



# Select updates on trade agreements - AfCFTA, AGOA

27 August 2024

**WESGRO**  
cape town & western cape  
tourism, trade & investment







# African Continental Free Trade Agreement (AfCFTA)

# The AfCFTA is a comprehensive set of agreements to foster trade and investment on the Continent

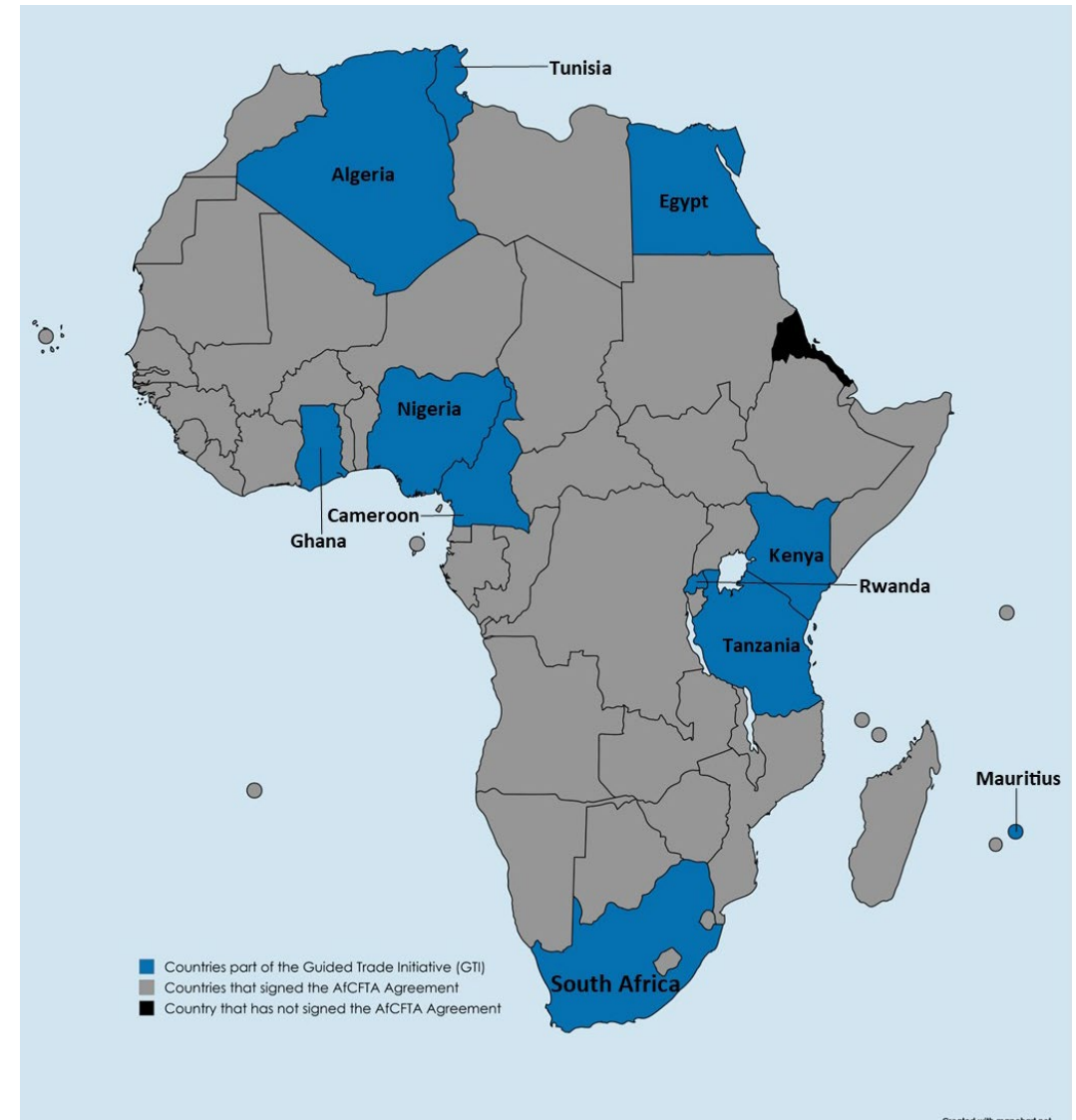
Agreement establishing the AfCFTA			
Phase 1	<b>Protocol on Trade in Goods</b> + Annexures	<b>Protocol on Trade in Services</b> + Annexures	<b>Dispute Settlement Protocol</b> + Annexures
Phase 2	<b>Protocol on Competition Policy</b>	<b>Protocol on Investment</b> + Annexures	<b>Protocol on Intellectual Property Rights</b> + Annexures
Phase 3	<b>Protocol on Women and Youth in Trade</b>	<b>Protocol on Digital Trade</b> + Annexures	

- South Africa is a member of the Southern African Customs Union (SACU) and the Southern African Development Community (SADC).
- AfCFTA builds upon these, offers new market access beyond SADC.
- Progressive liberalisation of 97% of intra-Africa tariffs on trade in goods.
- Once complete, it will be a comprehensive agreement covering not only tariff reductions, but also liberation of services trade and cooperation on investment, competition, intellectual property and digital trade.
- None of the phases are entirely complete yet.
- Guided Trade Initiative (GTI) implemented as a “pilot phase”.



# South Africa starts trading under the AfCFTA Guided Trade Initiative

- Aim of GTI is to test the operational, institutional, legal and trade policy environment of the AfCFTA, to allow commercially meaningful trading, and to send a positive message to African economic operators and firms about the AfCFTA.
- South Africa began trading under the GTI on 31 January 2024.
- South African firms can currently trade with firms in the following countries under the GTI: Algeria, Cameroon, Egypt, Ghana, Kenya, Rwanda and Tunisia.
- Nigeria commenced trade under the GTI in July 2024.
- South Africa continues to trade with SADC members (e.g. Mauritius, Tanzania) under the SADC Trade Protocol.



Source: Created with Mapchart.net

# The AfCFTA e-Tariff Book provides tariff information



e-Tariff Book  
Dynamic Search

HIDE SEARCH

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I am exporting from

?

+

I am importing into

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+

Search for product

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## RULES OF ORIGIN MANUAL

HS / National Code	Description	AfCFTA Category	Time Frame	MFN Rate	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<input type="checkbox"/> 08081000	- Apples		0	25										
0808.30	- Pears													
<input type="checkbox"/> 08083000	- Pears	A	10	25	22.5	20	17.5	15	12.5	10	7.5	5	2.5	0

# The AfCFTA strengthens the Western Cape value proposition



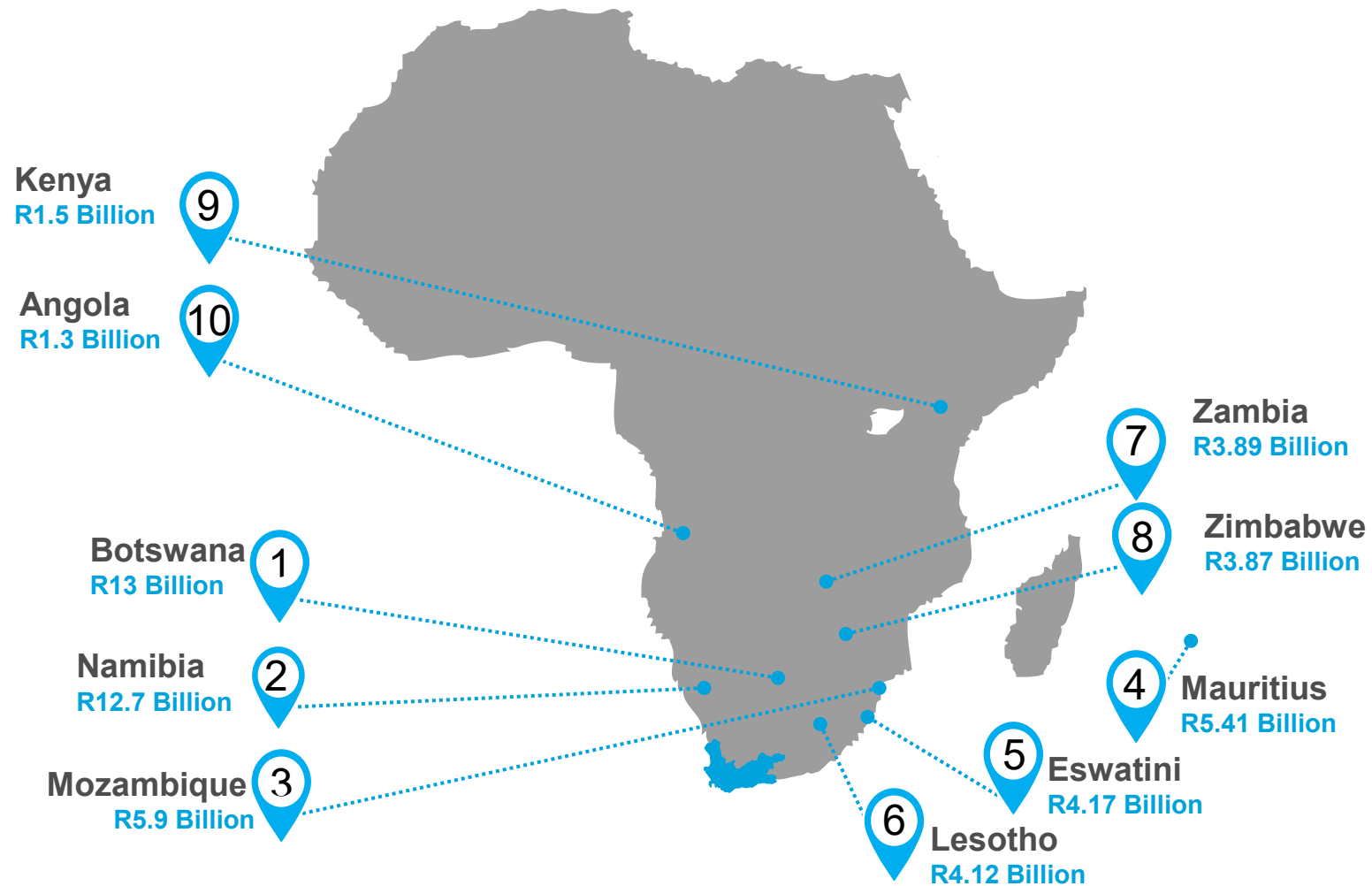
## 1. Strengthens access to the Continent

- Presents expanded market opportunities for Western Cape businesses seeking to expand their footprint across the continent, particularly in North, East & West Africa.
- Encourages outward investment from the Western Cape into the rest of Africa & helps our exporters enter new markets across the continent.
- Potential for regional supply chains based on competitive advantages offered by AfCFTA and consolidating African market over time.

## 2. Strengthens Investment Proposition

- The Western Cape is a recognised global hub and entry point for companies expanding into Africa. We serve as a base for international companies to access opportunities to do business in the rest of the continent.
- Strengthens our investment proposition as a gateway to channel global FDI seeking to invest in Africa.

# Western Cape's top 10 export markets in Africa



# Western Cape's top export markets in Africa



## 1. Botswana



Petroleum  
Oils



Fruit Juices



Wine



Rice



Sauces



## 2. Namibia



Wine



Packaging  
articles



Tobacco  
products



Petroleum  
Oils



Fruit Juices



## 3. Mozambique



Coal



Chromium  
Ores



Frozen Fish



Wine



Fruit Juices



## 4. Mauritius



Petroleum  
Oils



Coal



Apples,  
pears &  
quinces



Fruit Juices



Cigarette  
paper



## 5. Eswatini



Petroleum  
Oils



Milk & cream



Fruit Juices



Oil cake



Medicaments



The background of the slide is a solid blue color. Overlaid on this is a white line art pattern that forms a stylized map of the African continent. The map is composed of numerous concentric, wavy lines that follow the general outline of the continent, creating a ripple effect. A horizontal, semi-transparent white band runs across the middle of the slide, containing the title text.

# Africa Growth and Opportunity Act (AGOA)

# The African Growth & Opportunity Act (AGOA) is not a trade agreement

- AGOA is not a trade agreement, it is a **unilateral trade preference programme** in terms of United States (U.S.) law.
- Affords **duty free, quota free** access for a range of qualifying goods from qualifying sub-Saharan African Countries.
- Builds on, and goes beyond, the preferences afforded by US General System of Preferences (GSP) by allowing duty free **access for more products** and is **renewed for longer periods of time** (increased certainty).
- Currently set to **expire in September 2025**.
- Countries need to meet criteria to qualify for AGOA benefits and there is an annual review to ensure eligibility.
- Promotes **regional integration** by allowing beneficiary countries to source product inputs from each other, thereby developing regional value chains.
- Presents a **strong incentive for US investment on the continent**, and therefore it is important that AGOA preferably be renewed as soon as possible, and that it doesn't take until 2025, as the uncertainty of renewal will have a chilling effect on investment.



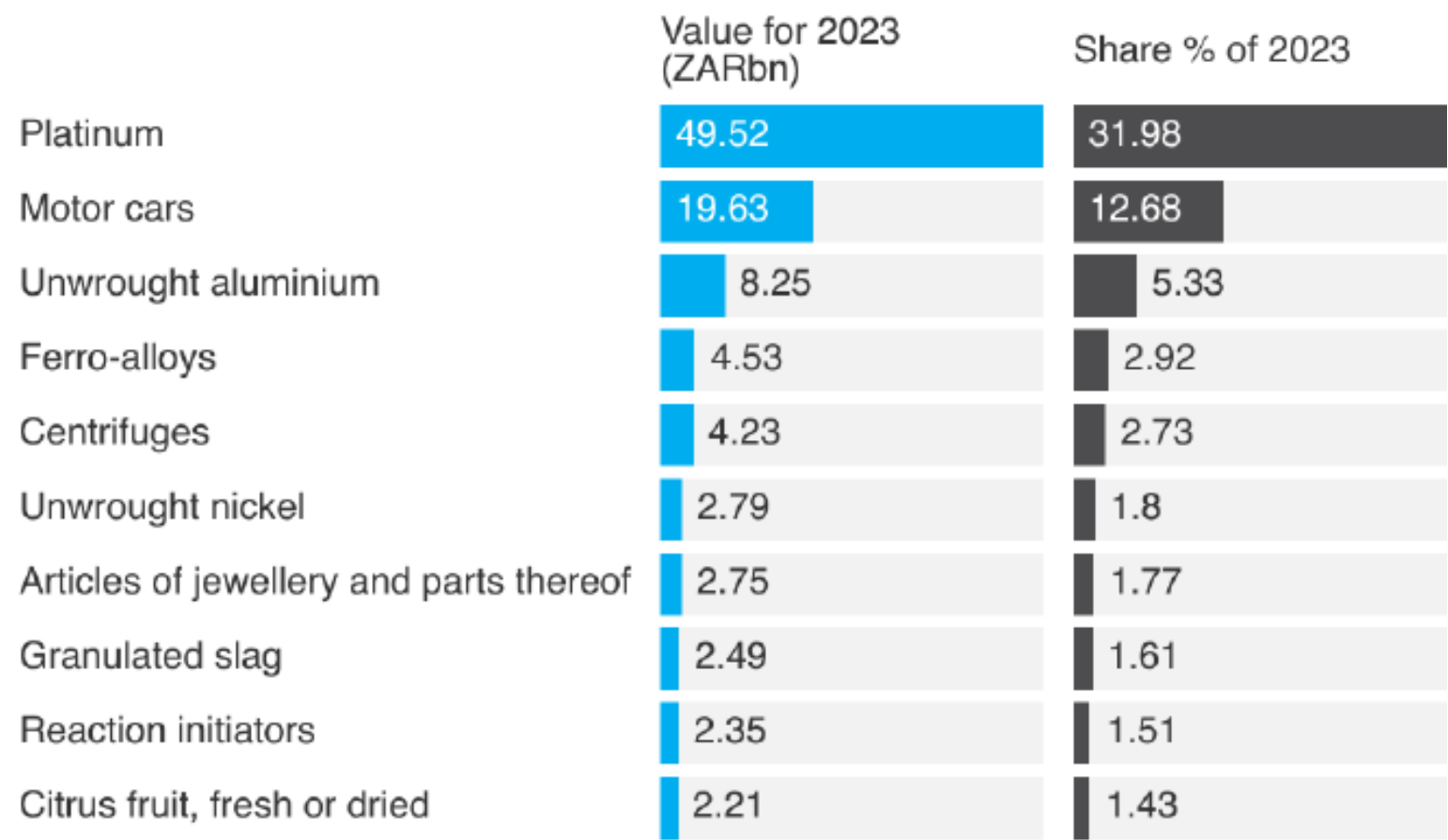
# The Western Cape utilises and benefits from AGOA

- Since its inception, South Africa has predominantly been the **leading country in terms of AGOA exports** and has maintained a trade surplus with the US since 2000.
- Overall, since inception, AGOA (incl GSP) exports accounted for an average annual share of 31% of SA exports to the US.
- In SA, the **Western Cape is a major utiliser of AGOA**.
- AGOA **utilisation is concentrated at a sector level**, e.g. Agriculture, where it is key to supporting competitiveness.
- **AGOA ensures competitiveness** against similar products from other countries that have free trade agreements with the US.
- In 2021, nearly 30,000 WC jobs were sustained through AGOA-related activity, mostly in agriculture.
- Exclusion from AGOA would undermine **regional integration opportunities** under the AfCFTA and the opportunity to capitalise on the **green transition** and future industries



# South Africa's top 10 exports to the US 2023

Figure 3: South Africa's Top 10 Export Products to the US, 2023



Source: Quantec (2024)

# South Africa's top 10 AGOA exports 2023

Motor cars was the SA leading export under AGOA, reaching a total export value of USD1868.16m in 2023, accounting for just more than half of the country's AGOA exports along with a notable growth in exports.

Figure 4: Top 10 AGOA export product categories (HS4) in South Africa, 2023

HS Code	Description	AGOA+GSP, 2023 (USDm)	Share (%), 2023	Growth (%), 2022-2023	Western Cape Share (%)
8703	MOTOR VEHICLES DESIGNED TO TRANSPORT PEOPLE	\$1868.16m	52.43%	26.04%	0%
7202	FERROALLOYS	\$298.26m	8.37%	-37.25%	0%
805	CITRUS FRUIT, FRESH OR DRIED	\$131.02m	3.68%	-1.22%	98%
7113	ARTICLES OF JEWELRY AND PARTS THEREOF	\$253.55m	7.12%	-37.82%	95%
8903	YACHTS, ROW BOATS AND CANOES	\$84.07m	2.36%	39.85%	2%
3823	INDUSTRIAL MONOCARBOXYLIC FATTY ACIDS	\$59.33m	1.67%	-19.02%	0%
8409	ENGINES PARTS	\$56.77m	1.59%	-5.59%	89%
2204	WINE OF FRESH GRAPES	\$45.42m	1.27%	-31.04%	98%
802	NUTS NESOI, FRESH OR DRIED	\$39.74m	1.12%	-46.47%	1%
2843	COLLOIDAL PRECIOUS METALS	\$47.11m	1.32%	154.66%	0%

# WC's top 10 exports to the US & AGOA coverage

Half of the province's top 10 products, at an HS4 level, are AGOA eligible. When analysing it from a HS6 level, 6 out of the top 10 are eligible to enter the U.S. under AGOA preference (note these are eligible for AGOA, not necessarily claimed).

Figure 5: Western Cape's top export products (HS4) to the U.S., 2023

HS code	Product (HS4)	Export value (USDm), 2023	Share (%), 2023	Growth (%), 2022-2023
7113	ARTICLES OF JEWELRY AND PARTS THEREOF	\$140.95m	16.46%	3.66%
805	CITRUS FRUIT, FRESH OR DRIED	\$117.60m	13.73%	26.34%
7210	IRON AND STEEL (FLAT-ROLLED), WIDTH>600mm	\$76.89m	8.98%	-35.19%
8409	ENGINES PARTS	\$62.92m	7.35%	2.62%
2204	WINE OF FRESH GRAPES	\$38.59m	4.51%	-15.53%
8529	ELECTRICAL MACHINERY AND EQUIPMENT PARTS	\$30.86m	3.60%	39.36%
302	FISH	\$27.58m	3.22%	39.33%
2513	PUMICE STONE	\$24.99m	2.92%	2.98%
306	CRUSTACEANS	\$22.37m	2.61%	20.13%
2008	PROCESSED/PREPARED FRUIT AND NUT	\$21.48m	2.51%	-4.85%
<b>Total</b>		<b>\$856.39m</b>		<b>3.55%</b>

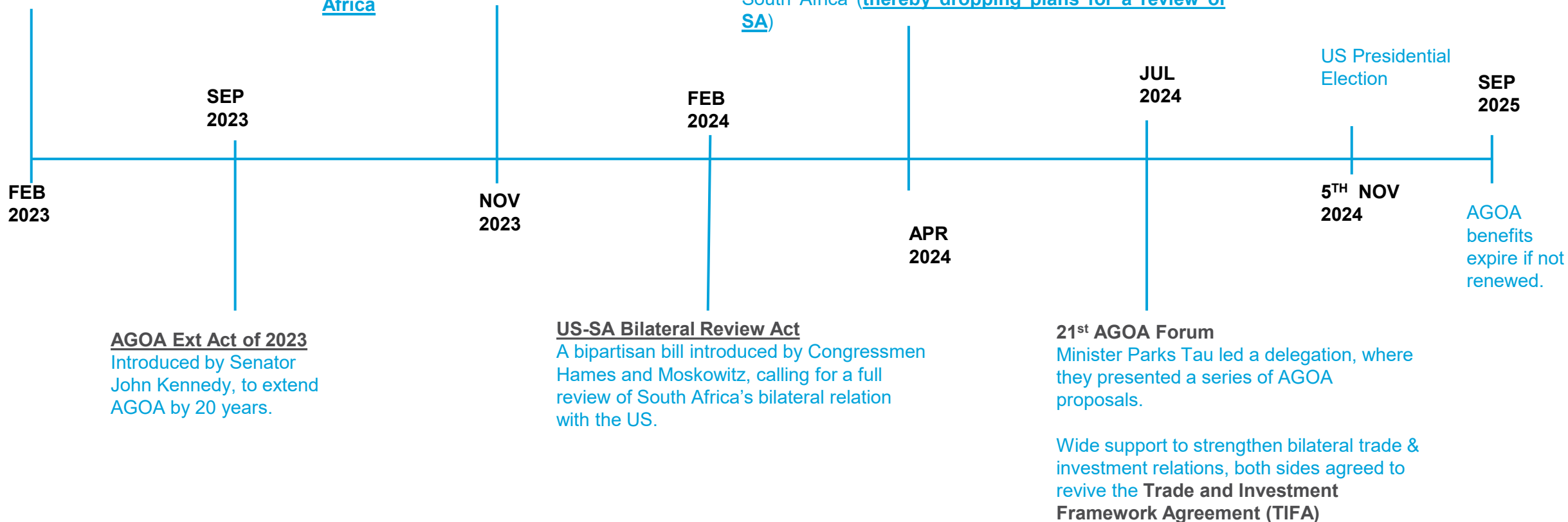


# AGOA developments: Race for renewal

**House Resolution 145**  
Calls for Review of US-SA  
bilateral relations

**AGOA Renewal Act of 2023**  
A discussion draft released by Senator  
Coons, proposing a 16 year extension.  
**Entailed an out-of-cycle review of South  
Africa**

**AGOA Renewal & Improvement Act of 2024**  
Introduced by Senators Coons & Risch, involving several  
updates to the previous draft discussion. Retains the 16-  
year renewal period and removes specific reference to  
South Africa **(thereby dropping plans for a review of  
SA)**



# AGOA Renewal and Improvement Act – Key Features

- Extends AGOA until 2041
- Textile provisions relaxed in some instances – countries no longer need to maintain a visa system involving requiring special stamp and register that authorises and tracks textile shipments under AGOA
- Textile supply under greater scrutiny regarding possible sourcing in violation of the Uyghur Forced Labour Prevention Act
- Annual review becomes biennial. Out of Cycle review remains possible at any time.
- Eligibility criteria more specific in relation to existing standards of e.g. corruption and human rights.
- Graduation only if high income status maintained for 5 years - and can be further delayed.
- Expands rules of origin cumulation provisions to support AfCFTA – allows content originating in non-AGOA AfCFTA member states to count as “local content”.
- Possibility to expand product coverage through review mechanism.
- Support for AGOA utilisation strategies.

Source: Naumann,, The AGOA Renewal and Improvement Act of 2024: Key features, proposed changes and implications. Tralac. 2024.

# Thank you

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