



"All of us share a common vision for the future of Africa. We look to the day when prosperity for Africans is built through trade and markets."

President George W. Bush
January 15, 2003

BACKGROUND

The United States has a strong tradition of promoting free trade, combining a free enterprise international economic policy with a dynamic, competitive American economy and society. As the world's largest importer, the United States bought over \$1 trillion in goods from the rest of the world in 2003.

The African Growth and Opportunity Act (AGOA) expands trade between the United States and sub-Saharan Africa by allowing almost all products from AGOA-eligible countries to enter the U.S. duty-free. AGOA added over 1,800 products to the list of eligible duty-free products, bringing the total number to about 6,500. AGOA aims to promote free markets, economic reform, and growth in Africa.

South African exports to the United States for 2003 were \$4.9 billion, an increase of 15 percent from 2002. This occurred even though the rand continued to strengthen. South Africa's AGOA exports increased 24 percent, from \$1.3 billion in 2002 to \$1.7 billion in 2003. These exports included vehicles, chemicals, minerals and metals, and apparel products. South Africa's trade surplus with the U.S. increased from \$1.8 billion in 2002 to \$2.2 billion in 2003.

South Africa is the largest market for U.S. exports in sub-Saharan Africa, reaching \$2.7 billion in 2003. Transportation equipment makes up about 31% of U.S. exports to South Africa. Chemicals are the second largest export category (16%), followed by electronic products (14%) and machinery (13%). Examples of U.S. exports are cars/trucks, helicopters, bulldozers, medical/surgical instruments, computers, and television/sound recorders.

WHAT IS THE U.S. MISSION DOING?

- Supporting the United States Trade Representative in negotiations on a U.S.-Southern African Customs Union (SACU) Free Trade Agreement (FTA). Negotiations were launched June 2003 in Pretoria.
- Working with South African government and business to publicize opportunities under AGOA.
- Facilitating U.S. investment in South Africa that leads to increased jobs and incomes, as well as use of American equipment and technology.
- Encouraging the South African government to promote policies, both international and domestic, which will liberalize rather than impede trade.
- Encouraging support for U.S. proposals at the WTO to liberalize trade in agriculture, nonagricultural goods, and services.
- Encouraging South Africa to improve protection of intellectual property rights by enacting stronger copyright laws and enforcing its laws against piracy more effectively.
- Helping U.S. businesses, both those based in the United States and those already invested in South Africa, to advance their economic interests in South Africa in a fair, competitive environment.

U.S. COMPANIES IN SOUTH AFRICA

- Over 600 American companies, including subsidiaries, agents, distributors and franchises, do business in South Africa. They employ over 100,000 people. Foreign direct investment by U.S. companies in South Africa stood at \$3.4 billion at the end of 2002.
- U.S. companies spend on average R1.5 billion per annum on corporate social responsibility programs such as burn units, day care centers, clinics, AIDS projects, programs to combat abuse of women and children, and literacy and education facilities. Each year these companies also spend millions on training and skills development for their employees.

United States Embassy in South Africa

WHAT HAS HAPPENED?

- Over 50 top South African business leaders visited New York, Chicago and Atlanta in June 2004 in a “branding mission” to encourage bilateral trade and investment.
- In his third visit, U.S. Trade Representative Robert Zoellick in February 2004 met with the South African Trade Minister to discuss the WTO and how to advance the Doha Development Agenda.
- In May 2004, Memphis, Tennessee showcased South Africa in its “Memphis in May” festival, and encouraged trade between the United States and South Africa.
- Total South African exports to the U.S. in 2003 have had a direct impact on over 130,000 jobs in South Africa. Over one-third of South African exports to the United States in 2003 entered under AGOA preferences; this had a direct impact on over 35,000 South African jobs.
- Washington hosted the annual AGOA Forum in December 2003.
- The United States sponsored a study tour in Washington in March 2003 for 24 negotiators from SACU.
- The Administration implemented the new provisions of the “AGOA II” legislation, allowing greater access by sub-Saharan Africa to the U.S. apparel market. President Bush signed “AGOA III” that extends AGOA to 2015.
- The U.S. and SACU countries met for six rounds of Free Trade Agreement negotiations between June 2003 and June 2004.



USTR Robert Zoellick during his visit to South Africa

WHAT'S NEXT?

- Negotiations on the U.S.-SACU Free Trade Agreement will continue with the aim of completing them in December 2004.

EXAMPLES OF SOUTH AFRICAN AGOA EXPORTS TO THE UNITED STATES

- ❖ Vehicles and parts
- ❖ Apparel
- ❖ Flat-rolled iron products
- ❖ Fruit juices
- ❖ Wine
- ❖ Footwear

USEFUL WEBSITES

U.S. Trade Representative:
www.ustr.gov/regions/africa/growth.html
www.agoa.gov

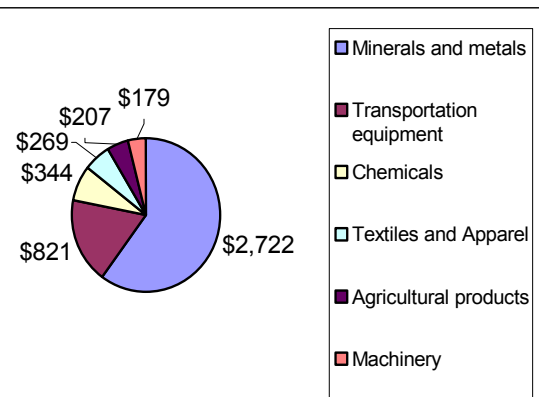
Department of State:
www.usinfo.state.gov/topical/econ

Department of Agriculture:
www.usda.gov

Department of Commerce:
www.commerce.gov

U.S. Customs Service:
www.customs.gov

Major Products Exported by South Africa to the United States in 2003 in \$millions



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