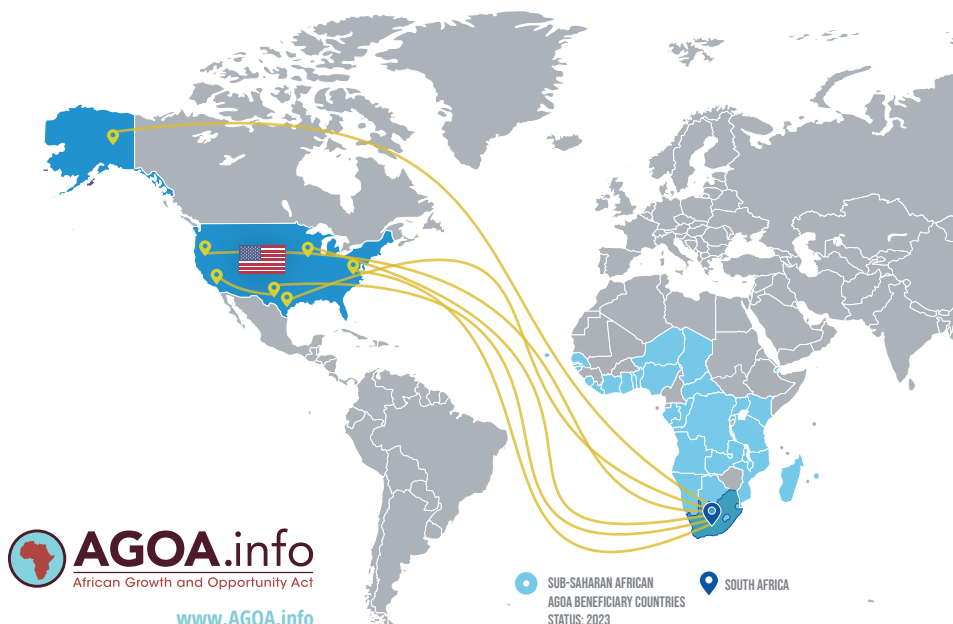


# AGOA AND SOUTH AFRICA

## THE AFRICAN GROWTH AND OPPORTUNITY ACT



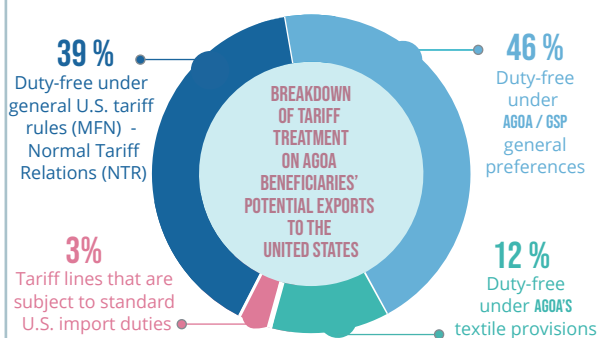
**AGOA.info**  
African Growth and Opportunity Act  
[www.AGOA.info](http://www.AGOA.info)

**South Africa** is one of currently **35** Sub-Saharan African countries that benefit from preferential access to the United States market under the African Growth and Opportunity Act (AGOA), which grants **+/- 6,700** products duty-free status.

United States importers of products that are made in **South Africa** are able to import these goods duty-free, enhancing price competitiveness. These preferences are currently available until end September 2025, unless the AGOA legislation is extended or replaced by another arrangement beyond that date.

### SOUTH AFRICA'S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

PERCENTAGES RELATE TO +/- 11,000 POSSIBLE TARIFF LINES



### WHAT IS AGOA ?

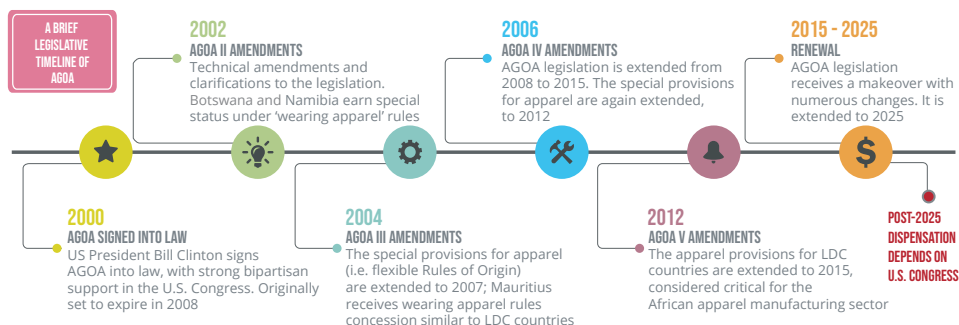
- AGOA, the acronym for the **African Growth and Opportunity Act**, forms part of United States trade legislation, having been signed into law in May 2000 as Public Law 106. It offers special access to the U.S. market for qualifying exports from Sub-Saharan African beneficiary countries including **South Africa**, but also provides a framework for other US support to, and engagement with, African countries. AGOA was originally set to expire after 8 years (in 2008) but has subsequently been extended a number of times, most recently in 2015 for a period of 10 years (now set to expire only in **2025** unless further extended by the U.S. Congress).
- AGOA broadens and enhances the trade preferences of the U.S. Generalized System of Preferences (GSP). While virtually all products that are GSP eligible also qualify under AGOA, the coverage of AGOA preferences is significantly greater. It is important to note that the GSP is subject to more regular congressional re-authorization and last 'expired' at the end of 2020; AGOA is therefore currently the only preferential market access arrangement that provides qualifying Sub-Saharan African beneficiary countries with duty-free access to the U.S. market, for approximately **6,700 products**, including in numerous categories generally considered to be 'sensitive'.
- Qualifying products\* under AGOA include textiles and clothing\*\*, motor vehicles and parts, many agricultural products including nuts, leather products, chemicals, wine, travel luggage, machinery and equipment, and many more.

\* Subject to complying with the Rules of Origin (35% local processing/content requirements)

\*\* South Africa does not qualify for AGOA textile preferences (Chapters 50-60), and is subject to stricter Rules of Origin for apparel

### AGOA RULES OF ORIGIN

**RULES OF ORIGIN (RoO)** are prescribed criteria used to determine the national origin of a product. RoO form an integral part of preferential trade arrangements, and help ensure that market access preferences are correctly linked to imports from an AGOA beneficiary country. AGOA has different RoO criteria for apparel, and general goods. The RoO prescribe the minimum processing or local content required for a product to obtain origin status of the (exporting) country: only 'originating' products receive preferential entry (into the United States) in terms of the AGOA legislation.



#### AGOA RULES OF ORIGIN: TEXTILES AND CLOTHING

- Qualifying apparel (garments) must be made up locally (cut, make, trim) from local or regionally made fabric, which in turn must be produced from African yarn. This RoO category applies to **South Africa**, due to its level of development and classification as a middle income country, which means exporters cannot utilize 3rd country fabrics (a provision available to the other AGOA beneficiary countries). **South Africa** also does not have access to AGOA preferences for textiles (Ch. 50-60).

#### AGOA RULES OF ORIGIN: OTHERS PRODUCTS

- Products must be the 'growth, product or manufacture' of one or more AGOA beneficiary countries, or if some imported / non-originating materials are used, the cost of local materials + direct cost of processing must equal at least **35% of the product's appraised value** at the U.S. port of entry. Up to 15% (of the 35%) may consist of U.S. materials.

#### BASIC AGOA EXPORT CHECKLIST

- Correctly identify the unique HTS tariff code of product SEE: [HTTPS://HTS.USITC.GOV](https://hts.usitc.gov) [TURN OVER PAGE FOR QR CODE]
- Check if product is AGOA / GSP eligible (0% duty) [TARIFF CODE 'D' FOR AGOA, OR 'A' FOR GSP]
- Alternatively: Check applicable duty, or whether duty-free status under general US import tariff rules
- Ensure compliance with **Rules of Origin** requirements
- Obtain certificate of origin / endorsement from national customs / revenue service for textile products.

# UNITED STATES TRADE IN GOODS WITH SOUTH AFRICA SINCE THE START OF AGOA PREFERENCES IN 2000



Trade in goods between the U.S. and S. Africa	2000	2021	2022
South Africa's exports to the United States	\$4.2b	\$15.5b	\$14.5b
United States exports to South Africa	\$2.8b	\$4.7b	\$5.5b
Balance of Trade (pos. values = in favour of the South Africa)	\$1.4b	\$10.7b	\$8.9b

Data in \$ million. Source: USITC Dataweb database. U.S. domestic exports (FAS) vs. U.S. imports for consumption (at customs value)



## United States exports to South Africa | 2021-2022

The United States has been a consistent net importer from South Africa over the past two decades, with the 2021-2022 period showing the largest trade surplus in favour of South Africa. The strongest export growth to South Africa took place in the basic chemicals and motor vehicle segments, with automotive exports to South Africa being the largest trade category. Combined two-way trade between the U.S. and South Africa was worth \$20b in 2022 (2021: also \$20b). The leading U.S. exports to South Africa over the period 2021 - 2022 are listed in the table below.

	2021	2022		2021	2022
Motor vehicles and parts	\$692m	\$806m	Special classification provisions	\$231m	\$276m
Agric. and construction machines	\$443m	\$595m	Oil and gas	\$238m	\$263m
Basic chemicals	\$194m	\$426m	Aviation goods	\$113m	\$200m
Petroleum and coal products	\$234m	\$292m	Other gen. purpose machinery	\$134m	\$186m

## South Africa's exports to the United States, by programme, 2000-2022 | \$ million

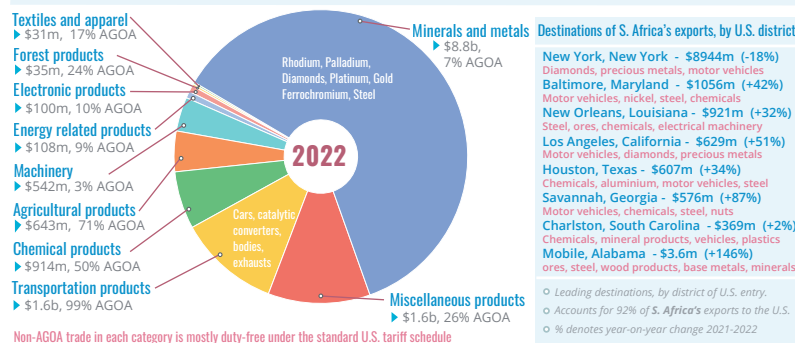
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Exports under AGOA	0	417	790	998	832	455	717	1077	2428	1643	1917	2450	2383	2578	1750	1730	1858	1819	1498	1225	1178	2072	3015
Exports under GSP*	583	506	553	670	949	1017	1066	1190	1457	742	1200	1327	1294	1090	1366	1129	986	1120	892	757	714	625	598
No preferences claimed	3610	3500	2885	3205	4128	4367	5699	6847	6057	3475	5088	5669	4998	4705	5144	4566	4168	5068	6136	5623	9360	12742	10833
TOTAL country exports to U.S.	4204	4430	4888	5926	5854	7497	9132	9959	5877	5877	8221	9461	8696	8392	8279	7445	7034	8020	8545	7624	11264	15447	14454

Data in \$ million. Source: USITC Dataweb database. Totals may not perfectly correspond due to rounding \* The GSP had not been re-authorized in 2021/2022 and any preference claim is deferred

## Breakdown of South Africa's exports to the United States in 2022

Any % values denote respective share of South Africa's sector exports that entered the U.S. duty-free under AGOA.

The graphic below provides an overview of the spread of South Africa's exports to the United States during Year 2022



## Overview: South Africa's trade with the United States

South Africa's trade with the United States has increased considerably since AGOA's inception, and reached \$20b for the first time in 2021, a level that was maintained through 2022. The U.S. forms South Africa's second-largest export market by country.

25% of South Africa's exports to the U.S. are in categories that are duty-free under AGOA preference. Automotive exports are the leading AGOA export (\$22.4b since 2000), far exceeding the value of the next largest product ferroalloys (\$10b since 2000).

Dutiable exports to the U.S. during 2022 were valued at \$667m (of \$14.5b in total U.S. exports), on which \$82m in U.S. import duties were due. Three quarters of South Africa's exports to the U.S. during 2022 took place on a non-preferential basis, most of this trade was in duty-free categories\*.

The agricultural sector is a significant beneficiary of AGOA preferences. Of the \$622m worth of agricultural exports from South Africa to the U.S. in 2022, 72% took place under AGOA. Leading exports were citrus fruit, nuts, wine, grapes, edible ice, ethyl alcohol, cane sugar, fruit juices as well as preserved fruit and vegetables, each with more than \$10m in U.S. exports during 2022.

\* Normal U.S. import duties (only when applicable to a product) are levied when local origin status of the preferential exporter country (through compliance with the relevant Rules of Origin) can not be demonstrated on importation.

## SELECTED EXPORTS UNDER AGOA PREFERENCE FROM SOUTH AFRICA TO THE UNITED STATES SINCE 2000

### Motor vehicles (HTS 8703)

2022: \$1.5 billion exports to the U.S.

South Africa's largest AGOA export category comprises motor vehicles of HTS8703; \$22.5 billion worth of preferential exports have been shipped to the US over the period 2000-2022. Most exports comprise motor vehicles of an engine capacity 1500cc-3000cc (standard duty: 2.5%). Since 2000, 99.5% of South Africa's auto exports to the U.S. have entered duty-free under AGOA. While trade dipped in 2018-2020, there has been a strong recovery in exports between 2021-2022. Motor vehicle parts comprised a further \$60m in exports under AGOA during 2022.



### Citrus (HTS 0805)

2022: \$133 million exports under AGOA

99% of South African citrus exports to the U.S. enters duty-free under AGOA; over \$1.2 billion worth of citrus exports have been traded under AGOA since 2000. Between 2000-2010, South Africa was the largest supplier of fresh oranges to the U.S., and since then, the second-largest after Chile (South Africa's share was 25% in 2022). During 2022, similar values of oranges and mandarins ('naartjies') were exported (\$59m each), followed by grapefruit, clementines, wilkings and lemons.



### Wine (HTS 2204)

2022: \$66 million exports to the U.S.

86% of South African wine exports to the U.S. entered the country duty-free under AGOA during 2022; and \$854m utilized AGOA preferences since 2000. A sizeable volume of trade did not claim AGOA status despite being in AGOA eligible tariff lines. Most wine traded under AGOA comprises bottled wine (rather than bulk). In spite of strong growth over the years, South Africa's share of the U.S. import market remains small, and (in 10th position) South Africa accounts for 'only' 1.1% of the total US import market for wine.



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[Trade Law Centre \(TRALAC\)](#)

[Prosper Africa Initiative](#)

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\* Use any QR Reader app or scan code with your phone camera



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