



Trade & Investment  
KwaZulu-Natal

# AGOA 2020

## USAID TradeHub presentation

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# Why are exports important?



- Sells 1.7 trillion euros worth of goods globally
- Supports 31 million jobs (1 in every 7)



- In 2017, U.S. exports of food and farm products = \$138.4 billion
- Every \$1 billion of agriculture exports created 6,577 American jobs

## Thailand

- In 1963 97% of Thailand's export basket comprised agricultural and mineral products.
- In 2013 this represented less than 20%
- Machinery and chemicals accounted for 56% of production.

# Africa's exports (2018)

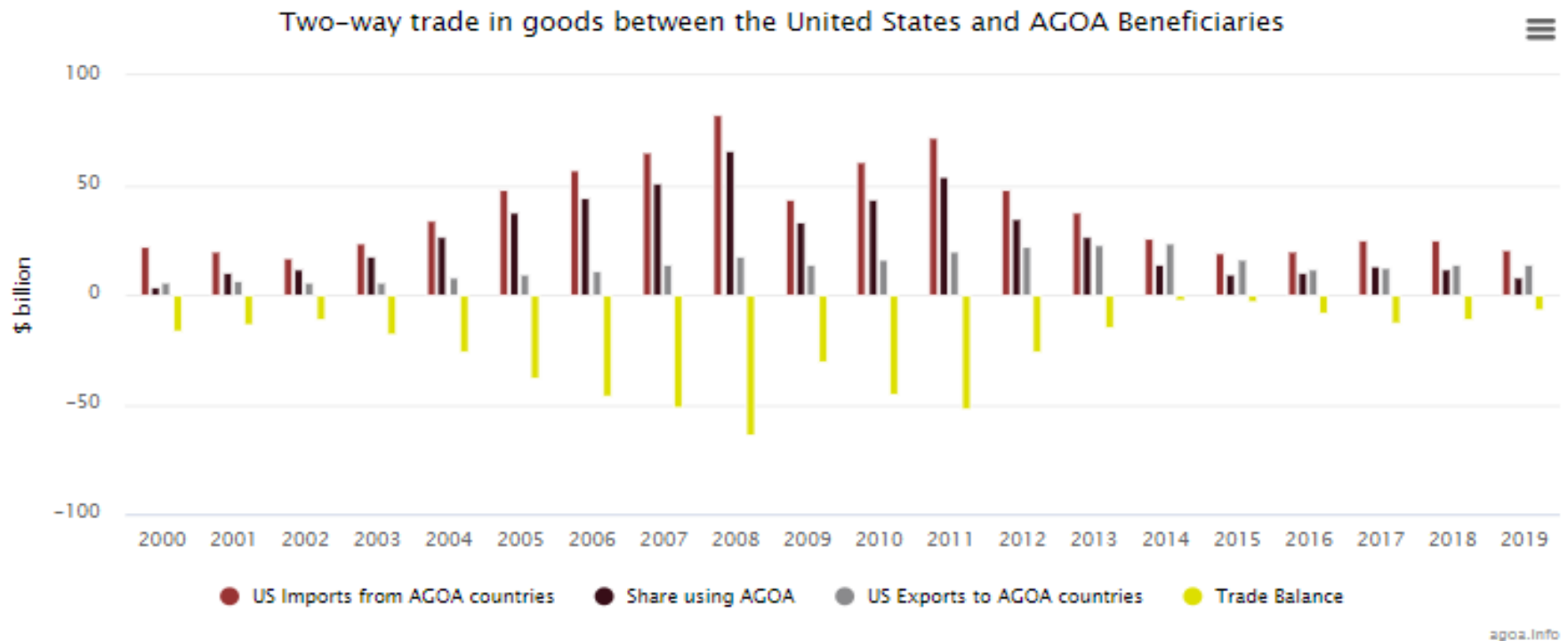
RANK	EXPORTER	2018 EXPORTS	%TOTAL	2014-8
1.	South Africa	\$94,421,532,000	19%	+2%
2.	Nigeria	\$52,913,529,000	10.6%	-46.7%
3.	Angola	\$42,021,981,000	8.5%	-28.4%
4.	Algeria	\$41,617,938,000	8.4%	-31.1%
5.	Libya	\$30,679,893,000	6.2%	+46.9%
6.	Egypt	\$29,383,962,000	5.91%	+9.6%
7.	Morocco	\$29,330,296,000	5.9%	+23.2%
8.	Ghana	\$17,099,588,000	3.4%	no 2014 data
9.	Tunisia	\$15,993,870,000	3.2%	-4.6%
10.	Ivory Coast	\$11,823,035,000	2.4%	-8.9%

Source: <http://www.worldstopexports.com/top-african-export-countries/>

The top 10 African exporters provided about three-quarters (74.5%) of all international product sales sent from Africa.



# Trade between the US and AGOA beneficiaries



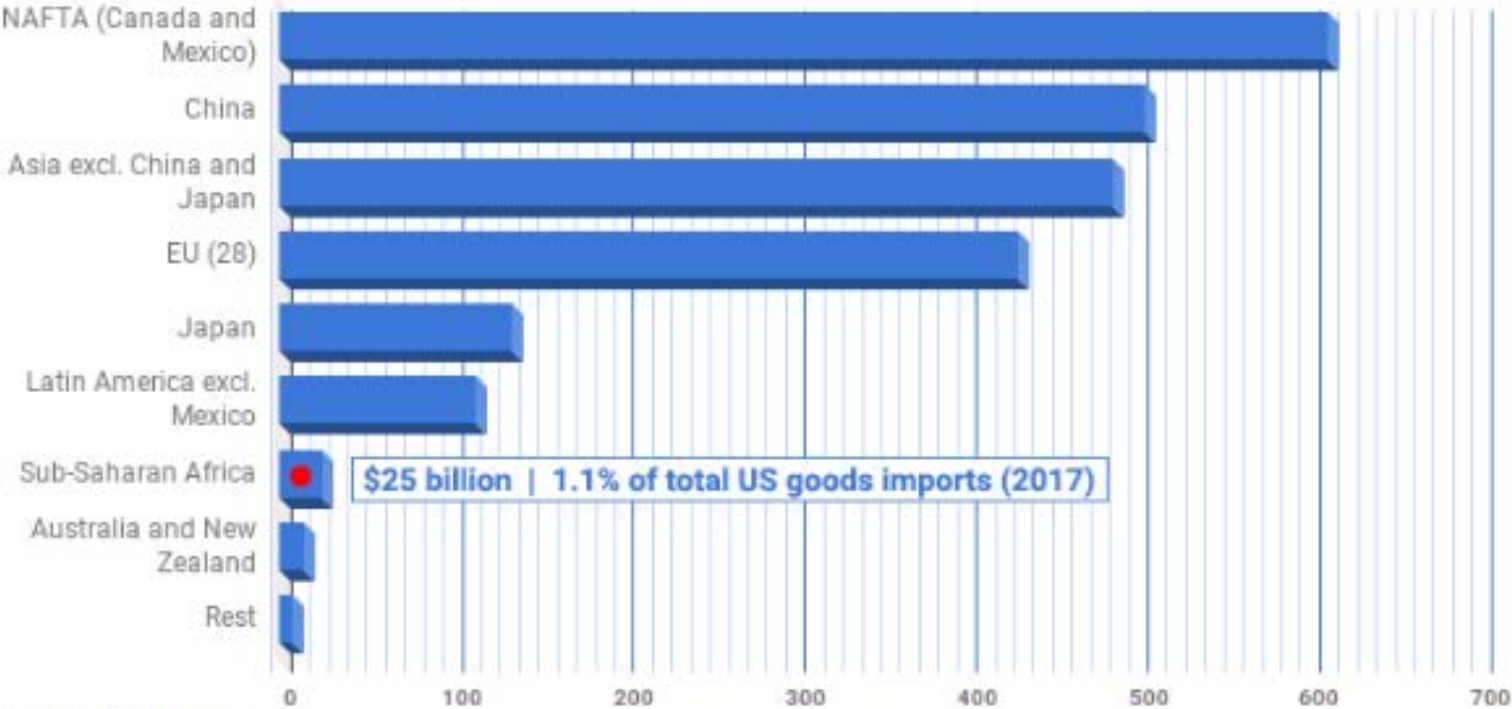
Source: <https://agoa.info/news/article/15678-blog-it-s-time-for-agoa-2-0.html>

The value of trade between the US and sub-Saharan Africa was \$41.2-billion (2018), making the US the region's third-largest trading partner.

However, trade with China was worth 3.5 times more.

# USA imports (SSA)

## United States goods imports by source in 2017 (\$ billion)



\$25 billion | 1.1% of total US goods imports (2017)

Calculated via USITC database

## USA imports from SSA (suppliers)

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<b>South Africa</b>	<b>\$7.8 billion</b>
Nigeria	\$7.1 billion
Angola	\$2.6 billion
Ivory Coast	\$1.2 billion
Botswana	\$722 million

- In 2017, US imports from Sub-Saharan Africa amounted to \$25 billion, or a little under 1.1% of total US global imports.
- US global import bill was \$2.33 trillion.

# South Africa, import and export partners (2020)

Exports	Imports
China (10.5%)	China (17.9%)
Germany (9.8%)	Germany (9.9%)
United States (7.5%)	United States (7.3%)
India (4.9%)	India (5.4%)
Netherlands (4.6%)	Saudi Arabia (5.3%)



Source: <https://www.southafricanmi.com/south-africas-trade-data-page.html>

# How has AGOA benefited SA?



- South Africa is the largest non-oil beneficiary of AGOA by value.
- Transportation equipment between 2001 and 2017 has added over 30 000 jobs.
- Exports of agricultural products increased x7 between 2001 and 2017 to \$278mn
- SA's citrus industry attributes its success to AGOA, supporting up to 85 000 jobs.
- 27% of US imports from SA were under AGOA
- Fine wine (up five fold) + All BMW 3 series sold in USA
- Manufacturing (24% in 1980 and 13% in 2015)



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# Trade between USA and SA



Over the past 15 years, total trade has nearly doubled.  
7% of total FDI

Before AGOA, exports mainly of minerals and metals.

AGOA exports includes, platinum, aluminium, steel, vehicles, wine and beer, fresh and processed fruit and vegetables, and essential oils.



# Opportunities

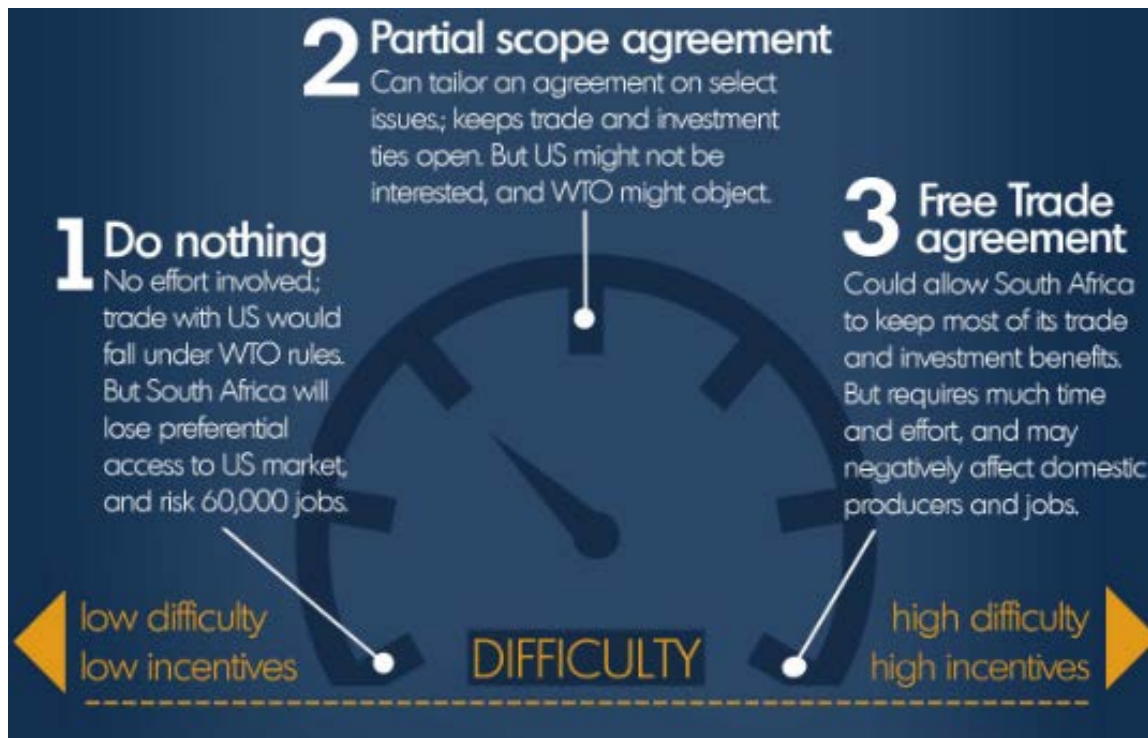
Go Digital	On-line stores with built-in payment; distribution channels
Partnerships	Rent-a-rack with a boutique, minimizes SA company investment risk, leverage off established infrastructure
Go Green	Go Green: consumers / brands are appealing to the 'do no harm' theme, important to display features such as environment impact of components used (for example), waste management, dying processes
Innovation	highlighting innovative product / system or processes that company uses. Products that are treated to prevent staining (for example). Local company that does screen printing that prevents colour fading.
Exclusivity	Shwe-Shwe design fabric / printed and available only in SA. Cultural imagery / colours that are synonymous only with the province of KZN.

# Lessons learnt

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<b>Alignment to local brands</b>	<b>Displaying your brand cohesion to local, established brands</b>
Local presence	Understanding the best option for your business, can you supply on consignment (for example)
Product augmentation	Recognizing the need, and providing suitable, tailor made options.
White label manufacturing	Being prepared to manufacture under the buyers label. Understanding the legal implications.
Alignment to local brands	Displaying brand cohesion to local, established brands

# AGOA: where to from here?



- Changes in the domestic US economy
- Global financial crisis in the late 2000s
  - = changed US attitudes and policy towards non-reciprocal trade
- Transition from being aid-based to trade-based
- Two-way agreements, not just temporary trade preferences
- Bilateral rather than multi-lateral



# Thank You

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