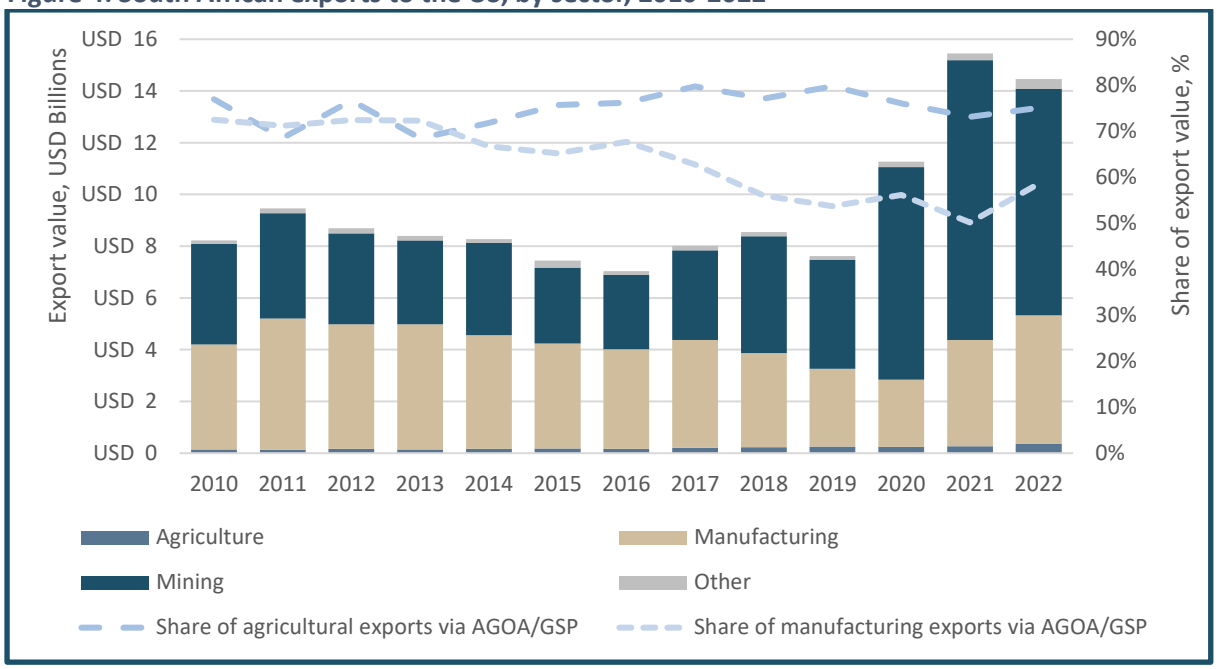
Figure 3: South African exports to the US, by tariff programme, 2010-2022



Source: US International Trade Commission (USITC) DataWeb.

Much of this trend results from the fact that commodities continued to play a disproportionately large role in South Africa's export bundle, typically making up half of total exports, but reaching 60% in 2023. However, the manufacturing and agriculture exports that do enter the US market are much more dependent on AGOA and GSP preferences than the broader export bundle, with 75% of agriculture exports and 59% of manufacturing exports entering the US market via GSP or AGOA in 2022.

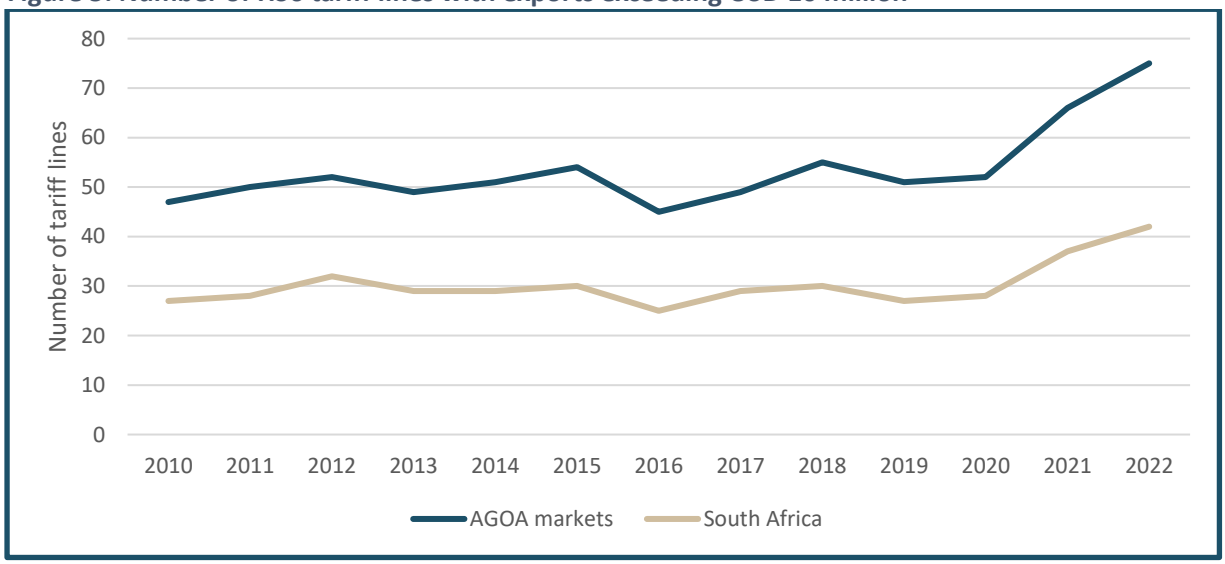
Figure 4: South African exports to the US, by sector, 2010-2022



Source: US International Trade Commission (USITC) DataWeb.

As can be seen in Figure 5, trade under AGOA and GSP tends to be highly concentrated around a few product lines, with only 75 HS6-level products across the entire African group reaching exports in excess of US$10 million, of which South Africa alone accounts for 42. By contrast, the US has more than 195 HS6-level products exceeding this threshold in exports to the AGOA bloc, and 102 in exports to South Africa.

Figure 5: Number of HS6 tariff lines with exports exceeding USD 10 million



Source: US International Trade Commission (USITC) DataWeb.

About three-quarters of total South African exports to the US are accounted for by nine products, of which 57% of the total is comprised of key mined commodities such as PGMs, diamond, gold, jewellery (including often quite minimally processed precious metals) and money (which features unusually high in the US trade data, for reasons that aren't clear, but may refer to monetary gold or coins like Krugerrands).

Similarly high levels of consolidation can be seen in exports under AGOA and GSP, with two products – cars and ferroalloys – making up more than half of exports under preference schemes. Seventy-three groups of products export more than US$1 million under AGOA/GSP, as can be seen in Table 2.

Table 2: Major export products benefiting from AGOA/GSP, 2022

PRODUCT	EXPORTS UNDER AGOA/GSP	TOTAL EXPORTS	AGOA/GSP SHARE OF TOTAL
Automotives, cars	USD 1 482 221 468	USD 1 483 840 626	100%
Ferro-alloys	USD 475 327 729	USD 487 365 244	98%
Jewellery	USD 407 923 772	USD 1 547 702 588	26%
Citrus	USD 132 636 109	USD 132 966 908	100%
Nuts	USD 74 234 696	USD 82 741 181	90%
Other chemicals	USD 73 502 083	USD 209 605 251	35%
Wine	USD 65 881 456	USD 76 167 342	86%
Carbon chemicals	USD 62 382 732	USD 64 571 914	97%
Engines and turbines	USD 60 184 158	USD 75 717 676	79%
Ships and boats	USD 60 112 204	USD 75 340 022	80%
Ketones/quinones	USD 57 578 098	USD 57 662 113	100%
Oxylic acids	USD 54 422 164	USD 54 422 164	100%
Hydrogen and hydrogen chemicals	USD 44 491 034	USD 44 683 812	100%
Automotive components	USD 43 455 501	USD 69 781 355	62%
Chemical alcohols	USD 36 923 486	USD 36 951 694	100%
Processed aluminium	USD 36 764 828	USD 192 308 393	19%
Ice cream	USD 32 379 813	USD 32 379 813	100%
Grapes	USD 31 267 966	USD 35 567 647	88%
Packaging, of plastic	USD 27 357 386	USD 28 217 351	97%
Tyres and inner tubes	USD 25 789 856	USD 38 314 087	67%
Other inorganic chemicals	USD 23 380 842	USD 30 733 502	76%
Other base metals	USD 21 030 036	USD 40 800 296	52%
Other alcohols	USD 20 665 558	USD 25 127 410	82%
Other articles of iron and steel	USD 18 636 730	USD 20 235 555	92%
Sugar	USD 15 666 815	USD 19 431 733	81%
Fruit juice	USD 15 271 971	USD 31 809 551	48%
Processed copper	USD 14 250 189	USD 14 830 251	96%
Preserved fruits	USD 11 575 706	USD 26 493 758	44%
Leather and animal hides	USD 11 376 037	USD 12 289 036	93%
Other polymers, resins and plastics	USD 11 017 223	USD 20 057 304	55%
Coal	USD 10 086 007	USD 46 438 908	22%
Electronic circuits	USD 9 630 217	USD 28 157 457	34%
Preserved vegetables	USD 9 590 207	USD 9 844 642	97%
Soups and sauces	USD 8 279 214	USD 8 965 615	92%
Wood products	USD 7 370 916	USD 8 164 739	90%
Entertainment products	USD 7 133 890	USD 15 186 998	47%
Essential oils	USD 6 916 877	USD 15 808 815	44%
Flowers, plants and plant materials	USD 5 115 378	USD 6 248 414	82%
Manganese ores, concentrates and chemical derivatives	USD 4 623 282	USD 41 892 922	11%

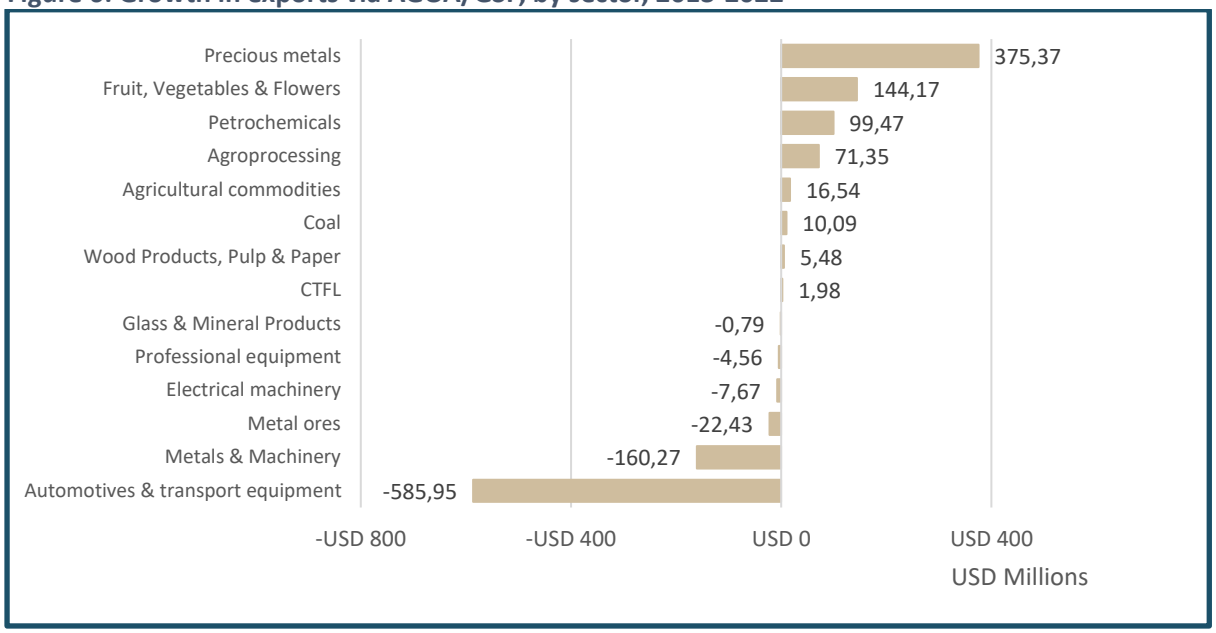
Hand tools	USD 4 510 897	USD 7 688 237	59%
Clothing, underwear	USD 4 470 713	USD 8 005 373	56%
Electrodes, conductors and insulators	USD 4 283 325	USD 12 966 157	33%
Jams	USD 4 030 362	USD 11 519 310	35%
Aircraft	USD 4 004 744	USD 18 405 333	22%
Plastic panels and sheets	USD 3 996 614	USD 4 145 886	96%
Construction materials, unprocessed	USD 3 926 179	USD 26 917 209	15%
Plastic pipes	USD 3 450 766	USD 4 552 795	76%
Berries	USD 3 352 217	USD 3 352 217	100%
Natural construction materials	USD 3 224 759	USD 50 562 783	6%
Organic compounds	USD 2 844 297	USD 28 924 544	10%
Machine tools	USD 2 721 416	USD 3 619 368	75%
Resins	USD 2 632 247	USD 6 194 805	42%
Sweets and chocolates	USD 2 336 940	USD 3 978 573	59%
Sulphur and sulphuric chemicals	USD 2 321 609	USD 3 166 149	73%
Preserved fruit	USD 2 235 263	USD 3 511 880	64%
Household fittings	USD 2 160 908	USD 16 433 613	13%
Yeasts	USD 2 046 501	USD 3 249 021	63%
Tanning and colouring chemicals	USD 2 041 841	USD 4 716 524	43%
Herbs and spices	USD 1 980 681	USD 5 151 257	38%
Personal accessories	USD 1 874 119	USD 2 530 965	74%
Other industrial machinery	USD 1 684 333	USD 7 995 712	21%
Taps and valves	USD 1 554 697	USD 2 880 737	54%
Graphite	USD 1 404 521	USD 1 675 781	84%
Other flours, oats and products	USD 1 290 499	USD 1 494 390	86%
Water	USD 1 214 940	USD 2 217 021	55%
Lead and products of lead	USD 1 201 613	USD 2 089 514	58%
Lead ores, concentrates and chemical derivatives	USD 1 199 973	USD 1 977 442	61%
Chromium ores, concentrates and chemical derivatives	USD 1 151 136	USD 31 146 426	4%
Precious stones	USD 1 142 292	USD 7 395 775	15%
Other fruit and veg products	USD 1 120 026	USD 18 461 108	6%
Insecticides	USD 1 108 705	USD 1 443 714	77%
Household geysers	USD 1 094 127	USD 1 699 223	64%
Footwear	USD 1 012 501	USD 3 592 919	28%

Source: US International Trade Commission (USITC) DataWeb.

While many sectors make extensive use of AGOA preferences, growth performance has remained relatively mixed, and tends to vary with broader trends in US trade. For example, agroprocessing and agricultural exports have tended to grow strongly over the last decade, as strong demand in the US has combined with robust local growth of the sector, and enabled better use of AGOA preferences. By contrast, automotive and metals exports – the two most important sectors making use of AGOA preferences – have seen notable declines in exports under AGOA over the last decade. There are a

mix of reasons for this, including the closure of some US-bound production lines in the South African automotive industry, and rising protectionism and falling prices in the case of metals.

Figure 6: Growth in exports via AGOA/GSP, by sector, 2013-2022



Source: US International Trade Commission (USITC) DataWeb.

On balance, both AGOA and GSP are used extensively by South African firms, but most of the benefits fall to only a few sectors. The need to diversify both South Africa's overall export bundle and the specific products using the preferences remains. This is a complex proposition, as most trade trends are still dominated by domestic drivers in key sectors, and by beyond-the-border trade patterns in the US. For Africa as a whole (as explored in more depth in section 1.5), trade remains highly undiversified, thanks mainly to a lack of domestic capacity that could be used to target the US market. As discussed in Section 3, transforming trade will require a more substantial investment in both smoothing trade between the US and Africa, and in building regional productive capacity.

1.4. Tariff profiles

AGOA provides preferential access for about 5 604 of the US's roughly 11 219 total tariff lines, with GSP providing preferential access on a further 3 534. In 2022, South Africa traded with the US on 2 197 of these lines, of which about 564 made use of AGOA. While this seems relatively low as a portion of the lines on offer, it's a relatively normal trend, in which some tariff lines tend to be used much more heavily than others. The actual scale of preference on offer varies greatly, but in general remains quite low. For manufacturing as a whole, the simple average preference on offer is around 3%, while for agriculture it is 1,5%. As can be seen in Table 3, this varies significantly for individual sectors, with clothing, textiles, footwear and leather (CTFL) and chemicals able to avoid some of the highest tariffs, but with preference levels being negligible in some other areas.

Despite this, the broad sector averages hide some complexity in that certain products face unusually high levels of protection. A wide range of products – like tableware, certain types of trucks, and certain types of seafood – would face tariffs in excess of 25% in the absence of AGOA. But for most products South Africa actively trades in, tariff averages are quite low. The weighted average preference benefit for South African products traded under AGOA/GSP is 3%, while for the total basket of exports it is 0,09%.

Table 3: Scale of tariff preference in AGOA/GSP, by sector, 2022

SECTOR	MFN TARIFF	AGOA/GSP TARIFF	TARIFF PREFERENCE
Agriculture	**2,0%**	**0,4%**	**1,5%**
Agricultural commodities	2,8%	2,5%	0,2%
Fruit, vegetables and flowers	3,0%	0,0%	2,9%
Meat and livestock	0,2%	0,0%	0,2%
Manufacturing	**3,5%**	**0,6%**	**2,9%**
Agroprocessing	4,1%	1,0%	3,0%
Automotives and transport equipment	2,0%	0,0%	2,0%
CTFL	8,6%	2,4%	6,2%
Electrical machinery	1,6%	0,0%	1,6%
Glass and mineral products	3,2%	0,0%	3,2%
Metals and machinery	2,4%	0,0%	2,3%
Other manufacturing	1,0%	0,3%	0,8%
Petrochemicals	2,9%	0,0%	2,8%
Professional equipment	1,0%	0,0%	1,0%
Wood products, pulp and paper	1,7%	0,0%	1,7%
Mining	**1,9%**	**0,0%**	**1,9%**
Building materials	1,2%	0,0%	1,2%
Coal	0,9%	0,0%	0,9%
Metals	1,3%	0,0%	1,3%
Other	1,2%	0,0%	1,2%
Precious metals	3,7%	0,0%	3,7%
Total	**3,4%**	**0,5%**	**2,8%**

Source: ITC Market Access Map database. Values are simple averages calculated from HS8-level tariff lines.

While these tariff values are relatively abstract, and hard to understand outside of the context of a particular sector, the actual savings from AGOA provide a more concrete understanding of its impact. As can be seen in Table 4, firms trading under AGOA and GSP saved US$116 million on paying US tariffs in 2022.

This is a significant saving, but in the context of the scale of exports and the value of the sectors themselves, it is relatively small. This is particularly so when you consider the relatively distributed saving among various sectors. For example, the greatest beneficiary sector, automotives, saved US$39 million on tariffs on its roughly US$1,4 billion in exports in 2022.

Table 4: Savings from AGOA and GSP preferences, by sector, 2022

SECTOR	SAVINGS FROM AGOA	SAVINGS FROM GSP	TOTAL SAVINGS
Agriculture	**USD 2 525 121**	**USD 170 552**	**USD 2 695 672**
Agricultural commodities	USD 6 455	USD 0	USD 6 455
Fruit, vegetables and flowers	USD 2 516 793	USD 170 552	USD 2 687 345
Meat and livestock	USD 1 872	USD 0	USD 1 872
Manufacturing	**USD 81 693 755**	**USD 8 135 248**	**USD 89 829 003**
Agroprocessing	USD 13 155 517	USD 397 701	USD 13 553 218
Automotives and transport equipment	USD 38 570 492	USD 614 908	USD 39 185 400
CTFL	USD 867 814	USD 300 351	USD 1 168 165
Electrical machinery	USD 254 426	USD 147 986	USD 402 412
Glass and mineral products	USD 8 168	USD 12 548	USD 20 716
Metals and machinery	USD 15 198 570	USD 2 583 301	USD 17 781 871
Other manufacturing	USD 12 369	USD 26 842	USD 39 211
Petrochemicals	USD 13 543 130	USD 3 398 276	USD 16 941 406
Professional equipment	USD 12 991	USD 388 656	USD 401 647

Wood products, pulp and paper	USD 70 280	USD 264 678	USD 334 958
Mining	**USD 7 055 083**	**USD 16 612 801**	**USD 23 667 884**
Building materials	USD 159 169	USD 99 515	USD 258 684
Coal	USD 468 780	USD 0	USD 468 780
Metals	USD 269 658	USD 98 123	USD 367 781
Other	USD 83 489	USD 36 452	USD 119 941
Precious metals	USD 6 073 988	USD 16 378 711	USD 22 452 699
Total	**USD 91 273 959**	**USD 24 918 600**	**USD 116 192 560**

Source: US International Trade Commission (USITC) DataWeb; ITC Market Access Map database.

These relatively low gains have likely been further eroded by a string of free trade agreements signed by the United States since the start of AGOA. Overall, an additional 17 nations now have preferential access to the US market, including competitor markets such as Chile (which is a major competitor for local citrus and wine producers), Australia (a competitor on metals and wine), and South Korea (a major manufacturing powerhouse).

Utilisation rates for AGOA preferences are very high, with few products that benefit from preferences entering under more general MFN rates. In total, only an estimated US$13 million in exports in 2022 failed to take advantage of preferences, indicating relatively low barriers to accessing preferences – although the true rate of underutilisation may be higher as some exporters likely were not able to trade because of a lack of access to preferences.

Overall, tariff preferences under AGOA help South African exporters save on tariff costs and improve their competitiveness, but the scale of gain is relatively small. However, despite this, the strategic value of AGOA remains high. With an ultracompetitive global trading environment, even marginal gains can have disproportionately large export benefits, particularly when it comes to highly attractive markets like the US. This market access helps maintain South Africa's present advantages, while insulating exports from an increasingly unpredictable trading environment, in which changing tariffs can make it difficult to establish a presence in markets without more stable preferences. Preferential access plays a key role in crucial, but less easily monetised considerations, like making investment decisions, by, for example, helping local automotive original equipment manufacturers (OEMs) to make the case for continued manufacturing in South Africa. On balance, the simple tariff savings from AGOA are only a slice of the broader strategic picture, where many of the most significant benefits lie.

This is particularly true given the extent of strain on the South African economy, where almost every manufacturing sector is declining and growth is stagnant, means that even the marginal benefits of AGOA play an important role in maintaining existing capacity. If producers were in a stronger position, actively seeking out and targeting new markets and opportunities, the impact of a loss of AGOA preferences may not be devastating. However, given the broader conditions in which these companies and their employees operate, the loss of AGOA preferences would be yet another challenge after a series of external crises and shocks, which have left companies and workers particularly vulnerable to further strain.

1.5. Africa trade under AGOA

South Africa makes up 35% of total exports by the AGOA bloc of African markets to the United States, and more than half of total manufacturing exports. Only Nigeria exports a similar scale of goods under AGOA and with Ghana and Kenya, these four markets make up 82% of total AGOA utilisation. As is discussed in Section 3, participation in AGOA exports shows a strong trend towards dependence on exports via anchor markets, with major regional hubs playing a key role in driving broader African exports to the US.

Table 5: AGOA group exports to the US, by market and share, 2022

MARKET	EXPORTS TO THE US, AGOA	EXPORTS TO THE US, TOTAL	SHARE OF EXPORTS TO THE US, AGOA	SHARE OF EXPORTS TO THE US, TOTAL
South Africa	USD 3 615 155 779	USD 14 464 314 394	35,0%	48,2%
Nigeria	USD 3 523 468 318	USD 4 731 106 067	34,2%	15,8%
Ghana	USD 746 316 154	USD 2 762 404 653	7,2%	9,2%
Kenya	USD 614 548 160	USD 874 325 881	6,0%	2,9%
Madagascar	USD 406 884 096	USD 912 199 224	3,9%	3,0%
Angola	USD 391 104 751	USD 1 521 541 870	3,8%	5,1%
Lesotho	USD 260 802 036	USD 372 443 873	2,5%	1,2%
Cote d`Ivoire	USD 127 872 778	USD 1 055 926 971	1,2%	3,5%
Gabon	USD 125 553 611	USD 220 108 874	1,2%	0,7%
Congo-Kinshasa	USD 92 301 671	USD 185 056 820	0,9%	0,6%
Tanzania	USD 75 106 700	USD 222 040 780	0,7%	0,7%
Mauritius	USD 74 270 865	USD 284 971 153	0,7%	0,9%
Senegal	USD 71 277 270	USD 503 065 041	0,7%	1,7%
Congo-Brazza	USD 45 187 258	USD 246 053 143	0,4%	0,8%
Malawi	USD 37 284 877	USD 54 005 871	0,4%	0,2%
All other	USD 107 836 011	USD 1 613 107 565	1%	5%

Source: US International Trade Commission (USITC) DataWeb; ITC Market Access Map database.

The extent of this concentration is even more striking in value-added goods, where South Africa makes up more than 50% of all manufacturing exports to the US. South Africa is one of a small group that exports a relatively diversified collection of manufactured products, with others larger exporters such as Cote d'Ivoire, being highly dependent on a single product, like cocoa or clothing.

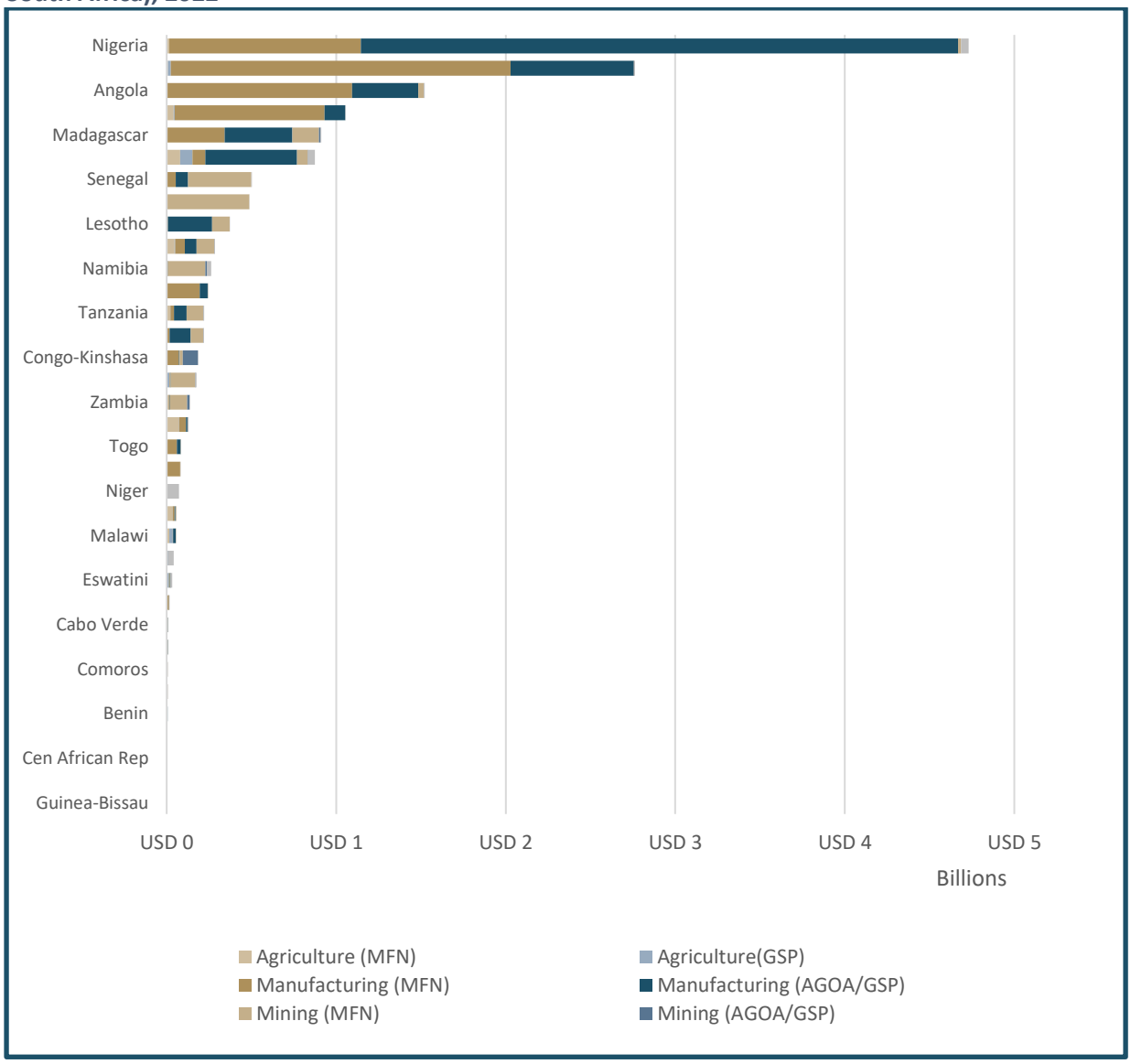
Table 6: AGOA group exports to the US, by market and share, 2022

MARKET	SHARE OF AGRICULTURAL EXPORTS	SHARE OF MANUFACTURING EXPORTS	SHARE OF COMMODITIES EXPORTS	SHARE OF TOTAL EXPORTS
South Africa	40%	54%	46%	48%
Nigeria	2%	4%	22%	16%
Ghana	3%	5%	12%	9%
Angola	0%	0%	8%	5%
Cote d`Ivoire	5%	11%	0%	4%
Madagascar	0%	8%	1%	3%
Kenya	17%	7%	0%	3%
Senegal	0%	1%	2%	2%
Botswana	0%	0%	3%	2%
Lesotho	0%	3%	1%	1%
Mauritius	6%	1%	1%	1%
Namibia	0%	0%	1%	1%
Congo-Brazza	0%	0%	1%	1%
Tanzania	3%	1%	1%	1%
Gabon	0%	0%	1%	1%
All other	24%	4%	2%	4%

Source: US International Trade Commission (USITC) DataWeb; ITC Market Access Map database.

Despite this, as with South Africa, AGOA does have a key role for manufacturing exporters, helping anchor most countries' value-added exports to the US. But this isn't universally the case, with countries such as Ghana and Angola having substantial room to improve AGOA utilisation in their manufacturing exports.

Figure 7: Exports to the United States by sector and programme, all AGOA beneficiaries (excluding South Africa), 2022



Source: US International Trade Commission (USITC) DataWeb.

Exports under AGOA from the rest of the AGOA bloc are extremely concentrated, with petroleum making up 68% of the total. Clothing and cocoa products are the only other large export commodities, although a wide range of less developed exports, listed in Table 7, may offer some basis for future growth. Many of these depend on using natural resource endowments, such as copper and sugar, and may require some additional support to deepen the level of beneficiation, but nevertheless offer solid growth opportunities.

Table 7: AGOA group exports to the US, by market and share, 2022

PRODUCT	EXPORTS UNDER AGOA/GSP	TOTAL EXPORTS	SHARE OF EXPORTS, AGOA/GSP	SHARE OF TOTAL EXPORTS
Petroleum oils	USD 4 584 004 195	USD 8 072 049 872	68,4%	51,9%
Clothing, outerwear	USD 932 281 128	USD 956 241 897	13,9%	6,1%
Clothing, shirts	USD 382 256 477	USD 398 368 851	5,7%	2,6%
Cocoa products	USD 157 665 498	USD 1 054 252 941	2,4%	6,8%
Copper	USD 101 241 067	USD 101 241 067	1,5%	0,7%
Lead and products of lead	USD 82 058 169	USD 82 175 794	1,2%	0,5%
Nuts	USD 79 707 833	USD 149 430 610	1,2%	1,0%
Prepared seafood prod.	USD 74 137 459	USD 108 250 239	1,1%	0,7%
Sugar	USD 39 648 370	USD 51 492 631	0,6%	0,3%
Clothing, underwear	USD 32 498 695	USD 39 806 822	0,5%	0,3%
Soya	USD 29 838 272	USD 88 570 475	0,4%	0,6%
Sweets and chocolates	USD 27 940 938	USD 42 852 598	0,4%	0,3%
Tobacco and products	USD 19 308 978	USD 22 028 738	0,3%	0,1%
Potatoes and tubers	USD 17 385 526	USD 17 508 971	0,3%	0,1%
Plastic panels and sheets	USD 16 098 778	USD 17 132 670	0,2%	0,1%
All other	USD 123 743 173	USD 4 356 953 610	2%	28%

Source: US International Trade Commission (USITC) DataWeb; ITC Market Access Map database.

The regional impact of AGOA is explored in more detail in Section 3 but, on balance, AGOA has been relatively disappointing in driving diversified exports to the United States. Again, this isn't to say that AGOA is not valuable, but rather that it remains restrained by the insufficient industrial capacity on the continent, which limits the development of diversified value chains that could benefit from AGOA preferences. There remains substantial scope to deepen utilisation of AGOA among established sectors, but a true transformation of the US-Africa trading relationship would have to start with building more regional productive capacity.

While South Africa has somewhat broken this trend of commodity dependence, AGOA is a good case study on the limits of trade policy in the absence of a robust vision for industrial development.

Transforming trade will require a more substantial investment in both smoothing trade between the US and Africa, and in building regional productive capacity.

2. BILATERAL IMPACT OF AGOA

2.1. Employment and welfare

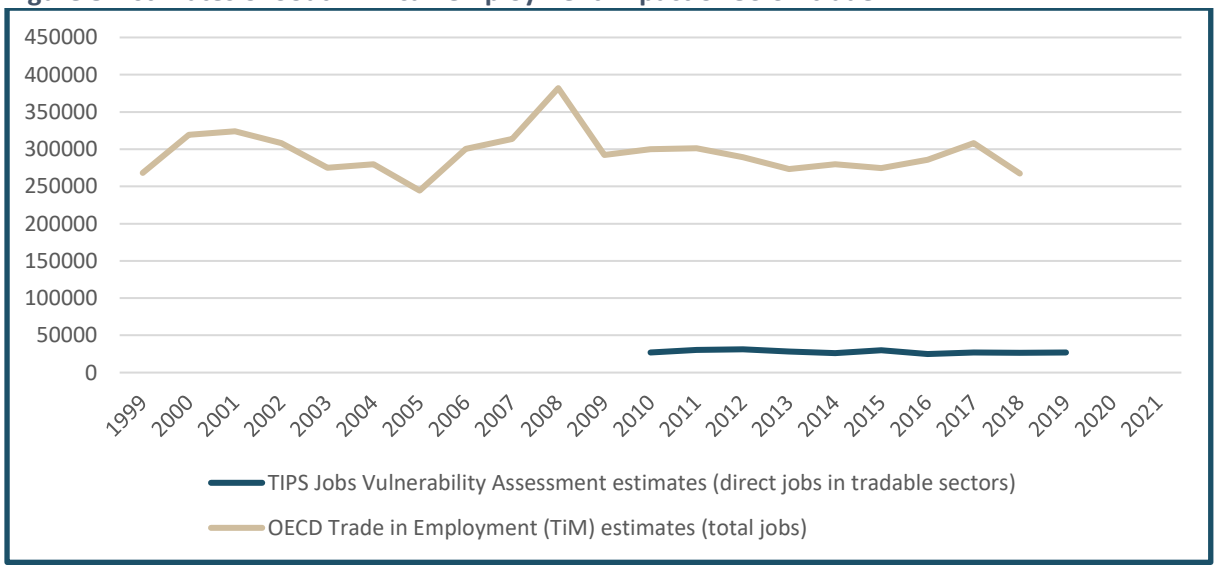
Understanding the employment impact of trade with the US is complicated by the vital role the US plays in global trade. The US accounts for 14% of total imports, and is a key demand driver for many of South Africa's largest export partners, with exports bound for countries such as China, where they are likely processed and exported on to markets such as the US. Considering these full network effects, the OECD estimates that exports to the US support about 267 300 jobs in South Africa. This includes both indirect exports (i.e. exports to third countries that are processed and exported on to the US) and indirect employment (i.e. supporting services and network industries jobs).

However, scoping out the direct employment impact from AGOA and US exports in South Africa is more complex. To get a rough sense of the direct jobs at risk, an Employment Vulnerability Assessment was performed on US trade. This contextualises trade by looking at total employment in a given sector, the extent to which the sector relies of export sales, and the US share of total exports. The result is an indicative matrix that provides some sense of where the largest employers are that depend on US exports.

The results can be found in Annex 2, and unsurprisingly show that PGMs and metals are likely the largest employment generators in exports to the US. While automotives are the most significant export under AGOA, the sector is less dependent on US exports because of high levels of exports to other regions (notably Europe). The picture is mixed for a range of agricultural sectors and for more diversified sectors like machinery. Sectors including furniture and textiles feature notably high on the employment vulnerability assessment, not because of the importance of the US market, but because of the high employment multipliers associated with each sector.

While this assessment cannot be aggregated to a single number of vulnerable employees, an extreme simplification is to assume that the jobs impacted are equal to the share of total sales exported to the US. In this assessment, an estimated 28 017 jobs are directly active in exports to the US, accounting for roughly 5,5% of total export-oriented jobs in value added sectors (meaning manufacturing, agriculture and mining only). The actual figures are likely higher, with these estimates not including indirect effects, and likely underestimating the share of sales to export markets in some sectors.

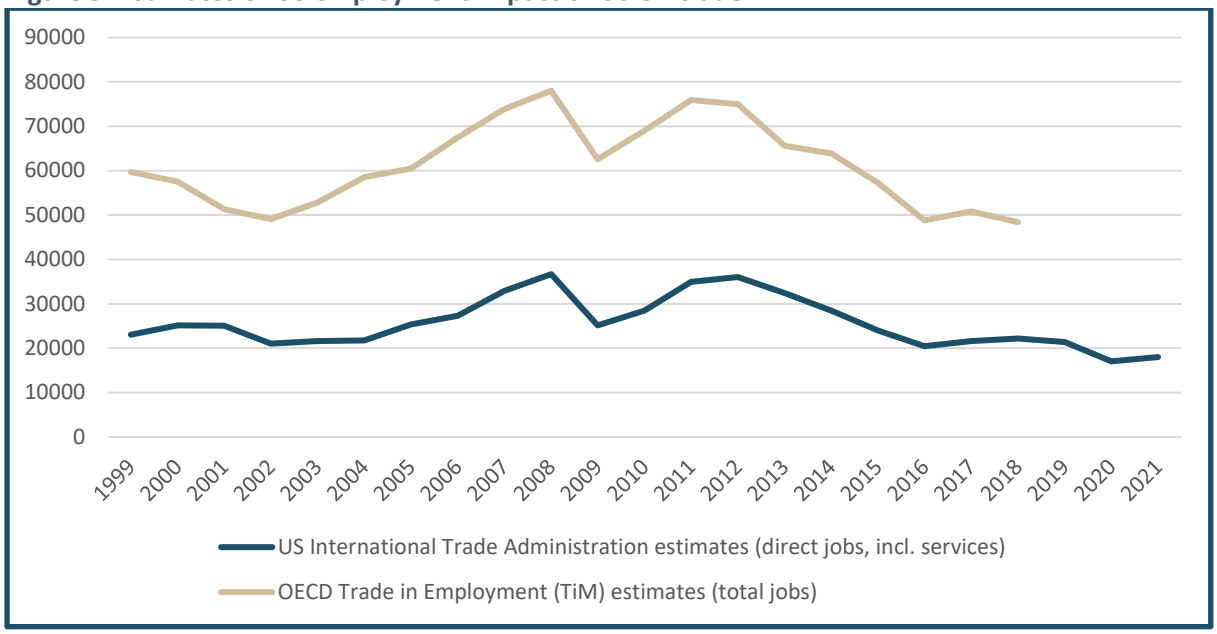
Figure 8: Estimates of South African employment impact of US-SA trade



Source: OECD TiM database; TIPS estimates based on StatsSA Quarterly Labour Force Survey and SARS customs data.

Both figures are roughly in-line with estimates on the amount of American jobs sustained by US exports to South Africa. In 2022, the OECD estimated that trade with South Africa created 48 400 jobs in the United States, although historic trends show this number being substantially higher, with 61 720 supported on average over the last 10 years. The US International Trade Administration, which looks only at direct domestic employment impacts, estimates that trade with South Africa supports about 18 023 jobs.

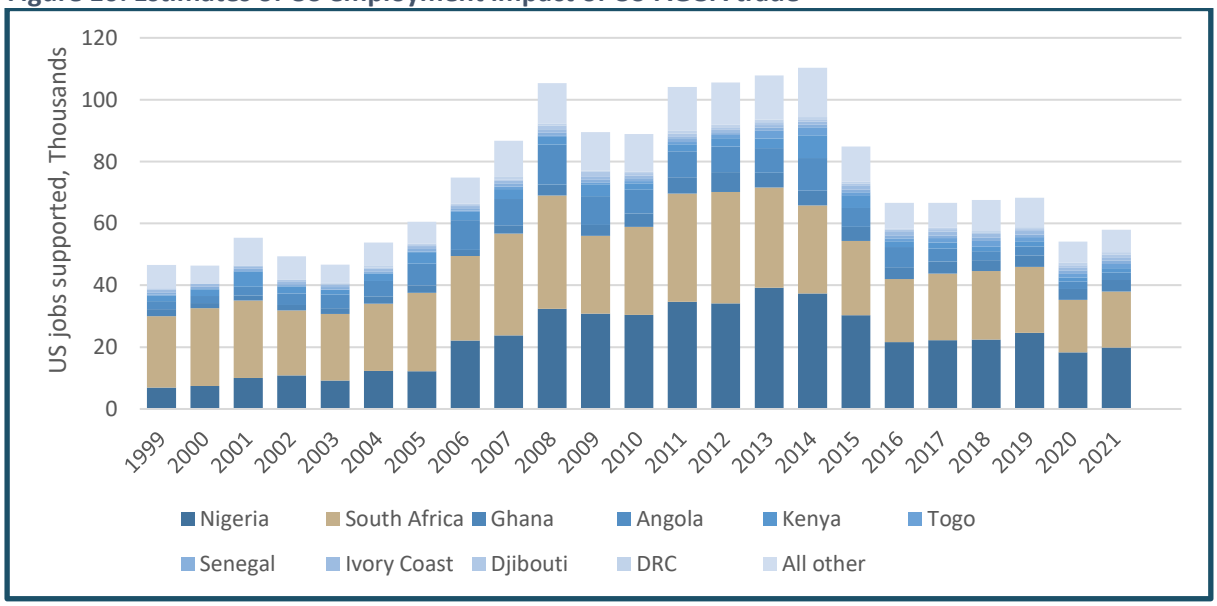
Figure 9: Estimates of US employment impact of US-SA trade



Source: US International Trade Administration, Jobs Supported by Exports dataset; OECD TiM database.

This employment impact is much broader when considering the Africa AGOA group, which collectively accounts for just under 60 000 jobs in the United States – although in the past this figure has exceeded 100 000 jobs supported in the US. This does, however, likely underestimate the true impact, because services trade is not included in estimates for most African markets, and is a central job creator in the US market.

Figure 10: Estimates of US employment impact of US-AGOA trade



Source: US International Trade Administration, Jobs Supported by Exports dataset.

Despite this, the scope for growth in US-based jobs as a result of trade with the AGOA group is extremely high, particularly at a time when many of the US's major markets are undergoing a significant demographic shift, with aging and shrinking populations.

AGOA places significant emphasis on worker rights, with protections for workers being a qualifying condition for continued access to the programme. Despite this, beneficiary sectors in South Africa continue to suffer from broader inequalities present across the economy, with key sectors often having large differentials between the pay offered to managerial staff and key frontline factor workers. However, a number of beneficiary sectors do offer above average pay levels, highlighting the importance of safeguarding jobs in manufacturing sectors like automotives and machinery. The table below outlines the average monthly salaries of employees in a range of AGOA benefiting products against the National Minimum Wage (NMW).

Table 8: Average monthly earnings, workers in key AGOA export sectors, 2019

SECTOR	ELEMENTARY STAFF	PLANT AND MACHINERY OPERATORS	TECHNICANS	CLERKS AND SUPPORT STAFF
Automotive components	ZAR 10 631	ZAR 8 105	ZAR 13 941	ZAR 5 204
Basic chemicals	ZAR 5 584	ZAR 3 922	ZAR 2 000	ZAR 4 945
Basic iron and steel	ZAR 6 198	ZAR 9 083	ZAR 10 246	ZAR 9 999
Furniture	ZAR 3 539	ZAR 4 049	ZAR 13 683	ZAR 8 360
General purpose machinery	ZAR 6 258	ZAR 13 772	ZAR 13 503	ZAR 23 097
Leather	ZAR 2 646	ZAR 5 011	ZAR 10 833	
Motor vehicles	ZAR 6 557	ZAR 9 805	ZAR 13 355	ZAR 15 304
Other textiles	ZAR 4 802	ZAR 13 093	ZAR 3 685	ZAR 2 628
Plastic products	ZAR 4 068	ZAR 4 136	ZAR 22 776	ZAR 12 073
Precious and non-ferrous metals	ZAR 9 938	ZAR 9 257	ZAR 10 405	ZAR 20 812
Shipbuilding	ZAR 4 500	ZAR 3 466	ZAR 3 651	ZAR 7 100

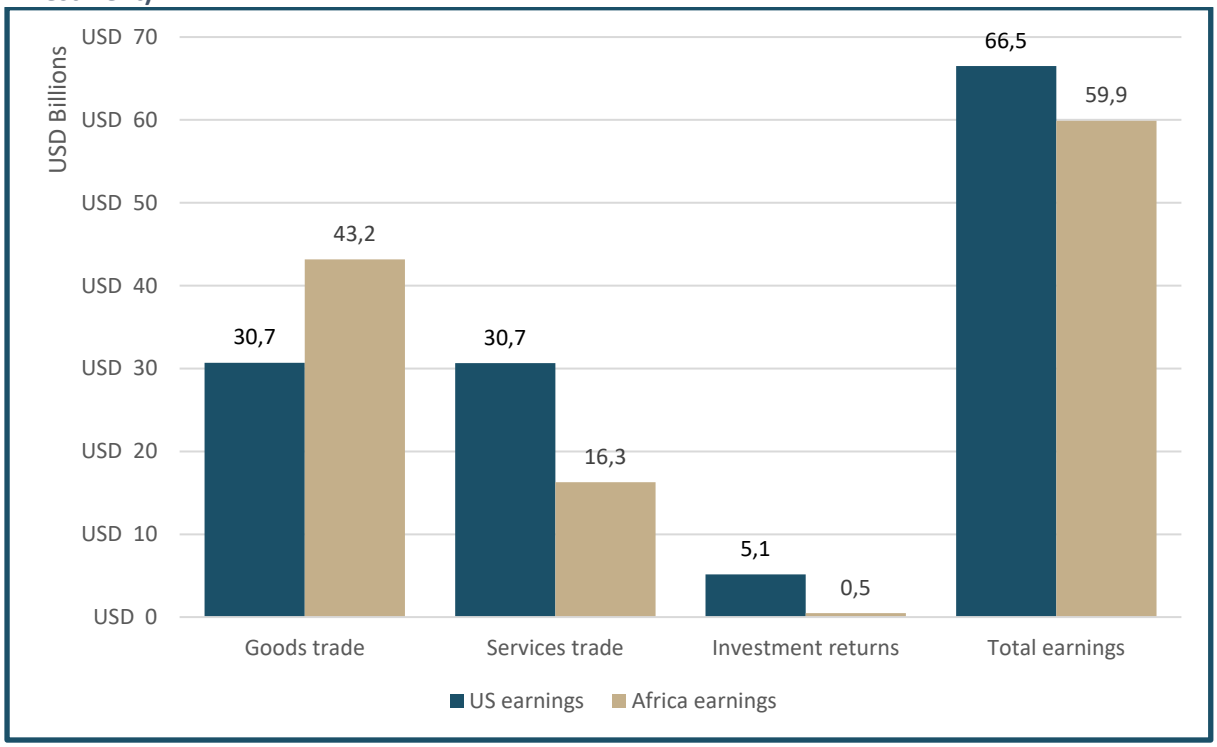
Note: The NMW in South Africa in 2022 was R20, the equivalent of roughly R3 133 to R3 467 per month.
Source: StatsSA, Labour Market Dynamics, 2019.

2.2. Investment and services

While much of the focus under AGOA understandably falls on trade in goods, the US is world's largest market for services trade, and much of the benefits of the relationship between the US and the AGOA bloc fall in their trade in services and investment sectors.

For example, in 2022, while the US's imports of critical minerals meant the country ran a large trade deficit in trade with Africa, when including services trade and investment, the US is a major net beneficiary – running a US$6,5 billion surplus in the overall economic relationship with Africa.

Figure 11: Share of benefits, US-Africa economic relationship, 2019 (services) and 2022 (goods/ investment)

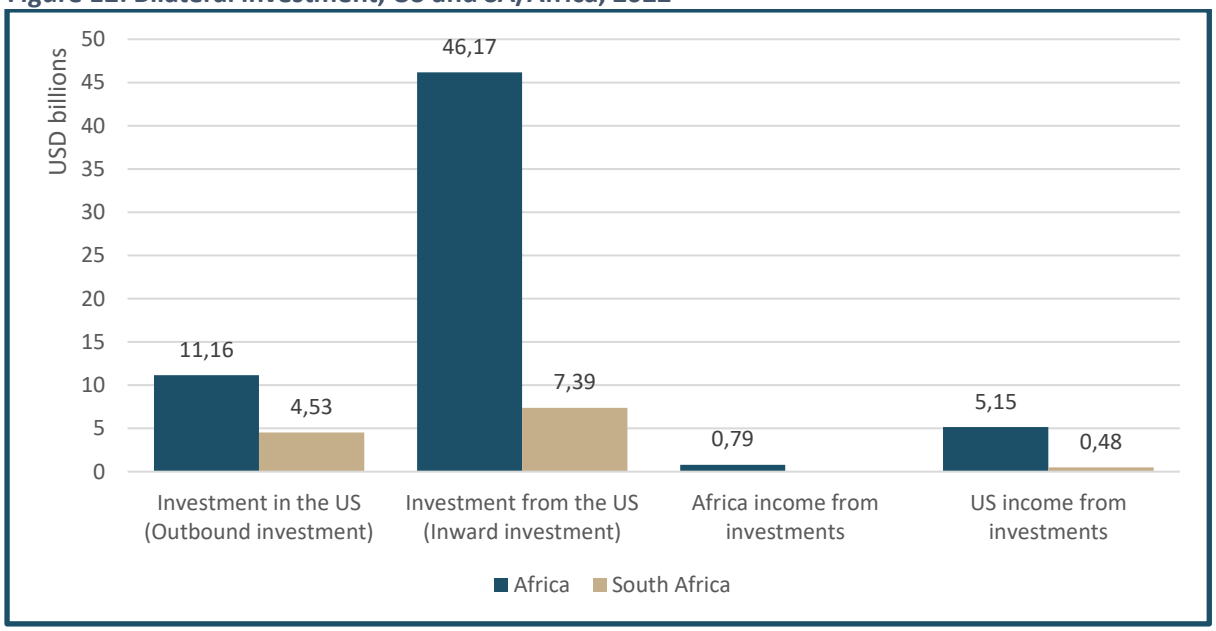


Source: UN Comtrade database; OECD-WTO Balanced Trade in Services (BaTIS) database; US Bureau of Economic Analysis (BEA), Direct Investment by Country and Industry, 2022.

Unsurprisingly, outbound investment from the US into the AGOA bloc is substantially larger than beneficiary countries' investment in the US, mainly because of US companies investing heavily in both African resource endowments (likes mines and petroleum reserves) and in establishing consumer footholds in key markets. Mining accounted for 47% of US investment in Africa in 2022, while finance and holding companies make up another 21% and manufacturing a further 14%. The exception to this rule is again US investment in South Africa, in which manufacturing makes up 43% of the total, and which again demonstrates the country's role as the central US production hub in Africa.

Despite this, there is a rapidly emerging trend of significant investment from African markets into the United States, with South Africa being by far the most significant US investor from the region. South Africa accounts for 40% of investments in the US by African states (roughly US$4,5 billion of the total US$11 billion). But this likely undercounts the role of South Africa in driving investment from Africa, with most of the remainder (around 46%) flowing from Mauritius, which is likely to actually be investments from third-parties like India. While specific details on these investment aren't available, they're almost certainly anchored by Sasol's mega investments in its Lake Charles complex, along with key investments in the US's shale gas and information and communication technology (ICT) sectors.

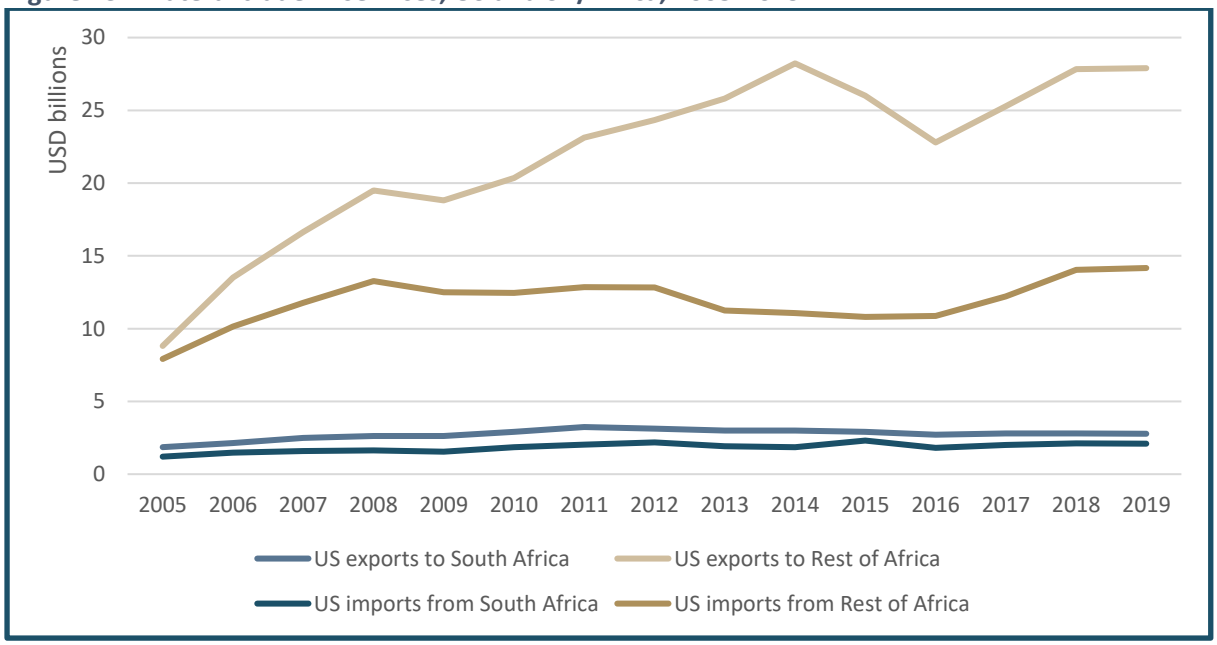
Figure 12: Bilateral investment, US and SA/Africa, 2022



Source: US Bureau of Economic Analysis (BEA), Direct Investment by Country and Industry, 2022.

Services trade follows a similar pattern, with Africa becoming an increasingly important market for American services exports. US services exports to Africa have more than tripled since 2005, expanding significantly faster than exports to the rest of the world, even as South Africa's services trade has mostly stagnated.

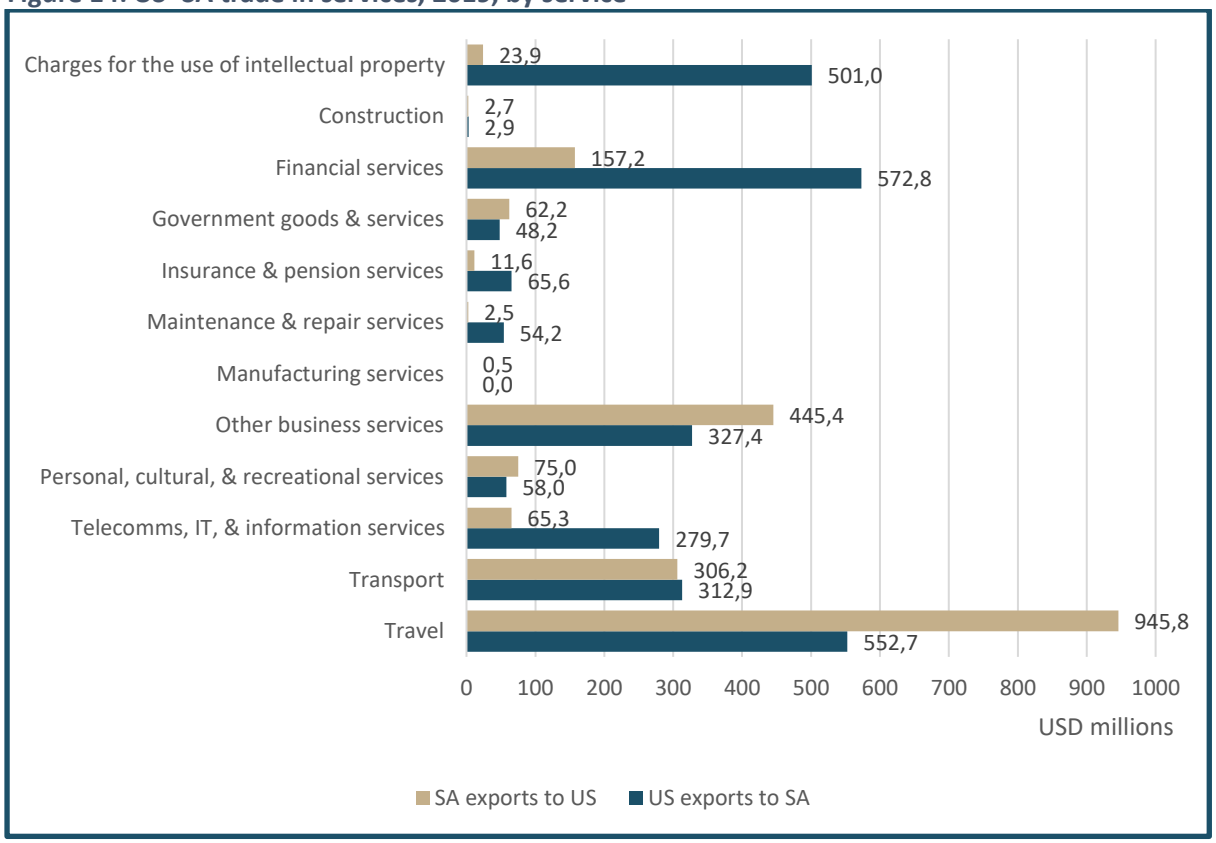
Figure 13: Bilateral trade in services, US and SA/Africa, 2005-2019



Source: OECD-WTO Balanced Trade in Services database (BaTIS) database. Values reported are balanced values.

US services exports are dominated by financial services and the ownership of intellectual property, with a notable but relatively smaller role for ICT and business services. By contrast, tourism dominates South African services exports to the US, with tourists in South African making 45% of services exports to the US. Notably services linked to manufacturing sectors remain significantly underdeveloped, beyond the use by manufacturing of some general business services. Deepening industrial capacity in Africa would almost certainly help anchor additional growth in trade in services.

Figure 14: US- SA trade in services, 2019, by service



Source: OECD-WTO Balanced Trade in Services (BaTIS) database. Values reported are balanced values.

While both services and investment aren't directly linked to trade under AGOA, they speak to the need for a deeper understanding of the US-South Africa and US-Africa relationship, which is contextualised around the expanding range of sectors and activities that drive mutual benefits within the relationship.

2.3. Critical inputs

Along with markets around the world, the United States is increasingly focused on a dual transformation of critical value chains, aimed at both greening production and derisking supply chains. These two priorities intersect around the sourcing of critical minerals and inputs, which are essential to a wide range of green industrial priorities – like electric vehicles and solar panels – but are concentrated in a range of markets that the US is increasingly concerned about sourcing from. These concerns have ramped up rapidly in the wake of the Russian invasion of Ukraine, which sparked efforts in the US to reduce sourcing from strategic rivals like Russia and China.

Both of these trends are notably important for South Africa, both because of the country's large stockpiles of a wide range of critical minerals, and the close historic relationship between the US and South Africa. The United States Geological Survey (USGS) maintains a list of fifty critical minerals for the United States, and identifies South Africa as a significant source of fifteen of these. These unsurprisingly include platinum group metals (PGMs) and chromium, but also increasingly draw on metals like manganese and vanadium.

Table 9: South African production and reserves of US Critical Minerals, 2022

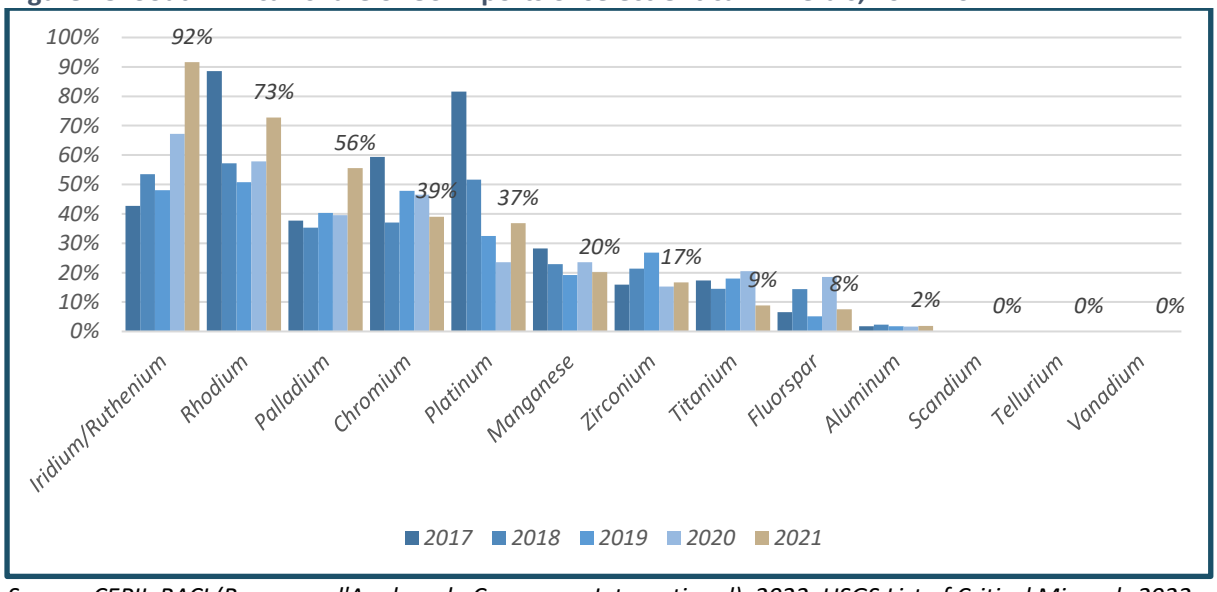
CRITICAL MINERALS	USAGE	SHARE OF PRODUCTION	SHARE OF RESERVES
Platinum	Catalytic converters	74%	90%*
Chromium	Stainless steel and other alloys	44%	36%
Palladium	Catalytic converters and as a catalyst agent	38%	90%*
Manganese	Steelmaking and batteries	36%	38%
Zirconium	High-temperature ceramics and corrosion-resistant alloys	23%	9%
Titanium	White pigment or metal alloys	10%	5%
Vanadium	Alloying agent for iron and steel	9%	13%
Fluorspar	Aluminium, cement, steel, gasoline, and fluorine chemicals	5%	16%
Tellurium	Solar cells, thermoelectric devices, and as alloying additive	1%	3%
Iridium	Coating anodes for electrochemical processes and catalyst	NA	90%*
Rhodium	Catalytic converters, electrical components, and as a catalyst	NA	90%*
Ruthenium	Catalysts, electrical contacts and chip resistors computers	NA	90%*
Aluminium	All sectors	1% (estimated)	NA
Hafnium	Nuclear control rods, alloys, and high-temperature ceramics	Values not available	
Scandium	Alloys, ceramics, and fuel cells	Values not available	

**Refers to reserves of Platinum Group Metals as a whole.*

Source: USGS Mineral Commodity Summaries 2023; USGS List of Critical Minerals 2022

As can be seen in Figure 15, South Africa is already a critical source of US strategic minerals, making up more than half of US imports of a range of key PGMs, and more than a fifth of a further three core inputs.

Figure 15: South African share of US imports of select Critical Minerals, 2017-2021

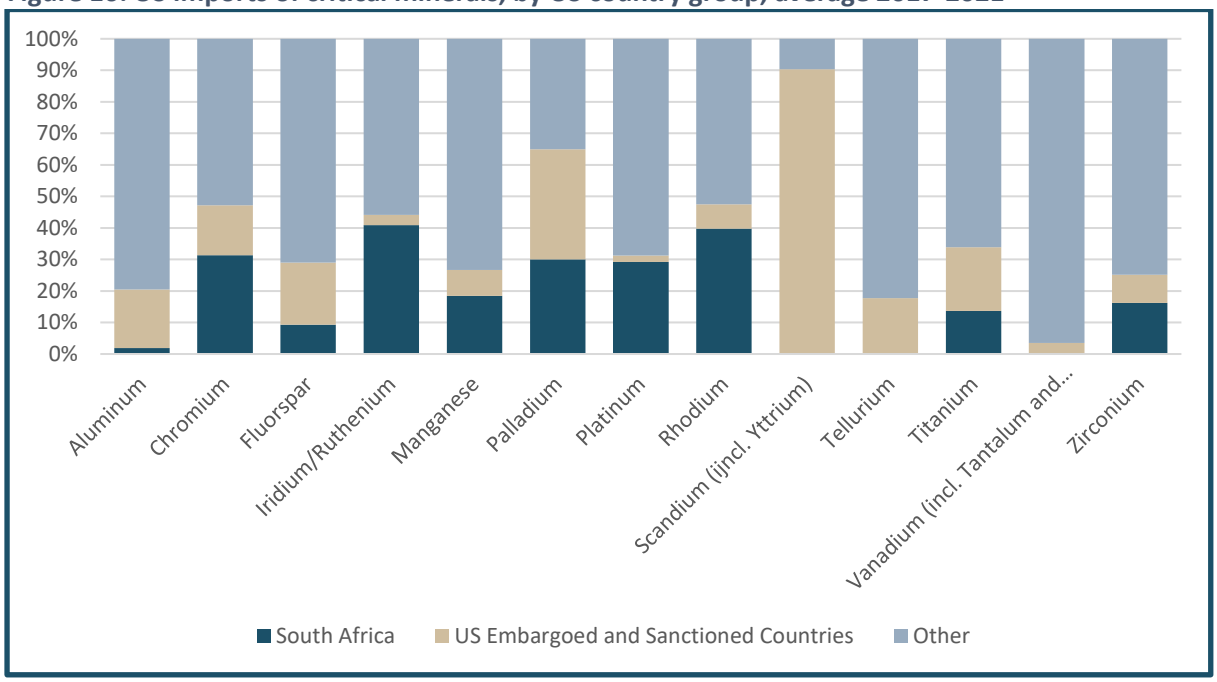


Source: CEPII, BACI (Base pour l'Analyse du Commerce International), 2022; USGS List of Critical Minerals 2022.

The high levels of dependence on South Africa supply – particularly in areas like chromium and PGMs – is often even greater than is apparent from current import trends, because alternative suppliers are frequently countries that the US would be wary to source from. As mentioned, the US is currently in the process of derisking its critical value chains by decreasing dependence on high-risk markets, such as geopolitical rivals or countries that have expressed anti-US sentiments.

As a proxy for this group, Figure 16 looks at the share of US critical minerals that are sourced from countries in which the US maintains some form of trade restrictions (even if these restrictions aren't on the minerals in question). The two most notable countries are Russia (which is a major alternative supplier of PGMs) and China (a globally important source of rare earth minerals, among many other key inputs). Notably, in products like palladium, these US-identified risk markets account for 35% of total imports, and would likely be the only viable alternative source if South African supply were not available.

Figure 16: US imports of critical minerals, by US country group, average 2017-2021



Note: Countries included in the US Embargoed and Sanctioned Countries list include Afghanistan, Belarus, Central African Rep., Sri Lanka, China, Congo, Cuba, Cyprus, Eritrea, Haiti, China, Hong Kong SAR, Iran, Iraq, Cote d'Ivoire, Dem. People's Rep. of Korea, Lebanon, Liberia, Libya, China, Macao SAR, Russian Federation, Vietnam, Somalia, Zimbabwe, Syria, Venezuela, Yemen
Source: CEPII, BACI 2022; USGS List of Critical Minerals 2022; University of Pittsburgh, Office of Trade Compliance, Embargoed and Sanctioned Countries

These broad supply trends likely underestimate the extent to which US critical mineral supply chains flow through these markets, since countries like China have an extremely significant presence in a wide range of third countries. For example, the second largest source of US ferrochrome imports in 2022 (after Russia), was Kazakhstan, in which most local operations are run by Chinese companies operating along Chinese-built infrastructure. These complexities point to both the difficulties of US efforts to decouple from geopolitical rivals, and the importance of maintaining strong supply relationships with third countries like South Africa.

3. REGIONAL IMPACT OF AGOA

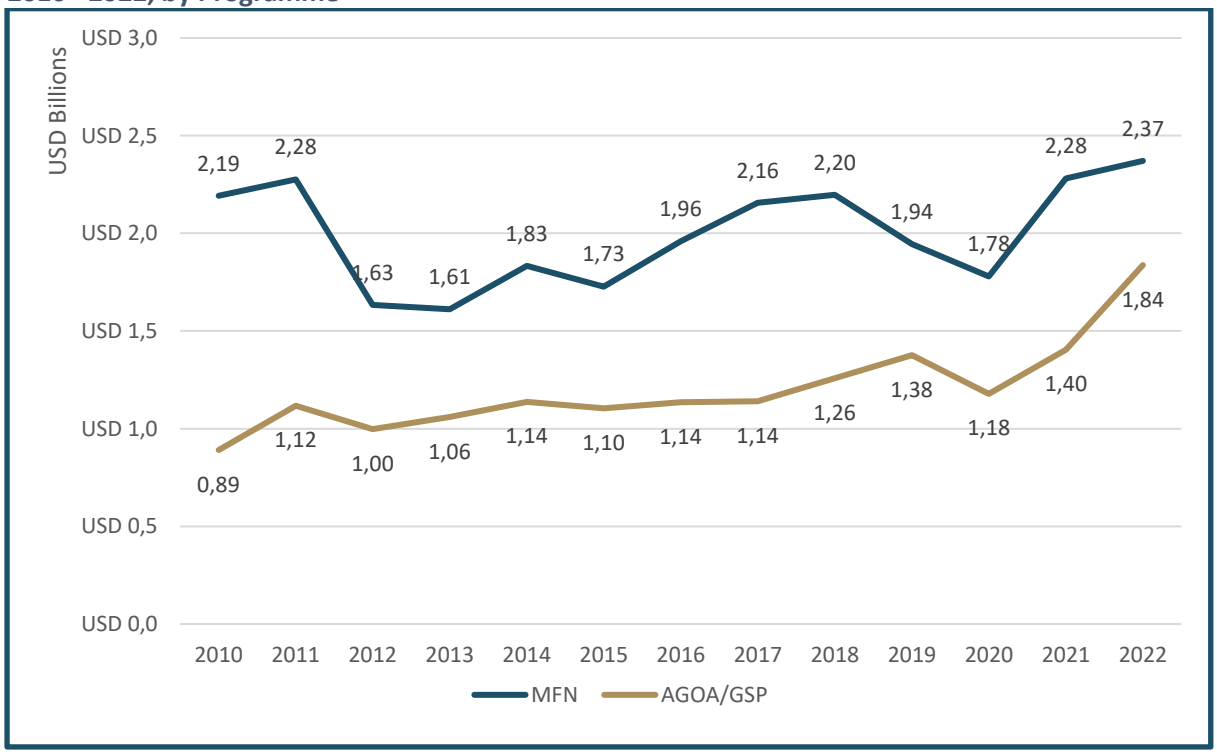
3.1. Direct exports to the US

The underlying theory of change in AGOA is typically framed as development driven through value-added exports from African markets. With the 2015 extension specifically citing that "(i)t is a goal of the United States to further integrate sub-Saharan African countries into the global economy, stimulate economic development in Africa, and diversify sources of growth in sub-Saharan Africa."

Despite this, the barriers to African markets directly exporting to the United States remain daunting. The US is the most sought after consumer market in the world, and African companies have to compete with well-established rivals from both advanced economies and emerging powerhouses like China, all while managing compliance with a complex trade and regulatory environment. Considering that African countries remain under-industrialised, and often lack a strong domestic base from which to build the impressive capabilities required by this undertaking, the lowering of tariff barriers in isolation from real industrial growth was never likely to radically alter the trading relationship between Africa and the United States.

This has been well evidenced in trade data since the start of AGOA, in which perhaps the most significant weakness of the programme has been its inability to support value-added exports from Africa, particularly in manufacturing. As can be seen in Figure 17 below, while there has been a recent spike in manufacturing exports from the AGOA group (outside of South Africa), the broader trend has shown largely stagnant export patterns via both MFN and preferential routes.

Figure 17: Manufacturing exports from AGOA Africa group (excluding South Africa) to the US, 2010– 2022, by Programme



Source: US International Trade Commission (USITC) DataWeb.

Even where there have been manufacturing export successes, these have been incredibly concentrated, with 15 products making up 90% of total manufacturing exports from the rest of the AGOA group to the US. These are strongly clustered in clothing (making up about 35% of manufacturing exports) and cocoa (around 25%), with a few additional areas of success, many of which are grounded in local resource endowments.

Table 10: AGOA (excluding South Africa) top 15 manufacturing exports to the US, 2022, by product

PRODUCT	EXPORTS VIA MFN/OTHER	EXPORTS VIA AGOA/GSP	TOTAL EXPORTS	SHARE OF EXPORTS
Cocoa products	USD 896 587 443	USD 157 665 498	USD 1 054 252 941	25,0%
Clothing, outerwear	USD 23 960 769	USD 932 281 128	USD 956 241 897	22,7%
Clothing, shirts	USD 16 112 374	USD 382 256 477	USD 398 368 851	9,5%
Herbs and spices	USD 317 777 557	USD 1 784 249	USD 319 561 806	7,6%
Natural, synthetic and and reclaimed rubber	USD 291 234 260	USD 0	USD 291 234 260	6,9%
Fertilisers	USD 212 230 483	USD 0	USD 212 230 483	5,0%
Prepared seafood products	USD 34 112 780	USD 74 137 459	USD 108 250 239	2,6%
Soya	USD 58 732 203	USD 29 838 272	USD 88 570 475	2,1%
Lead and products of lead	USD 117 625	USD 82 058 169	USD 82 175 794	2,0%
Processed wood	USD 55 805 568	USD 11 472 649	USD 67 278 217	1,6%
Personal accessories	USD 64 760 136	USD 1 147 107	USD 65 907 243	1,6%
Other fruit and veg products	USD 51 148 278	USD 1 094 471	USD 52 242 749	1,2%
Hydrocarbons	USD 46 084 877	USD 0	USD 46 084 877	1,1%
Sweets and chocolates	USD 14 911 660	USD 27 940 938	USD 42 852 598	1,0%
Clothing, underwear	USD 7 308 127	USD 32 498 695	USD 39 806 822	0,9%

Source: US International Trade Commission (USITC) DataWeb.

The lacklustre performance of manufacturing exports has a number of causes, including AGOA coinciding with the rise of ultra-competitive manufacturing exports from China, and domestic economic weakness in many African states. But the most important contributor has been the inherent difficulty of exporting to the US market, in which tariffs are among the smallest barriers. Much more complex are the difficulties in building the capacity to compete among the most sought-after markets in the world; building local infrastructure and support systems that can underpin that competitiveness; building relationships with US purchasers and retailers; developing effective logistics routes to market; and navigating the complex US regulatory environment, both at the border and beyond it.

Even with discounted tariff barriers under AGOA, most companies will still need to reach a high level of sophistication before they can compete in the US market. This is particularly challenging given that many African markets are based in domestic markets that are often flooded with cheap imports or second-hand goods, which makes it difficult to build their core capacities locally, before jumping straight into exporting. Very few companies manage to move straight into export markets without a strong domestic base . Even in South Africa, exports account for the majority of output for less than 10% of South African exporters, while median exporters export only 4% of their output – and weaknesses in the domestic and regional market often make it impossible for companies to make the leap straight to a prized market like the United States.

3.2. Regional routes to market

Given the limited success and intrinsic barriers of direct routes to the US market, regional export development has increasingly focused on using regional routes to market to indirectly benefit from US preferences. These regional routes come in two forms. The first is to use exports to regional hubs as a launchpad for exports further abroad, making use of more accessible regional trade as a stepping stone to develop the capacity needed to export to more complex markets like the United States. The second is to develop regional value chains in which more established exporters source from less developed neighbours, and anchor indirect exports to the US

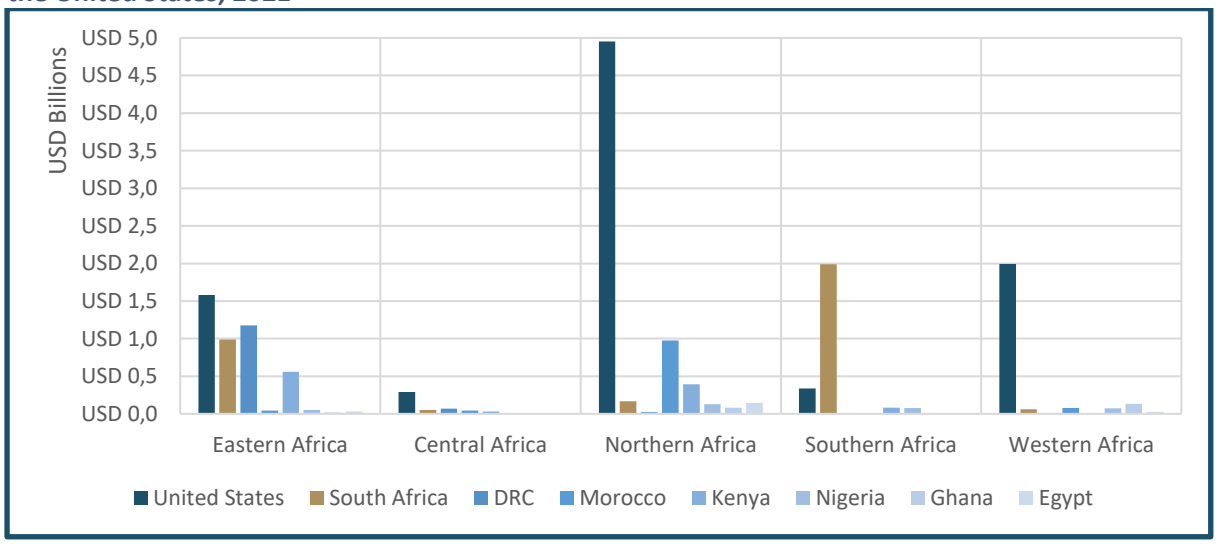
In the first, the aim is to use increased regional trade to anchor growth in the short term, build capabilities, and then expand further abroad. The benefits of this approach are two-fold, allowing both more accessible regional markets and offering the growth opportunities that empower companies to invest in the facilities and learnings they need to compete in more complex markets.

To put it simply, a firm in Lesotho would face far fewer barriers exporting to South Africa – where it benefits from easy access, a more familiar economic and culture space, and easier access to partners and clients – than it would to try and immediately export to the US. Regional trade is both a more realistic target for regional firms without much export experience, and can serve as a useful anchor for future trade with the US. For example, losing a single shipment of a product to the US (due to a regulatory hiccup or logistics problem) can mean closure for a firm that hedged entirely on deep-sea exports, whereas it would be a large but ultimately manageable problem for a company already benefiting from established exports to neighbours.

While much has been made of both the weakness of interregional trade in Africa, and the potential for the African Continental Free Trade Area (AfCFTA) to resolve this underrealised potential, the barriers to regional trade nevertheless remain high. The most central of these barriers is a lack of compatibility between what most African markets produce, with countries that focus on basic commodities unlikely to have much of a reason to trade with each other.

Despite this, hub countries already often play a crucial role in anchoring export capacity in their respective regions. This is most notable in Southern Africa, where South Africa purchases significantly more manufacturing exports from its neighbours than the US, but is similarly notable across most other regions, particularly when one considers the relative scale of buying power in the US and these individual hubs.

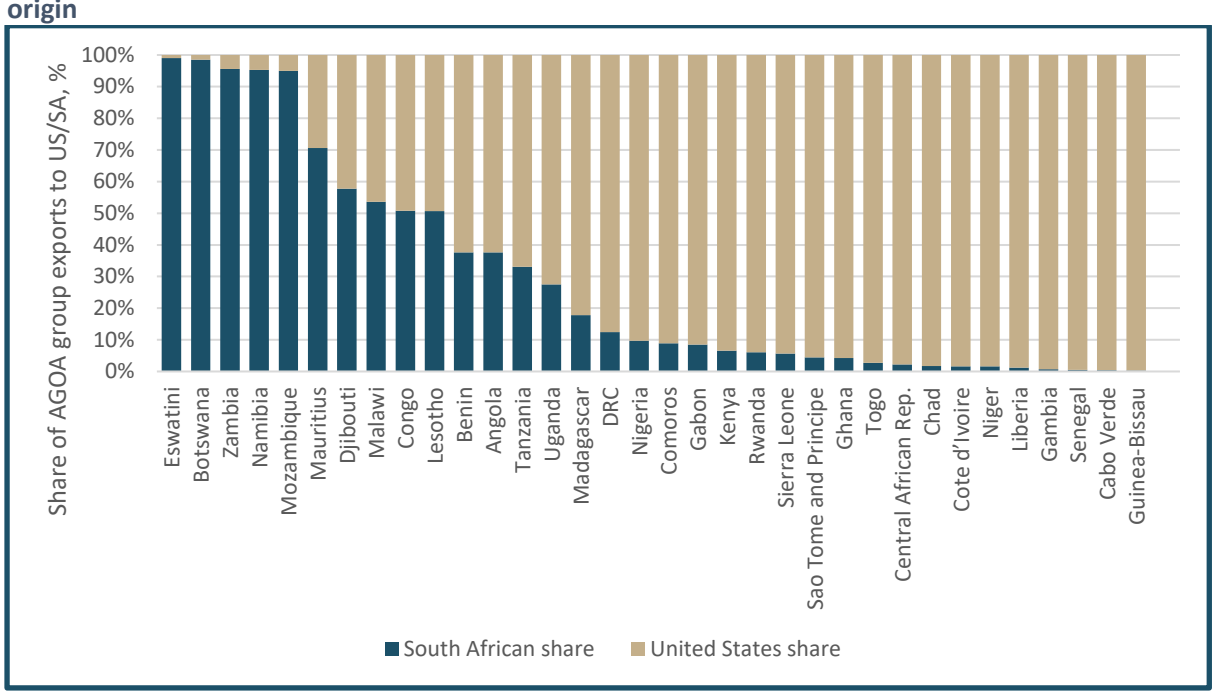
Figure 18: African (excluding South Africa) regions' manufacturing exports to key regional hubs and the United States, 2021



Source: CEPII, BACI (Base pour l'Analyse du Commerce International), 2022.

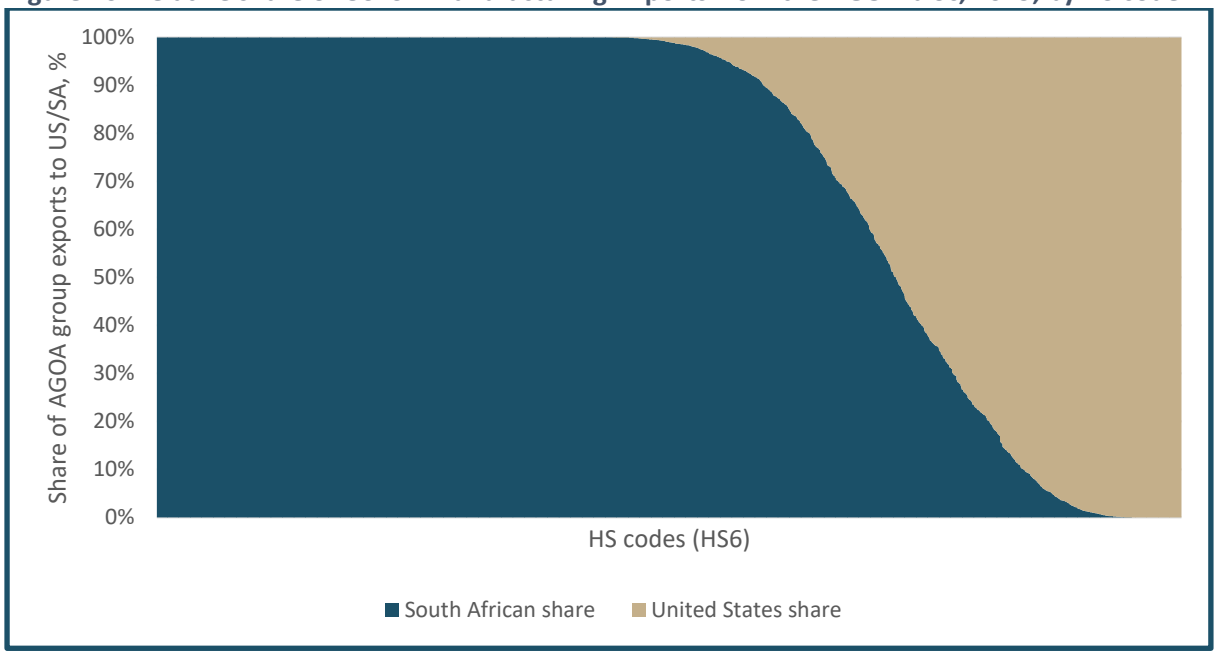
In general, imports by the United States tend to be greater, but more concentrated than imports from major African hub markets. This contrast can be seen in Figures 19 and 20, which both compare the relative scale of imports from AGOA beneficiaries by the US and South Africa. As can be seen in Figure 19, South Africa tends to be more the biggest importer for a smaller subset of African markets, with the US purchasing more from about 70% of AGOA markets. By contrast, South Africa is a more diversified importer from other African markets, being the larger importer in about 72% of total product lines trade among the bloc and the two countries.

Figure 19: Relative share of US+SA manufacturing imports from the AGOA bloc, 2019, by market of origin



Source: CEPII, BACI (Base pour l'Analyse du Commerce International), 2022

Figure 20: Relative share of US+SA manufacturing imports from the AGOA bloc, 2019, by HS code



Source: CEPII, BACI (Base pour l'Analyse du Commerce International), 2022.

These trends suggest that South Africa tends to be a more important importer of less-developed products from other African markets, offering support to the general view that hub markets can help anchor the development of nascent exports that struggle to perform in major markets like the US. And they support a strategic direction in AGOA and US trade policy in Africa more generally, which should leverage the power of regional hubs like South Africa to bed-in exports for less developed products.

These hub markets also play a critical role in the second regional route to market, which is to export to the US via participation in regional production networks. This would involve selling to producers in other African markets that would then use these inputs in the production of goods bound for the US. Perhaps the most widely cited example of these value chains is the case of the South Africa automotive industry, which sources products like wiring harnesses from Botswana and seats from Lesotho, and utilises these components in production for export.

Despite these examples, the available evidence suggests that these value chains remain significantly underdeveloped, largely because of the insufficient diversification and industrial development in many African markets. But building these value chain structures can provide both a more accessible route to market for component producers that often struggle to enter relatively rigid and complex supply chains centred elsewhere in the world, and can help spread the benefit of exports from more established exporters.

While a full scoping of these value chains was beyond the scope of this paper, these value chains have significant potential to anchor future growth in future iterations of AGOA, and are a subject that deserves further attention.

While the renewal of AGOA is always a moment of considerable uncertainty, the current renewal process is considerably more complex than most previous iterations. Three broad risk scenarios remain possible: a failure to renew AGOA; a renewal of AGOA that graduates South Africa due its development status; and a renewal of AGOA that excludes South Africa due to increasing geopolitical tension with the US, particularly given American perceptions of South Africa's allegiance with Russia and China.

4. THE FUTURE OF AGOA

4.1. Political economy

While the renewal of AGOA is always a moment of considerable uncertainty, the current renewal process is considerably more complex than most previous iterations. Three broad risk scenarios remain possible: a failure to renew AGOA; a renewal of AGOA that graduates South Africa due its development status; and a renewal of AGOA that excludes South Africa due to increasing geopolitical tension with the US, particularly given American perceptions of South Africa's allegiance with Russia and China.

Of these, the first risk seems the least likely. AGOA remains a popular programme with broad bipartisan support in Congress. Despite this, there was an initial spike of uncertainty over reported efforts by the US administration to develop free trade agreements with African markets, as a potential long-term replacement for AGOA. The main impetus for these concerns were the start of talks between the US and Kenya, over a free trade agreement that was positioned as a potential model for post-AGOA trade with Africa.

The negotiations began in mid-2020, with the expressed intention to negotiate a trade agreement that was "responding to Congress' support, as expressed in the African Growth and Opportunity Act (AGOA), to negotiate reciprocal and mutually beneficial trade agreements that serve the interests of both the United States and the countries of sub-Saharan Africa".[1] The objectives noted that "(o)ur vision is to conclude an agreement with Kenya that can serve as a model for additional agreements in Africa, leading to a network of agreements that contribute to Africa's regional integration objectives. In addition, our goal is to conclude an agreement that builds on the objectives of AGOA and will serve as an enduring foundation to expand U.S.-Africa trade and investment across the continent."[2]

Despite these efforts, the negotiations with Kenya have proceeded much slower than anticipated, due in part to changes in administration in both countries, and the future of the deal remains uncertain. Despite this, the efforts were broadly interpreted as evidence of increasing efforts to move AGOA away from a unilateral preference, and towards a free trade agreement that can facilitate US market access to key African markets. These pressures will likely only grow as the African market becomes an increasingly important global consumer but, in the short term, these objectives seemed to have receded in the face of efforts to simply secure existing US-Africa relations in the face of more outright geopolitical competition from countries such as China and Russia.

This priority shift was highlighted by a recent effort by Senator Robert Kennedy of Louisiana to put forward an extended 20-year renewal of AGOA, with the draft Bill citing that "the long-term economic security of the United States is enhanced by strong economic and political ties with the fastest-growing economies in the world, many of which are in sub-Saharan Africa".[3] While it is unclear if the proposed Bill will form the basis for the ultimate renewal (particularly considering Senator Kennedy is not a key figure in the committees that typically oversee renewal), it nevertheless is further confirmation that AGOA is likely to be extended.

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[1] Office of the United States Trade Representative and Executive Office of the President. United States – Kenya Negotiations: Summary of Specific Negotiating Objectives. May 2020. https://ustr.gov/sites/default/files/Summary_of_U.S.-Kenya_Negotiating_Objectives.pdf.

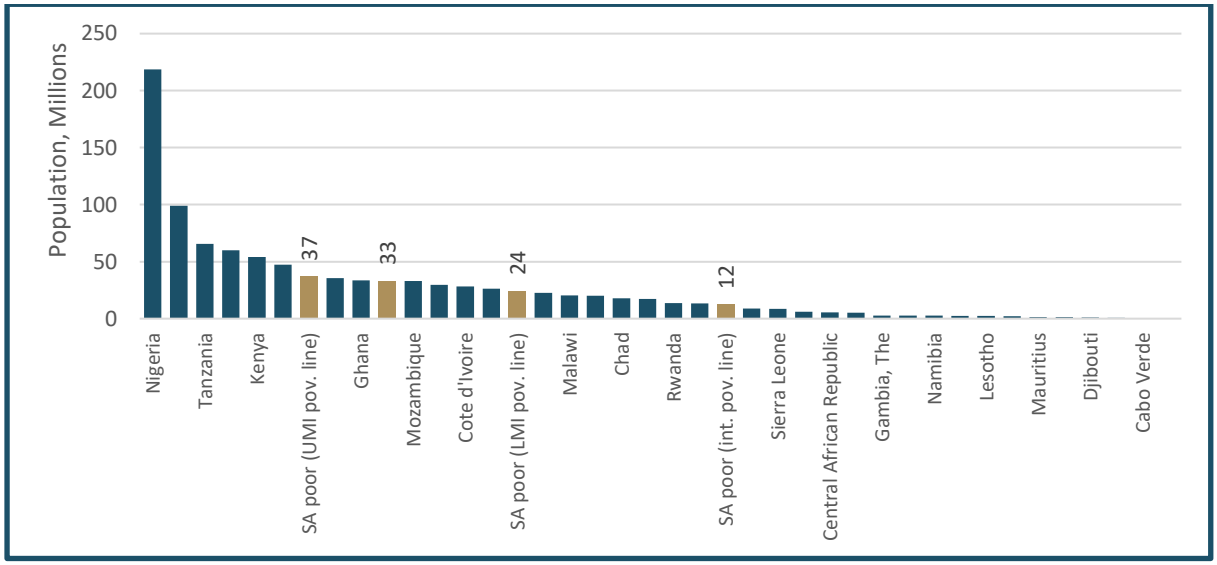
[2] Office of the United States Trade Representative and Executive Office of the President.

[3] Senator John Kennedy. To Extend the African Growth and Opportunity Act. Pub. L. No. S. 2952 (2023). https://agoa.info/images/documents/16318/bills-118s2952is.pdf.

The other risks, however, are much more uncertain. South Africa's relatively higher levels of wealth, industrialisation and export success relative to the rest of the continent has frequently been cited as a reason to graduate South Africa out of AGOA. While graduation has more typically been reserved for countries moving out of least developed or emerging status – such as the Seychelles being classified as a developed country in 2015 – it is true that by many measures South Africa is considerably wealthier than many other beneficiaries, with the fourth highest GDP per capita in the group (behind Mauritius, Botswana and Gabon).

Despite this, the extremely high levels of inequality in South Africa effectively mean that the country is host to multiple economic realities in one nation. While the relevant data is mainly outdated (being last measured in 2014), previous estimates put 55.5% of the population below the national poverty line. At this rate, South Africa's population living below the poverty line would be larger than the total population of 28 other AGOA beneficiary countries. Using the international poverty line for upper-middle income countries as a benchmark, South Africa's population below the poverty line would be larger than all AGOA member states except Nigeria, Democratic Republic of the Congo, Tanzania, Kenya and Uganda.

Figure 21: Population of South Africans living below poverty lines vs total population in AGOA beneficiaries



Source: World Bank datasets.

A number of other measures demonstrate the extent to which South Africa remains a significantly underdeveloped country, even if notable portions of the population are disproportionately wealthy, and there is still a compelling case for South Africa to remain in AGOA and other programmes to support developing African states. Despite this, risks remain high that the industrialised nature of South Africa creates risks for US firms that aren't matched by the types of reciprocal market access offered in a free trade agreement. These risks mean South Africa continues to face threats of exclusion, with US thinking on South Africa's continued inclusion being very unclear at present.

South Africa's continued participation in AGOA has been thrown into considerably more doubt by the tense geopolitical relationship between the US and South Africa, which rapidly deteriorated to the worst position since 1994 in the aftermath of the war in Ukraine. While relations have always been somewhat strained by South Africa's close relationship with the BRICS (Brazil, Russia, India, China and South Africa) countries, South Africa has historically managed to maintain close ties to the US,

mainly by balancing these positions with a broader framework of non-alignment, and simply through the strategic importance of South Africa to US interests in Africa.

The war in Ukraine and rising geopolitical tensions between the US, Russia and China have added significant tensions to international relations, and AGOA is not immune from their spill-over. The March 2023 press conference hosted by US Ambassador Reuben Brigety alleging South Africa shipped arms to Russia in December 2022 added significant tensions to an already fraught situation.

These issues were cited by a group of influential congresspeople that strongly criticised South Africa's planned hosting of the AGOA forum in 2023, and suggested that South Africa's AGOA eligibility status be reviewed. The letter noted that "…these actions by South Africa call into question its eligibility for trade benefits under AGOA due to the statutory requirement that beneficiary countries not engage in activities that undermine United States national security or foreign policy interests. While we understand that the AGOA eligibility review process for 2024 is underway and that decisions have not yet been made, we question whether a country in danger of losing AGOA benefits should have the privilege of hosting the 2023 AGOA Forum."[4]

Organised labour reports that relations have subsequently been improved by concerted efforts by the US and South African governments at the highest level, which have sought to reduce tensions and address concerns. This included South Africa's President appointing a judicial enquiry into the allegations of arms shipments to Russia and South Africa sending a high-level government led delegation to Washington D.C. in July to meet with key stakeholders in the administration, congress, business and labour.

In November, South Africa hosted a successful AGOA Ministerial Forum, which organised labour reported as having not only helped calm tensions that had arisen, but helped shift the debate in a constructive manner to how can AGOA be improved to enhance better support not only South Africa but Africa's economic and industrial development. The Forum included a dedicated Organised Labour programme for the first time with strong representation from the labour movement in South Africa, Africa and the US. This labour leg placed on the agenda for a new AGOA the need for provisions to support labour rights and fair labour practices. Positive support for this stance was received from the South African and US governments.

While relations have seemingly improved in recent months, the risks of South Africa's geopolitical position for AGOA remain high. Much of the reality of this threat will come down to judgement call by the US on whether punishing South Africa through an exclusion from AGOA would simply move the country deeper into the Russia-China bloc. It seems overwhelmingly likely that this would be the result of an AGOA exclusion, and much of the decision-making will fall on a balancing of priorities by the US, on whether the relationship is valuable enough to avoid a possible future rift over exclusion.

While gauging sentiment in a famously divisive US Congress is complex, some evidence on where current sentiment lies is on offer through existing voting patterns. In particularly, the 113 representatives and senators that make up three core congressional committees are worth examining. These committees include the House Ways & Means and Foreign Affairs committees, and the Senate Foreign Affairs committee, along with the relevant subcommittees, as detailed in Table 11. Together, these committees have typically been the central drivers of the AGOA renewal process,

[4] Christopher Coons et al. Letter Addressed to Secretary Antony Blinken, Ambassador Katherine Tai and the Honorable Jacob Sullivan. June 9, 2023. https://int.nyt.com/data/documenttools/us-letter-south-africa-russia/ab0d414a0435d000/full.pdf

and have in the past also been the points at which opposition to renewal or the inclusion of certain markets have manifested.

Table 11: Key US Congressional committees and subcommittees for AGOA renewal

COMMITTEE	SUBCOMMITTEE	COMMITTEE		SUBCOMMITTEE	
		CHAIR	RANKING MEMBER	CHAIR	RANKING MEMBER
House Foreign Affairs	Trade	Jason Smith (R-MO)	Richard Nea (D-MA)	Adrian Smith (R-NE)	Earl Blumenauer (D-OR)
House Ways & Means	Africa	Michael McCaul (R-TX10	Gregory Meeks (D-NY5)	John James (R-MI10)	Sara Jacobs (D-CA51)
Senate Foreign Relations	Africa and Global Health Policy	Benjamin Cardin (D-MD)	James Risch (R-ID)	Cory Booker (D-NJ)	Tim Scott (R-SC)

Source: Committee/Subcommittee websites

To assess the general positioning of these congresspeople, seven indicative votes were selected. These included a cluster of three votes that weight on sentiment to Russia and China, two votes that are suggestive of more aggressive US industrial policy, one vote that was strongly focused on US critical mineral value chains, and the previous reauthorisation of AGOA. These offer some insights on, respectively, how the congresspeople might view South Africa's geopolitics; how concerned they might be of threats to US firms from South African exports; how much they might value South Africa's role as a supplier of critical minerals; and general views on AGOA.

Table 12: Indicative votes used for Congressional analysis

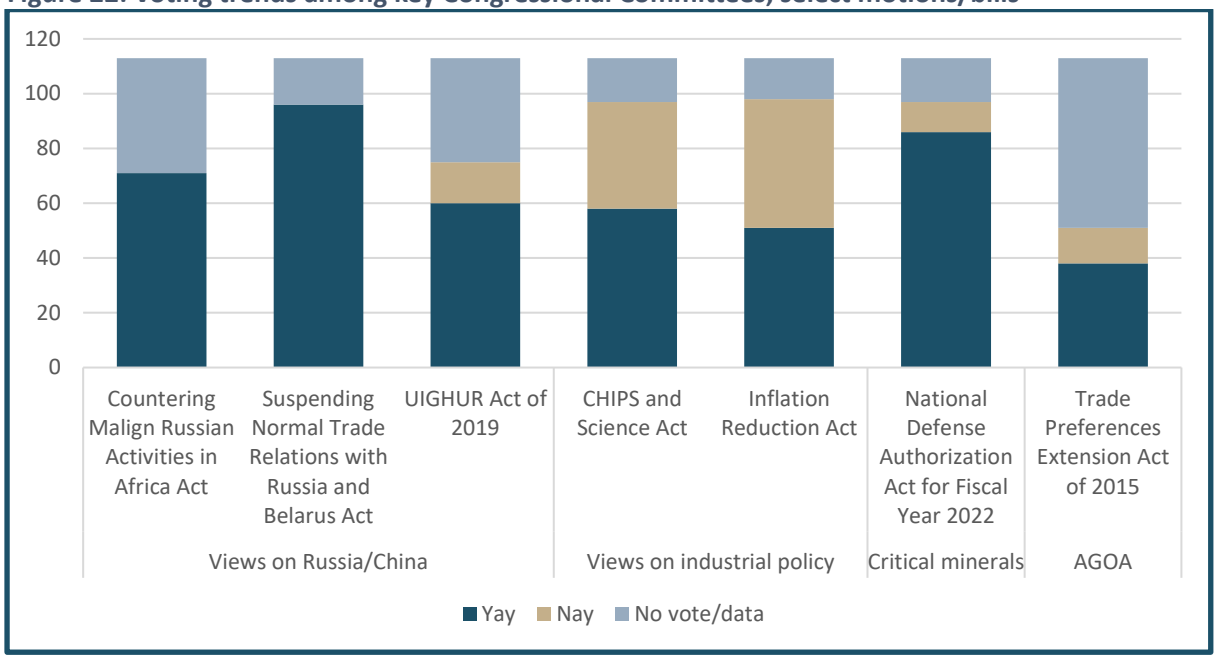
Vote	Indicative of
Suspending Normal Trade Relations with Russia and Belarus Act	Support for utilising trade policy in countering Russia
Countering Malign Russian Activities in Africa Act	Opposition to Russia in Africa
UIGHUR Act	Opposition to China
Inflation Reduction Act*	Support for more aggressive US industrial policy
CHIPS and Science Act*	Support for more aggressive US industrial policy
National Defence Authorization Act for Fiscal Year 2022	In part, support for actions to source strategic minerals
Trade Preferences Extension Act of 2015	Support for AGOA in the past

*Indicates vote was mostly along party lines. Trade Pref Extension included issues not related to AGOA.

In all cases, voting patterns are complicated by the wide scope of most US Bills and resolutions, and by partisan politics, which tend to split votes for reasons beyond the broad sentiments identified above. With this in mind, the initial results can be seen in Figure 20, which highlights the depth of US voting sentiment in opposition to Russia and, to a lesser extent, China. While partisan votes on key pieces of US industrial policy distort the picture in this area, a majority of committee members appear committed to a more aggressive US industrial policy. More encouragingly, while only a

minority of committee members were in Congress for the previous renewal, a notable majority support the previous AGOA extension act.

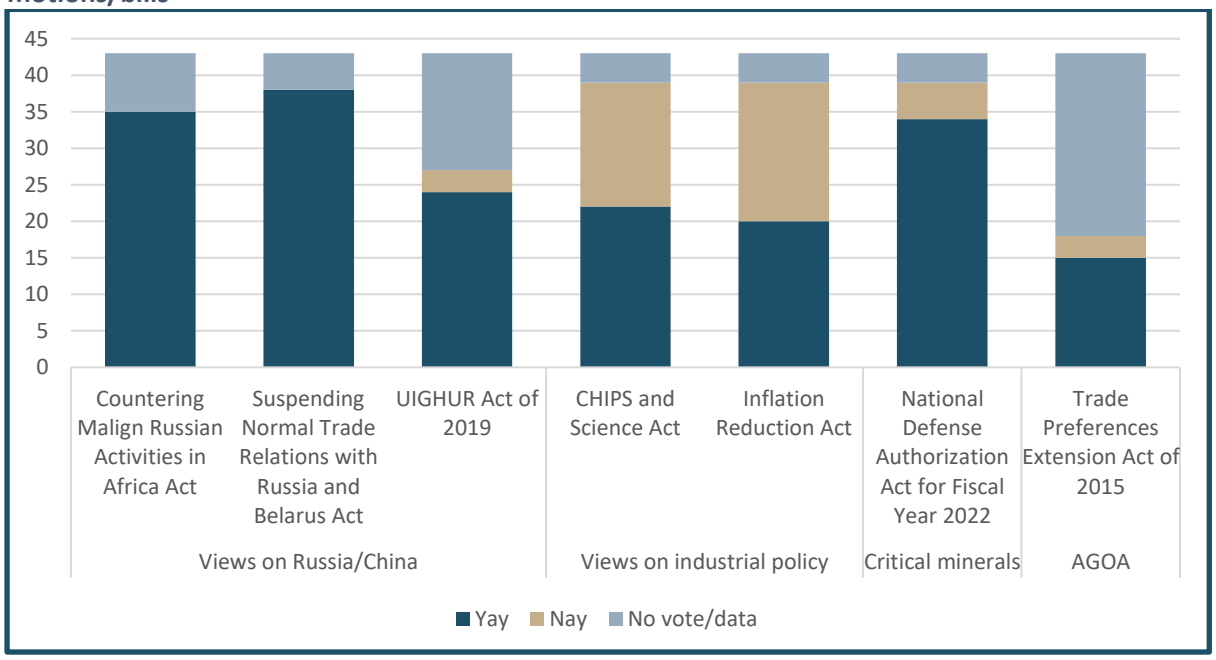
Figure 22: Voting trends among key Congressional Committees, select motions/bills



Source: Congress.gov voting records.

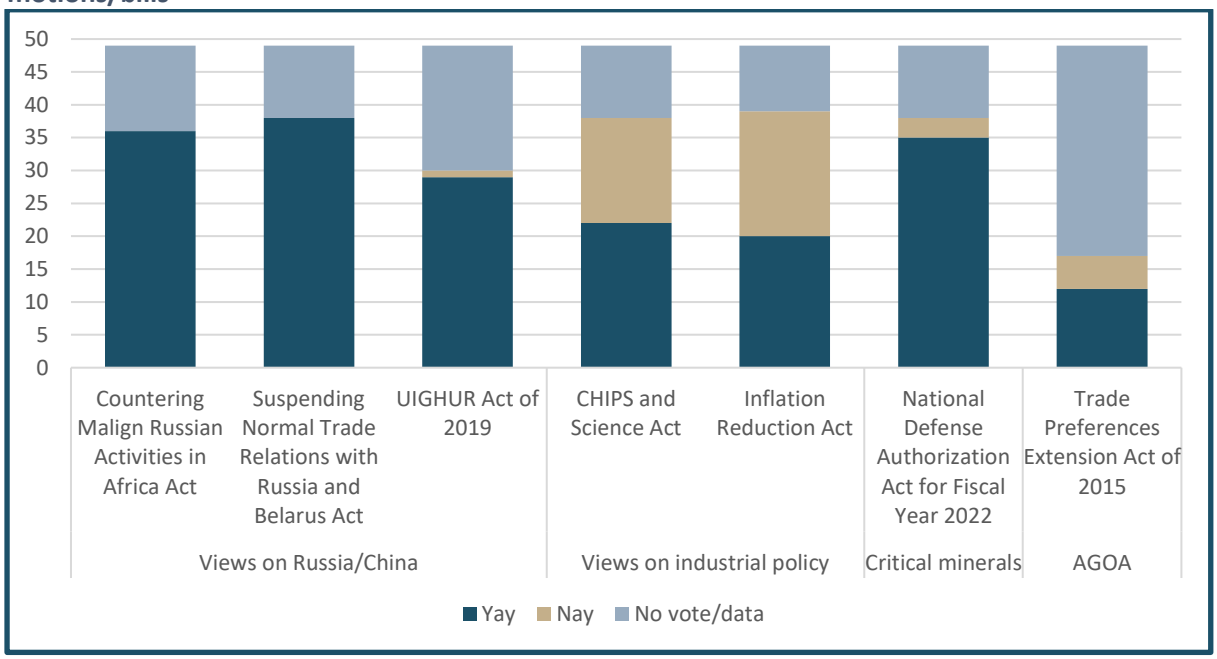
These trends are broadly consistent among each individual committee (as can be seen in Graphs 23, 24 and 25, but sentiment on most issues appears to be less pitched in the Senate. This broadly conforms with typical assumptions about the Senate being more cautious on issues of international relations, and potentially offering a stronger anchor of support for South Africa's continued inclusion in AGOA preferences.

Figure 23: Voting trends among members of the House Ways & Means Committee, select motions/bills



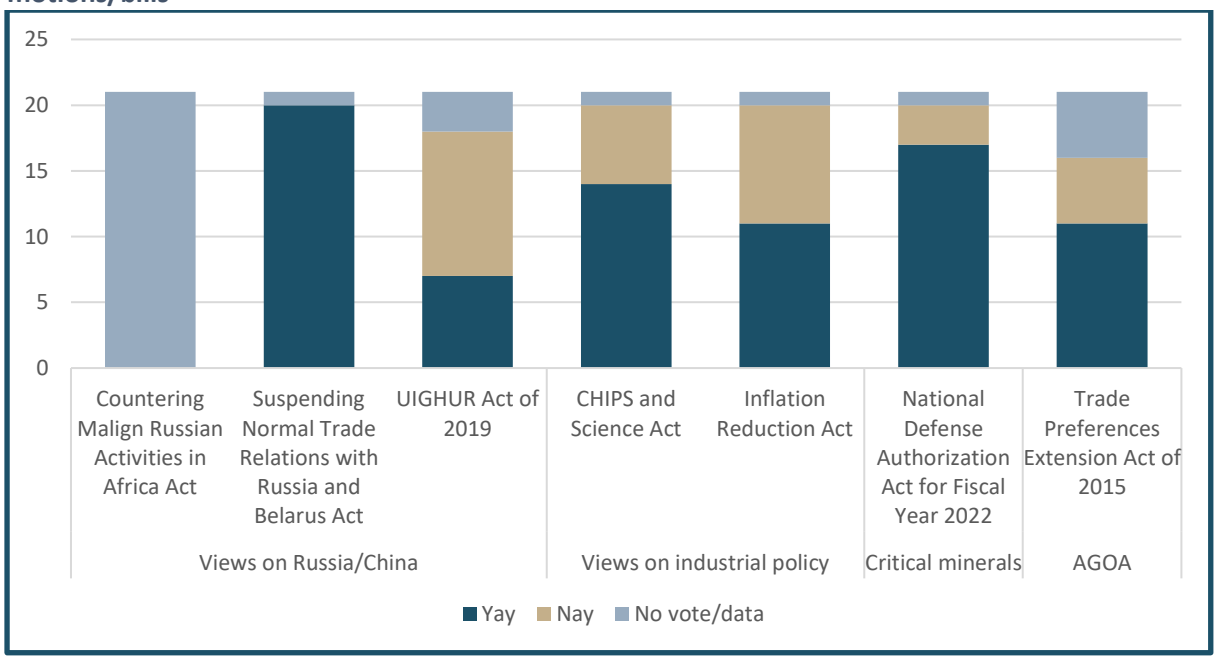
Source: Congress.gov voting records.

Figure 24: Voting trends among members of the House Foreign Affairs Committee, select motions/bills



Source: Congress.gov voting records.

Figure 25: Voting trends among members of the Senate Foreign Affairs Committee, select motions/bills



Source: Congress.gov voting records.

Overall, however, the likelihood of the various scenarios for the future of AGOA are very difficult to gauge. In the context of the US political system, AGOA is a minor issue that relies on advocates within specialist committees and within the administration, and which can often pass through in omnibus Bills that cover a wide range of other issues. South Africa's inclusion in the programme may ultimately come down to how high-profile criticism grows of the country's geopolitical positioning, particularly if it becomes a reason to vote no on an issue that congresspeople otherwise wouldn't know or care that much about. Defusing tensions and keeping geopolitical issues low on the agenda may offer the best avenue to South Africa's continued inclusion in AGOA.

4.2. Scope for expansion

On the opposite end of the renewal debate is the question of expanding AGOA. Between them AGOA and GSP already cover a very significant portion of the US tariff book, but with some notable exclusions. As discussed, AGOA preferences remain significantly underutilised by most African markets, largely because of structural barriers to industrial export success that far exceed the challenges of tariff barriers. Because of this, much of the focus of a new round of AGOA should ideally be on improving uptake of what already exists, particularly by investing in domestic capacities and the development of regional value chains, particularly around key hub markets.

These considerations notwithstanding, a brief exercise was undertaken to assess which of the remaining tariff lines could best benefit from an expansion of AGOA preferences. This assessment draws on a simplified scoping methodology (described below) that simply aims to rank where the strongest compatibility exists between the export strengths of AGOA markets and import demand in the United States.

Box 2: Assessing export potential

Numerous methodologies exist to assess export potential, each with significant trade-offs. These include a frequent bias towards existing areas of strength, which limits the scope for guidance on product diversification, particularly in emerging markets like Africa. This study faced some notable restrictions on the scope to assess export potential, including limited timelines for more complex analysis. For this reason, the analysis looked at five measures:

- **Export performance**: The share of global exports for each HS6-level product exported by each African market, over the period 2017 – 2021.
- **Import performance**: The share of US imports for each HS6-level product imported by the United States, over the period 2017 – 2021.
- **Expansion potential**: The share of global imports for each HS6-level product imported by the United States, over the period 2017 – 2021.
- **Export growth**: The scale of growth in exports for each HS6-level product exported by each African market, between the years 2017 and 2021.
- **Import growth**: The scale of growth in exports for each HS6-level product exported by each African market, between the years 2017 and 2021.

This relatively simple selection of measures is meant to provide a rough indication of what the US is buying, what African markets are succeeding in exporting, and how the US could be used as a staging ground for further expansion. Values were used to create ranks in each category, which were then converted to an index between 0 and 1, in which 0 is the best possible market- and product-level export opportunity. The final potential score referred to below is an average of these scores, which is re-indexed such that a lower number is a better opportunity than a higher number. Scores are relative measures, with no objective meaning except to rank the distance between opportunities.

The results highlight some of the complexities involved in expanding the reach of AGOA coverage. For example, by far the best opportunity is theoretically in the export of beef, to which the US is a major market and to which many AGOA beneficiaries, including a number of smaller markets, could potentially be a supplier. However, while tariff barriers are notable for beef, the far more significant challenge is compliance with United States sanitary and phytosanitary rules, and maintaining the requisite veterinary and other agreements needed to trade in sensitive products like meat. Maintaining these systems is complex, expensive and time-consuming, and would require direct support to help countries and firms upgrade their agricultural controls and systems.

Other areas may offer some more significant opportunities. The confectionary value chain, for example, could build off an existing supply of cocoa products to the US, and help capture more of the value of these goods within the African regions from which they originate. Products like furniture (which mainly includes furniture coverings such as quilts and blankets) can grow off the existing base of textile trade, while a range of processed food products and cosmetics could build off existing capacity on the continent. Again, however, in most of these product categories, the majority of product lines already have duty-free access to the US market. For a full list of products excluded from AGOA that could be added, please see Annex 3.

Table 13: Scope for expansion of AGOA tariff preferences, product group, 2021, Africa as a whole

PRODUCT GROUP	US IMPORTS FROM AFRICA	US IMPORTS FROM REST OF WORLD
Beef	USD 871	USD 8 059 106 425
Other processed food	USD 9 655 458	USD 7 006 116 072
Sweets and chocolates	USD 28 119 701	USD 5 237 508 809
Furniture	USD 2 560 732	USD 4 622 961 673
Ethylene polymers	USD 16 468 052	USD 3 121 902 860
Dairy products	USD 8 070 668	USD 2 537 562 885
Sugar	USD 55 594 420	USD 2 493 825 405
Plastic panels and sheets	USD 18 882 602	USD 2 324 194 272
Soups and sauces	USD 12 735 351	USD 1 628 996 459
Cosmetics	USD 8 157 429	USD 1 548 852 446
Preserved fruits	USD 12 273 847	USD 1 351 049 513
Pasta, grains and other prepared starches	USD 1 663 767	USD 1 071 534 618
Animal feed	USD 448 780	USD 982 190 018
Preserved vegetables	USD 65 766 995	USD 467 585 855
Hydrogen and hydrogen chemicals	USD 219 223	USD 312 737 191
Vegetable oils, oil seeds, and meals	USD 693 945	USD 281 702 579
Ice cream	USD 24 116 150	USD 238 023 563
Tea and coffee	USD 8 650 538	USD 228 734 874
Dried vegetables	USD 14 104 499	USD 206 240 082
Clocks and watches	USD 29 850	USD 128 662 863
Ferro-alloys	USD 60 625	USD 103 118 066
Other base metals	USD 33 184 741	USD 88 610 918
Stationary and office equipment	USD 20 387	USD 84 818 442
Nuts	USD 129 822	USD 13 270 414
Frozen or preserved vegetables	USD 3 046 682	USD 11 027 482
Medical products	USD 3 404	USD 10 511 837

Source: TIPS working based on ITC Market Access Map database and CEPII, BACI (Base pour l'Analyse du Commerce International), 2022.

While this assessment considers all African markets as a group, the share of opportunities are expected to be relatively evenly spread, with small markets like Lesotho and Botswana assessed as well-suited for key export opportunities, such as textiles and beef. For South Africa, the relatively more advanced nature of the country's existing export relationship with the United States means that the opportunities for expansion are less obvious. Looking at the selection of products identified in the scoping exercise, shows that most of the potential is in agroprocessing products that remain excluded from AGOA, with preserved mixed vegetables and groundnuts being top of the list of potential additions.

Increasingly, AGOA needs to be conceptualised as an international opportunity for a regional productive network, rather than for individual countries.

Table 14: Scope for expansion of AGOA tariff preferences, by product group, 2021, South Africa

PRODUCT GROUP	US IMPORTS FROM SOUTH AFRICA	US IMPORTS FROM WORLD	AVERAGE OPPORTUNITY SCORE
Frozen or preserved vegetables	USD 0	USD 14 074 164	0,34
Nuts	USD 0	USD 13 400 236	0,46
Hydrogen and hydrogen chemicals	USD 219 223	USD 312 956 414	0,51
Preserved fruits	USD 10 115 930	USD 524 641 620	0,51
Medical products	USD 0	USD 10 515 241	0,52
Clocks & watches	USD 116	USD 128 692 713	0,52
Sugar	USD 18 461 011	USD 2 549 419 825	0,56
Dairy products	USD 13 162	USD 2 545 633 553	0,57
Tea and coffee	USD 172 558	USD 237 385 412	0,62
Preserved vegetables	USD 0	USD 533 352 850	0,63
Dried vegetables	USD 222 865	USD 220 344 581	0,64
Plastic panels and sheets	USD 2 327 068	USD 2 343 076 874	0,66
Ferro-alloys	USD 60 625	USD 103 178 691	0,67
Beef	USD 871	USD 8 059 107 296	0,67
Stationary and office equipment	USD 53	USD 84 838 829	0,70
Furniture	USD 1 010 352	USD 4 625 522 405	0,73
Other base metals	USD 33 184 741	USD 121 795 659	0,74
Sweets and chocolates	USD 5 211 688	USD 5 265 628 510	0,76
Other processed food	USD 1 198 154	USD 7 015 771 530	0,79
Vegetable oils, oil seeds, and meals	USD 427	USD 282 396 524	0,82
Ice cream	USD 24 116 150	USD 262 139 713	0,83
Pasta, grains, other prepared starches	USD 143 968	USD 1 073 198 385	0,84
Ethylene polymers	USD 1 384 019	USD 3 138 370 912	0,85
Preserved fruit	USD 78 254	USD 838 681 740	0,89
Animal feed	USD 187 114	USD 982 638 798	0,94
Cosmetics	USD 649	USD 1 557 009 875	0,95
Soups and sauces	USD 10 490 677	USD 1 641 731 810	0,95

Source: TIPS working based on ITC Market Access Map database and CEPII, BACI, 2022.

4.3. Labour priorities

While an expansion of AGOA might offer some potential for additional growth, it would ideally need to be complemented by a more systematic network of support that addresses some of the core challenges facing firms, and which works to more proactively targeted specific outcomes for workers and communities.

Some of these issues were discussed at the 20th Annual AGOA Forum held in Johannesburg from 1 to 4 November, and included dedicated discussions among organised labour on "…proposals on a new and improved AGOA".[5] This includes the development of a common position grounded on a few key elements, including:[6]

- "Congress be encouraged to not only renew but expedite AGOA's extension;
- Additional support be unlocked to enable emerging African sectors to exploit the opportunities AGOA offers; including finance, logistics and beneficiation;
- The scope of products AGOA covers be extended;

[5] Organised Labour Read Out: AGOA Forum (COSATU, November 3, 2023), https://mediadon.co.za/2023/11/05/organised-labour-read-out-agoa-forum/.
[6] Organised Labour Read Out: AGOA Forum.

- Measures to strengthen decent work, fair labour practices and compliance be pursued;
- Further engagements take place on how a new AGOA can complement the African Continental Free Trade Area."

Many of the details of these discussions touched on priorities identified in the analysis above, including the importance of an early extension of AGOA for a minimum of 10 years, and the need for improved market access. Particular attention focused on the lack of diversification in exports under AGOA, and the need for beneficiaries to break the commodity export trap and move up the ladder of industrialisation.

While a range of export-promotion initiatives – like export awareness and skills development programmes – were identified as helpful, the focus was primarily on the need to improve competitiveness by addressing underlying structural constraints. Priorities included trying to tackle deficiencies in network infrastructure, develop supportive domestic industrial policy that is aligned with AGOA, and investing in skills and human capital development.

These were accompanied by a number of specific interventions, of which three are particularly notable.

First, is to consider a review of the rules of origin applied to textile products, particularly for South Africa, where rules effectively amount to a requirement of triple-stage transformation (i.e. yarn to fabric to assembly).

South African labour representatives noted that the clothing manufacturing sector may benefit substantially if it is able to move from its current triple stage transformation rules of origin to more relaxed single stage transformation rules. This could help to bring more demand to the local sector, and in the process could facilitate the growth of the number and size of local factories. Increasing the size of factories could act as a significant next step for the sector. It would allow companies to use the benefits of economies of scale to start the process of investing in higher levels of specialised skills at the levels of management (which are currently too expensive for smaller companies) as well as investing in new and more specialised forms of technology. This enhanced production scale in turn could be used over time to rebuild the capacity and modernisation of upstream textiles.

Second, is to review the Section 232 duties that the US maintains on steel and aluminium. The S232 duties were first introduced in June 2018, ostensibly on the grounds that the metals industries protected were important to the national security interests of the United States, but which formed part of broader efforts by the Trump Administration to protect certain strategic industries. The tariffs triggered similar measures from markets such as the European Union (EU), which imposed matching tariffs out of fears of price shocks resulting from global oversupply of protected metals, and kicked off a string of diplomatic engagements over countries seeking exemptions from the measures.

Despite strong lobbying, South Africa has not gained access to exemptions (like those offered to Mexico and Canada) or tariff-rate quotas (like those offered to Japan and the EU) on the tariffs, leaving the country – like all AGOA markets – facing substantial barriers to developing primary metals exports to the US. This has coincided with a sharp decline in both steel and aluminium exports, with the latter more seriously impacted, and has stifled a nascent export opportunity at a time of improved stability in the primary metals sector.

Figure 26: South African exports of aluminium and steel to the US, 2000 - 2022

Source: US International Trade Commission (USITC) DataWeb.

While the relatively underdeveloped nature of the sector among AGOA beneficiaries means that the impact hasn't been as sharply felt outside South Africa, it has stifled the potential for markets like Mozambique (which has established aluminium production through Mozal) and Kenya (which is investing heavily in domestic steel capacity) to benefit from a nascent opportunity to develop trade in a core industrial input with the US.

The National Security nature of the Section 232 means the tariffs are much more rigid that similar ordinary tariffs, hampering efforts to negotiate around the programme, and the best outcome for AGOA exports of steel and aluminium would thus be a complete review of the Section 232 tariffs. However, the experience of the exemptions granted to Mexico and Canada as part of discussions in the context of the United States-Mexico-Canada Agreement (USMCA) perhaps offers a framework for potential special exemptions to the tariffs as part of AGOA. Experiences from that agreement indicates African markets would have to aggressively monitor any special exemptions, but the low base of existing exports would make it relatively easy to identify export surges or circumvention of the preferences.

Third, would be to introduce a more explicit focus on worker-centric growth. AGOA already identifies the protection of workers' rights as a qualifying criteria for AGOA, and discussions at the AGOA Forum called on AGOA beneficiaries to work with the US government to enhance monitoring and enforcement of AGOA's labour eligibility criteria. This would include the need to build the capacity of trade unions in Africa to perform their work and succeed – so that they can better shape the nature of trade so that it is worker-centric and decent.

Discussions did, however, call for a more nuanced approach to the management of full exclusions of countries from AGOA eligibility. These were no doubt informed by the announcement at the end of October 2023 that a further four countries – the Central African Republic, Gabon, Niger and Uganda – would be suspended from AGOA access. While country-level exclusions are blunt instruments that equally harm both workers and the politicians they are meant to target, US politics makes it very unlikely that action could be avoided in cases of outright human rights abuses or coups.

Discussions among organised labour suggested that removal of benefits on a countrywide scale should be a last resort. Alternatives, such as the creation of a company- or brand-specific enforcement mechanism, could be explored to allow for more directed interventions against bad actors without threatening a loss of benefits at a sector or countrywide level. This would also align with more recent US sanctions policy, which has increasingly focused on more targeted interventions rather than blunter sanctions.

4.4. Responding to exclusion

Finally, while a review of strategies to respond to the possible exclusion of South Africa from AGOA is beyond the scope of this paper, additional preparatory work to plan for the threat of exclusion is badly needed. While such planning may be happening behind closed doors, there has been little public communication on what actions would be taken were South Africa to be graduated or excluded. While it is understandable that the focus is on renewal and securing South Africa's future in the programme, the risks involved call for developing contingencies and response strategies should South Africa lose access to AGOA, including identifying clear alternatives that could be leveraged if this were to happen.

As some general principles, these should include developing second-best offers that could be made to the US as a means to maintain access. One example of such an offer would be to shift AGOA to a multi-track programme, with different rules for beneficiaries depending on their level of development. In such an example, more developed countries could face stricter rules of origin (minimum standards of local content needed for a programme to qualify for tariff preferences) with cumulation of origin, to encourage sourcing from regional partners. Such a model would still recognise different levels of development in the region, but wouldn't be as punitive as a full graduation of South Africa from AGOA.

While AGOA is a unilateral preference, past iterations have shown that there is still scope to negotiate conditions or exceptions to the programme to facilitate continued access to the benefits. And while each of these would come at a cost to South Africa, having an active set of identified alternative approaches would help manage exclusion were it to occur.

ANNEXURES: Annex 1: US Critical Minerals

Table 15: United States list of Critical Minerals, with main use case

CRITICAL MINERAL	USAGE
Aluminum	All sectors
Antimony	Lead-acide batteries and flame retardants
Arsenic	Semi-conductors
Barite	Hydrocarbon production
Beryllium	Alloy in aerospace/defence
Bismuth	Medical and atomic research
Cerium	Catalytic converters, ceramics, glass, metallurgy, and polishing compounds
Cesium	Research and development
Chromium	Stainless steel and other alloys
Cobalt	Rechargeable batteries and superalloys
Dysprosium	Permanent magnets, data storage devices, and lasers
Erbium	Fiber optics, optical amplifiers, lasers, and glass colorants
Europium	Phosphors and nuclear control rods
Fluorspar	Aluminum, cement, steel, gasoline, and fluorine chemicals
Gadolinium	Medical imaging, permanent magnets, and steelmaking
Gallium	Integrated circuits and optical devices like LEDs
Germanium	Fiber optics and night vision applications
Graphite	Lubricants, batteries, and fuel cells
Hafnium	Nuclear control rods, alloys, and high-temperature ceramics
Holmium	Permanent magnets, nuclear control rods, and lasers
Indium	Liquid crystal display screens
Iridium	Coating of anodes for electrochemical processes and as a chemical catalyst
Lanthanum	Catalysts, ceramics, glass, polishing compounds, metallurgy, and batteries
Lithium	Rechargeable batteries
Lutetium	Scintillators for medical imaging, electronics, and some cancer therapies
Magnesium	Alloy and for reducing metals
Manganese	Steelmaking and batteries
Neodymium	Permanent magnets, rubber catalysts, and medical and industrial lasers
Nickel	Stainless steel, superalloys, and rechargeable batteries
Niobium	Steel and superalloys
Palladium	Catalytic converters and as a catalyst agent
Platinum	Catalytic converters
Praseodymium	Permanent magnets, batteries, aerospace alloys, ceramics, and colorants
Rhodium	Catalytic converters, electrical components, and as a catalyst
Rubidium	Research and development electronics
Ruthenium	Catalysts, as well as electrical contacts and chip resistors computers
Samarium	Permanent magnets, as an absorber nuclear reactors, and cancer treatments
Scandium	Alloys, ceramics, and fuel cells
Tantalum	Electronic components, mostly capacitors and superalloys
Tellurium	Solar cells, thermoelectric devices, and as alloying additive
Terbium	Permanent magnets, fiber optics, lasers, and solid-state devices
Thulium	Metal alloys and lasers
Tin	Protective coatings and alloys for steel
Titanium	White pigment or metal alloys
Tungsten	Wear-resistant metals
Vanadium	Alloying agent for iron and steel
Ytterbium	Catalysts, scintillometers, lasers, and metallurgy
Yttrium	Ceramic, catalysts, lasers, metallurgy, and phosphors
Zinc	Metallurgy to produce galvanised steel
Zirconium	High-temperature ceramics and corrosion-resistant alloys

Annex 2: Employment vulnerability assessment

Table 16: Employment vulnerability assessment, 2019

SECTOR	SUBSECTOR	US SHARE OF EXPORTS	EXPORT SHARE OF PRODUCTION (ESTIMATE)	TOTAL EMPLOYMENT IN SECTOR
Mining	Stone quarrying, clay and sandpits	63%	27%	9 192
Manufacturing	Manufacture of basic precious and non-ferrous metals	23%	46%	20 796
Manufacturing	Building and repairing of ships and boats	20%	20%	4 538
Manufacturing	Manufacture of basic chemicals	16%	8%	12 248
Manufacturing	Manufacture of non-metallic mineral products n.e.c.	16%	5%	127 169
Manufacturing	Manufacture of aircraft and spacecraft	13%	20%	1 847
Manufacturing	Manufacture of railway and tramway locomotives and rolling stock	10%	20%	4 480
Manufacturing	Manufacture of other textiles	10%	9%	45 729
Manufacturing	Manufacture of general purpose machinery	10%	33%	27 363
Manufacturing	Manufacturing n.e.c..	9%	26%	15 971
Manufacturing	Manufacture of parts and accessories for motor vehicles and their engines	9%	20%	45 679
Manufacturing	Manufacture of basic iron and steel	9%	38%	100 069
Agriculture	Ocean and coastal fishing	7%	14%	1 895
Manufacturing	Manufacture of other electrical equipment n.e.c.	7%	4%	0
Manufacturing	Tanning and dressing of leather; manufacture of luggage, handbag,	7%	9%	9 540
Manufacturing	Manufacture of other fabricated metal products; metalwork service activities	6%	14%	87 035
Manufacturing	Manufacture of plastic products	6%	5%	52 629
Manufacturing	Manufacture of other chemical products	6%	8%	83 756
Mining	Mining and quarrying n.e.c.	5%	27%	27 222
Manufacturing	Manufacture of office, accounting and computing machinery	5%	33%	520
Manufacturing	Manufacture of television and radio receivers, sound or video recording or reproducing apparatus and associated goods	5%	20%	0
Manufacturing	Manufacture Of Medical Appliances And Instruments And Appliances For measuring, checking, testing, navigating and for other purposes except optical instruments	5%	20%	15 409
Manufacturing	Manufacture of furniture	5%	18%	57 810
Mining	Mining of non-ferrous metal ores	5%	80%	215 148

Manufacturing	Manufacture of accumulators, primary cells and primary batteries	5%	4%	735
Manufacturing	Manufacture of beverages	5%	13%	56 443
Manufacturing	Manufacture of transport equipment n.e.c.	4%	20%	1 536
Agriculture	Growing of crops	4%	11%	549 539
Manufacturing	Manufacture of special purpose machinery	4%	33%	45 660
Manufacturing	Manufacture of knitted and crocheted fabrics and articles	4%	3%	9 673
Manufacturing	Manufacture of motor vehicles	4%	20%	36 977
Manufacturing	Production, processing and preservation of meat, fish, fruit, vegetables, oils and fats	4%	5%	113 003
Manufacturing	Manufacture of products of wood, cork, straw and plaiting material	3%	12%	40 266
Manufacturing	Manufacture of dairy products	3%	5%	41 738
Manufacturing	Manufacture of rubber products	3%	10%	14 986
Manufacturing	Manufacture of electric motors, generators and transformers	3%	12%	0
Manufacturing	Manufacture of household appliances n.e.c.	3%	33%	14 558
Manufacturing	Manufacture of other food products	3%	5%	150 768
Manufacturing	Manufacture of wearing apparel, except fur apparel	3%	3%	176 066
Mining	Mining of diamonds (including alluvial diamonds)	3%	27%	9 459
Manufacturing	Manufacture of electric lamps and lighting equipment	2%	4%	4 785
Manufacturing	Manufacture of electricity distribution and control apparatus	2%	12%	2 027
Manufacturing	Publishing	2%	2%	79 185
Manufacturing	Manufacture of bodies (coachwork) for motor vehicles	2%	20%	3 655
Manufacturing	Manufacture of insulated wire and cable	2%	12%	4 711
Mining	Mining of iron ore	2%	80%	20 588
Mining	Mining of coal and lignite	1%	57%	77 712
Manufacturing	Manufacture of structural metal products, tanks, reservoirs and steam generators	1%	14%	81 916
Agriculture	Production of organic fertiliser	1%	11%	0
Manufacturing	Petroleum refineries/synthesisers	1%	10%	39 983
Manufacturing	Spinning, weaving and finishing of textiles	1%	9%	6 338
Manufacturing	Manufacture of grain mill products, starches and starch products and prepared animal feeds	1%	5%	19 697
Manufacturing	Manufacture of footwear	0%	1%	24 707
Manufacturing	Manufacture of optical instruments and photographic equipment	0%	20%	896
Manufacturing	Sawmilling and planing of wood	0%	12%	17 323
Manufacturing	Manufacture of tobacco products	0%	13%	7 084

Manufacturing	Manufacture of glass and glass products	0%	4%	20 323
Agriculture	Forestry and related services	0%	2%	58 309
Manufacturing	Manufacture of paper and paper products	0%	12%	38 077
Agriculture	Farming of animals	0%	11%	222 542
Mining	Mining of gold and uranium ore	0%	27%	59 443

Source: Calculations based on SARS customs data, StatsSA Input-Output tables (2014), and Post-Apartheid Labour Market Series (PALMS); with dataset linkages using the Narrative Classification System.

Annex 3: AGOA expansion potential

Table 15: Scope for expansion of AGOA tariff preferences, full detail, 2021, Africa as a whole

SECTOR	SUBSECTOR	PRODUCT GROUP	PRODUCT	US IMPORTS FROM AFRICA	US IMPORTS FROM REST OF WORLD	AVERAGE TARIFF	OPPORTUNITY SCORE
Agriculture	Agricultural commodities	Sugar	Sugars: beet sugar, raw, in solid form, not containing added flavouring or colouring matter	0	513 516	19%	0,32
Agriculture	Agricultural commodities	Sugar	Sugars: cane sugar, raw, in solid form, as specified in Subheading Note 2 to this chapter, not containing added flavouring or colouring matter	267 681	176 472 280	8%	0,58
Agriculture	Agricultural commodities	Sugar	Sugars: cane sugar, raw, in solid form, other than as specified in Subheading Note 2 to this chapter, not containing added flavouring or colouring matter	54 875 641	1 095 529 792	15%	0,60
Agriculture	Agricultural commodities	Sugar	Sugars: fructose, other than chemically pure fructose, and fructose syrup (containing in the dry state more than 50% by weight of fructose), excluding invert sugar	4 076	55 816 994	7%	0,37
Agriculture	Agricultural commodities	Sugar	Sugars: glucose and glucose syrup, containing in the dry state at least 20% but less than 50% by weight of fructose, excluding invert sugar, the syrup not containing added flavouring or colouring matter	3 042	15 989 199	12%	0,31
Agriculture	Agricultural commodities	Sugar	Sugars: glucose and glucose syrup, not containing fructose or containing in the dry state less than 20% by weight of fructose, the syrup not containing added flavouring or colouring matter	5 986	197 960 323	3%	0,59
Agriculture	Agricultural commodities	Sugar	Sugars: maple sugar, chemically pure, in solid form: maple syrup, not containing added flavouring or	0	278 376 188	3%	0,53

			colouring matter				
Agriculture	Agricultural commodities	Sugar	Sugars: n.e.c. in heading no. 1702, including invert sugar and other sugar and sugar syrup blends containing, in the dry state, 50% by weight of fructose	211 156	176 281 934	8%	0,58
Agriculture	Agricultural commodities	Sugar	Sugars: sucrose, chemically pure, in solid form, containing added flavouring or colouring matter	16 809	15 777 629	6%	0,40
Agriculture	Agricultural commodities	Sugar	Sugars: sucrose, chemically pure, in solid form, not containing added flavouring or colouring matter	210 029	481 107 550	17%	0,74
Agriculture	Fruit, Vegetables and Flowers	Nuts	Ground-nuts: other than seed, not roasted or otherwise cooked, in shell	39 265	359 107	82%	0,37
Agriculture	Fruit, Vegetables and Flowers	Nuts	Ground-nuts: other than seed, not roasted or otherwise cooked, shelled, whether or not broken,	82 442	12 905 497	44%	0,52
Agriculture	Fruit, Vegetables and Flowers	Nuts	Ground-nuts: seed, not roasted or otherwise cooked, whether or not shelled or broken	8 115	5 810	66%	0,33
Agriculture	Meat and livestock	Beef	Meat: of bovine animals, boneless cuts, fresh or chilled	0	3 977 350 836	7%	0,76
Agriculture	Meat and livestock	Beef	Meat: of bovine animals, boneless cuts, frozen	871	3 019 681 811	7%	0,76
Agriculture	Meat and livestock	Beef	Meat: of bovine animals, carcasses and half-carcasses, fresh or chilled	0	26 971 102	13%	0,46
Agriculture	Meat and livestock	Beef	Meat: of bovine animals, carcasses and half-carcasses, frozen	0	29 749	13%	0,33
Agriculture	Meat and livestock	Beef	Meat: of bovine animals, cuts with bone in (excluding carcasses and half-carcasses), fresh or chilled	0	989 592 986	7%	0,70
Agriculture	Meat and livestock	Beef	Meat: of bovine animals, cuts with bone in (excluding carcasses and half-carcasses), frozen	0	45 479 941	7%	0,48
Manufacturing	Agroprocessing	Animal feed	Dog or cat food: (not put up for retail sale), used in animal feeding	448 780	982 190 018	13%	0,78
Manufacturing	Agroprocessing	Dairy products	Dairy produce: buttermilk, curdled milk or cream, kephir, fermented or acidified milk or cream, whether or not concentrated or containing added sweetening, flavouring, fruit or cocoa (excluding yoghurt)	10 591	18 738 809	14%	0,46

Manufacturing	Agroprocessing	Dairy products	Dairy produce: cheese (not grated, powdered or processed), n.e.c. in heading no. 0406	2 341 238	1 384 109 713	12%	0,72
Manufacturing	Agroprocessing	Dairy products	Dairy produce: cheese of all kinds, grated or powdered	113 338	9 287 848	18%	0,40
Manufacturing	Agroprocessing	Dairy products	Dairy produce: cheese, blue-veined and other cheese containing veins produced by Penicillium roqueforti (not grated, powdered or processed)	0	34 677 539	8%	0,34
Manufacturing	Agroprocessing	Dairy products	Dairy produce: cheese, processed (not grated or powdered)	5 034 892	39 907 423	17%	0,50
Manufacturing	Agroprocessing	Dairy products	Dairy produce: dairy spreads	82 212	7 829 460	9%	0,33
Manufacturing	Agroprocessing	Dairy products	Dairy produce: derived from milk, butter	4 499	367 587 839	13%	0,70
Manufacturing	Agroprocessing	Dairy products	Dairy produce: fats and oils derived from milk (other than butter or dairy spreads)	56 136	42 864 313	17%	0,43
Manufacturing	Agroprocessing	Dairy products	Dairy produce: fresh cheese (including whey cheese), not fermented, and curd	327 756	79 058 189	22%	0,52
Manufacturing	Agroprocessing	Dairy products	Dairy produce: milk and cream, concentrated or containing added sugar or other sweetening matter, in powder, granules or other solid forms, of a fat content not exceeding 1.5% (by weight)	0	3 523 406	10%	0,46
Manufacturing	Agroprocessing	Dairy products	Dairy produce: milk and cream, concentrated, not containing added sugar or other sweetening matter, in powder, granules or other solid forms, of a fat content exceeding 1.5% (by weight)	53 425	46 351 896	12%	0,58
Manufacturing	Agroprocessing	Dairy products	Dairy produce: milk and cream, concentrated, not containing added sugar or other sweetening matter, other than in powder, granules or other solid forms	10	12 507 157	10%	0,38
Manufacturing	Agroprocessing	Dairy products	Dairy produce: milk and cream, containing added sugar or other sweetening matter, in powder, granules or other solid forms, of a fat content exceeding 1.5% (by weight)	14 130	4 167 885	18%	0,37
Manufacturing	Agroprocessing	Dairy products	Dairy produce: milk and cream, containing added sugar or other sweetening matter, other than in powder, granules or other solid forms	2 571	45 570 916	15%	0,47
Manufacturing	Agroprocessing	Dairy products	Dairy produce: milk and cream, not concentrated, not containing added sugar or other sweetening matter, of a fat content, by weight, exceeding 1%	22	19 382 579	1%	0,52

			but not exceeding 6%				
Manufacturing	Agroprocessing	Dairy products	Dairy produce: milk and cream, not concentrated, not containing added sugar or other sweetening matter, of a fat content, by weight, exceeding 10%	0	33 789 776	23%	0,49
Manufacturing	Agroprocessing	Dairy products	Dairy produce: milk and cream, not concentrated, not containing added sugar or other sweetening matter, of a fat content, by weight, exceeding 6% but not exceeding 10%	0	3 343 928	16%	0,31
Manufacturing	Agroprocessing	Dairy products	Dairy produce: natural milk constituents (excluding whey), whether or not containing added sugar or other sweetening matter, n.e.c. in chapter 04	29 848	338 225 130	8%	0,57
Manufacturing	Agroprocessing	Dairy products	Dairy produce: whey, whether or not concentrated or containing added sugar or other sweetening matter	0	46 639 079	35%	0,50
Manufacturing	Agroprocessing	Dried vegetables	Vegetables: mixtures of vegetables n.e.c. in heading no. 0712, whole, cut, sliced, broken or in powder but not further prepared, dried	14 104 499	206 240 082	3%	0,50
Manufacturing	Agroprocessing	Frozen or preserved vegetables	Vegetables: olives, provisionally preserved but unsuitable in that state for immediate consumption	3 046 682	11 027 482	1%	0,33
Manufacturing	Agroprocessing	Ice cream	Ice cream and other edible ice: whether or not containing cocoa	24 116 150	238 023 563	12%	0,65
Manufacturing	Agroprocessing	Other processed food	Food preparations: n.e.c. in item no. 2106.10	9 655 458	7 006 116 072	6%	0,81
Manufacturing	Agroprocessing	Pasta, grains and other prepared starches	Food preparations: mixes and doughs for the preparation of bread, pastry, cakes, biscuits and other bakers' wares	284 244	419 041 121	15%	0,66
Manufacturing	Agroprocessing	Pasta, grains and other prepared starches	Food preparations: of flour, meal, starch, malt extract or milk products, for uses n.e.c. in heading no. 1901	1 347 997	562 901 073	9%	0,75
Manufacturing	Agroprocessing	Pasta, grains and other prepared starches	Food preparations: of flour, meal, starch, malt extract or milk products, suitable for infants or young children, put up for retail sale	31 526	89 592 424	10%	0,61
Manufacturing	Agroprocessing	Preserved fruits	Fruit, edible: fruit and nuts n.e.c. in heading no. 0811, uncooked or cooked, frozen whether or not containing added sugar or other sweetening matter	636 070	838 045 670	1%	0,70

Manufacturing	Agroprocessing	Preserved fruits	Fruit, nuts and other edible paz0078rts of plants: mixtures (other than those of subheading no 2008.19): prepared or preserved in ways n.e.c. in headings 2007 and 2008, whether or not containing added sugar, or other sweetening matter or spirit, n.e.c.	4 028 397	220 030 410	7%	0,51
Manufacturing	Agroprocessing	Preserved fruits	Fruit: apricots, prepared or preserved in ways n.e.c. in heading no. 2007, whether or not containing added sugar, other sweetening matter or spirit	236 179	4 063 465	15%	0,32
Manufacturing	Agroprocessing	Preserved fruits	Fruit: peaches, including nectarines, prepared or preserved in ways n.e.c. in heading no. 2007 and 2008, whether or not containing added sugar, other sweetening matter or spirit	5 924 582	148 523 827	9%	0,49
Manufacturing	Agroprocessing	Preserved fruits	Nuts: ground-nuts, whether or not containing added sugar, other sweetening matter or spirit	1 448 619	140 386 141	53%	0,55
Manufacturing	Agroprocessing	Preserved vegetables	Vegetable preparations: olives, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	65 766 995	467 585 855	0%	0,61
Manufacturing	Agroprocessing	Soups and sauces	Sauces and preparations therefor: mixed condiments and mixed seasonings	12 735 351	1 628 996 459	2%	0,79
Manufacturing	Agroprocessing	Sweets and chocolates	Chocolate & other food preparations containing cocoa: in blocks, slabs or bars weighing more than 2kg or in liquid, paste, powder, granular or other bulk form in containers or immediate packings, content exceeding 2kg	19 106 210	839 216 131	10%	0,68
Manufacturing	Agroprocessing	Sweets and chocolates	Chocolate and other food preparations containing cocoa: in blocks, slabs or bars, (not filled), weighing 2kg or less	2 542 127	601 997 130	6%	0,69
Manufacturing	Agroprocessing	Sweets and chocolates	Chocolate and other food preparations containing cocoa: n.e.c. in chapter 18	1 461 127	1 381 259 659	9%	0,75
Manufacturing	Agroprocessing	Sweets and chocolates	Cocoa: powder, containing added sugar or other sweetening matter	146 066	42 452 538	10%	0,38
Manufacturing	Agroprocessing	Sweets and chocolates	Sugar confectionery: (excluding chewing gum, including white chocolate), not containing cocoa	4 864 171	2 372 583 351	8%	0,78
Manufacturing	Agroprocessing	Tea and coffee	Extracts, essences and concentrates: of tea or mate, and preparations with a basis of these extracts,	8 398 001	174 515 186	6%	0,52

			essences or concentrates or with a basis of tea or mate				
Manufacturing	Agroprocessing	Tea and coffee	Preparations with a basis of extracts, essences or concentrates or with a basis of coffee	252 537	54 219 688	8%	0,52
Manufacturing	Agroprocessing	Vegetable oils, oil seeds, and meals	Edible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of this chapter, other than edible fats or oils of heading no. 1516	693 945	281 702 579	3%	0,66
Manufacturing	Agroprocessing	Water	Non-alcoholic beverages: other than non-alcoholic beer, n.e.c. in item no. 2202.10, not including fruit or vegetable juices of heading no. 2009	4 507 128	1 007 084 770	3%	0,78
Manufacturing	Metals & Machinery	Ferro-alloys	Ferro-alloys: ferro-vanadium	60 625	103 118 066	4%	0,52
Manufacturing	Metals & Machinery	Other base metals	Manganese: articles thereof, including waste and scrap	33 184 741	88 610 918	4%	0,53
Manufacturing	Other manufacturing	Furniture	Bedding and similar furnishing articles: n.e.c. in heading no. 9404 (e.g. quilts, eiderdowns, cushions, pouffes and pillows)	2 529 335	4 424 325 462	4%	0,77
Manufacturing	Other manufacturing	Furniture	Sleeping bags	31 397	198 636 211	5%	0,52
Manufacturing	Petrochemicals	Cosmetics	Sanitary towels (pads) and tampons, napkins and napkin liners for babies and similar articles, of any material	8 157 429	1 548 852 446	7%	0,78
Manufacturing	Petrochemicals	Ethylene polymers	Ethylene polymers: in primary forms, polyethylene having a specific gravity of 0.94 or more	12 083 850	2 125 906 060	3%	0,77
Manufacturing	Petrochemicals	Ethylene polymers	Ethylene polymers: in primary forms, polyethylene having a specific gravity of less than 0.94	4 384 202	995 996 800	3%	0,75
Manufacturing	Petrochemicals	Hydrogen and hydrogen chemicals	Silicon: containing by weight less than 99.99% of silicon	219 223	312 737 191	3%	0,47
Manufacturing	Petrochemicals	Medical products	Gauze: other than narrow fabrics of heading no. 5806	3 404	10 511 837	4%	0,32
Manufacturing	Petrochemicals	Plastic panels and sheets	Plastics: plates, sheets, film, foil and strip, of polymers of vinyl chloride, cellular	3 012	342 950 905	2%	0,58
Manufacturing	Petrochemicals	Plastic panels and sheets	Plastics: plates, sheets, film, foil and strip, of polyurethanes, cellular	20 343	393 950 138	2%	0,61

Manufacturing	Petrochemicals	Plastic panels and sheets	Plastics: plates, sheets, film, foil and strip, other than cellular	18 859 247	1 587 293 229	2%	0,75
Manufacturing	Professional equipment	Clocks and watches	Watch straps, watch bands, watch bracelets, and parts thereof: n.e.c. in heading no. 9113	29 850	128 662 863	4%	0,49
Manufacturing	Professional equipment	Stationary and office equipment	Ribbons: for typewriters and the like, inked or otherwise prepared, for giving impressions, whether or not on spools or in cartridges	20 387	84 818 442	4%	0,49