

The importance of AGOA for the SA Automotive industry

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SA – US automotive trade 2005 to 2016

Figures in Rand millions – current exchange rate about R13.30 to \$1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SA exports to USA	3 206,5	5 769,7	6 903,0	17 871,1	15 000,8	15 718,2	19 099,7	18 623,1	19 138,7	17 145,0	20 946,9	22 602.40
US exports to SA	3 238,8	3 916,5	5 407,0	6 354,5	4 076,4	5 253,3	8 285,5	9 616,1	10 020,0	11 817,2	11 835,5	11 472.20
Total trade	6 445,3	9 686,2	12 310,0	24 225,6	19 077,2	20 971,5	27 385,2	28 239,2	29 158,7	28 962,2	32 782,4	34 074.60

% increase in automotive exports from SA to USA from 2001 when AGOA commenced to 2016 : 380,4%

% increase in automotive exports from USA to SA from 2001 to 2016 : 383,0%

% increase in total automotive trade from 2001 to 2016 : 381,3%

USA – SA automotive trade data : 2016

Millions of Rand : Top ten product categories

USA (Total trade R34 074,6 million) – 2016

Main products	Exports from SA R22 602,4 million	Main products	Imports into SA R11 472,2 million
Light vehicles	16 324,1	Light vehicles	3 915,4
Catalytic converters	4 291,9	Original equipment components	1 848,6
Engine parts	744,3	Engine parts	679,1
Radiators / parts	199,3	Engines	542,3
Silencers / exhausts	173,9	Axles	346,9
Tyres	145,6	Tyres	345,4
Automotive tooling	80,4	Transmission shafts / cranks	336,0
Shock absorbers / suspension parts	52,4	Gauges / instruments / parts	296,0
Transmission shafts / cranks	36,0	Automotive tooling	237,9
Clutches / shaft couplings	32,3	Catalytic converters	85,6
Other	522,2	Other	2 839,0

Positive contribution of AGOA

- Official trade data confirms the substantial increase in two-way trade in automotive products which have grown in volume and value terms. The scope and composition of products traded has broadened.
- There are considerable mutual benefits to be derived from two-way trade in vehicles and components, for both the US and South Africa.
- American global automotive corporations have built strong business links between their SA operations and international stakeholders, including USA automotive companies (Ford, GM, component MNCs)
- Multinational corporations source their requirements globally at best possible price subject to quality and delivery standards. US companies benefit from duty-free access to products manufactured in SA
- Increased SA component and vehicle exports has assisted automotive industry development in SA and has contributed to employment creation and retention in both SA and USA (800 employees Ford US due to Ford engine manufacture in SA)

Positive contribution of AGOA

- Increased automotive trade between SA and the USA has created improved opportunities and demand for American technical expertise and technology and has also resulted in the establishment of automotive shipping links between the two countries
- In many respects, AGOA represents a win-win dispensation for both countries
- Continuity of AGOA up to 2025 will strengthen further trade relations between southern Africa and the United States and will improve the scope of employment creation, industrial growth and development in the southern African region
- The SA automotive industry is increasingly involved in regional integration and the building of capacity in other African countries. Both the US and countries involved under AGOA have the potential of generating significant economic benefits from trade as AGOA countries continue to develop, modernise and industrialise.
- Ultimately, AGOA builds goodwill between the US and Africa