

AGOA-African Growth and Opportunity Act

Background

Africa's Growth and Opportunity Act (AGOA) was passed as part of the Trade and Development Act of 2000 in the USA. It provides duty-free access to the USA market for almost all products exported from more than 40 eligible sub-Saharan African (SSA) countries, including South Africa. AGOA is aimed at promoting free-market system, expanding USA-African trade and investment, stimulating economic growth and assisting SSA's integration into the global economy.

AGOA covers over 7 000 products of which about 800 are agricultural. Agricultural products not eligible for market access under AGOA are sugar, groundnuts and certain alcoholic beverages.

Benefits and opportunities

AGOA has afforded SSA countries an opportunity to get liberal market access to the USA without any free trade agreement. Currently more than 98% of USA imports from AGOA-beneficiary countries are duty free. Through AGOA, some African countries also have access to USA credit and technical skills, and all have economic engagement with the USA using the USA-SSA Trade and Economic Forum commonly called the "AGOA Forum".

On the other hand, USA firms have found new opportunities for investment and partnerships in Africa through AGOA. Some opportunities were created through privatisation of state-owned enterprises and others through partnerships with African firms in infrastructure projects.

Imports by the USA from AGOA countries increased over the period 2000 to 2008, despite slumps in 2001 and 2002. AGOA agricultural exports to US made up 18 % (down from 23 % in 2007) of the total exports from SSA. Trade between the USA and SSA countries were highly concentrated on specific products, with a small number of African countries accounting for a large share of the total for both imports and exports.

South African trade with the USA increased steadily over recent years with South Africa holding a trade surplus since 1999. USA exports to South Africa far exceed USA exports to any other country in SSA. In terms of SSA exports to the USA, South Africa's exports are most diversified and rank third after those of Nigeria and Angola. There is a consistently positive trade balance in favour of South Africa caused by large exports

of minerals. In agriculture, the 2008 balance of trade was in favour of the USA.

South African exports under AGOA amounted to \$2.4 billion in 2008, increasing from \$1.1 billion in the previous year. Bilateral agricultural trade between the USA and South Africa has also increased since 2000 with a positive trade balance in favour of South Africa in most years. South African agricultural exports to the USA under AGOA increased from \$21.5 million in 2001 to \$138 million in 2008 (\$137m in 2007). The main South African agricultural exports under AGOA in 2008 were: oranges, mandarins, raisins, frozen orange juice, tobacco, essential oil of lemon, vegetable seeds, wine and other juices.

Over the years, South Africa exported 150 to 180 tariff lines of agricultural products out of the possible 800 tariff lines provided under AGOA. Citrus fruit and its concentrated juices, wines and ethyl alcohol have proved to be the most successful products under AGOA, and promise to have the highest potential for growth. However, agricultural exports are generally constrained by the USA's SPS requirements on primary and fresh produce.

Accessing AGOA

Potential agricultural exporters from South Africa can benefit from AGOA provided that they comply with the technical as well as sanitary and phytosanitary requirements of the USA. The USA embassy in Pretoria has an office of the USDA Animal and Plant Health Inspection Service (APHIS) where the producers/producer organisations or exporters can inquire about the applied standards for exports to the USA.

The USA government agencies are promoting AGOA accessibility through the annual AGOA Forum and trade related technical assistance. The USA trade representatives in collaboration with USAID have conducted regional export diversification workshops in SSA, and almost all USA embassies in AGOA countries have conducted outreach campaigns to promote AGOA. These workshops are repeated in various SADC countries through the SADC Trade Hub that is situated in Gaborone, Botswana.

In the Department of Agriculture the Directorates: International Relations, International Trade, Plant Health and Animal Health advise the potential exporters on the ways to access the USA market within their respective mandates.



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