Providing South African exporters with extended duty-free access to the United States market

Trade preferences until Sept. 2025

South Africa is sub-Saharan Africa’s largest overall exporter to the United States in 2019...and the most diversified exporter of AGOA-qualifying products

South Africa is one of 39 Sub-Saharan African countries that currently enjoy duty-free export status to the United States for ~6,500 products through a combination of AGOA and GSP preferences.

**AGOA BENEFICIARIES’ PREFERENTIAL MARKET ACCESS TO THE UNITED STATES**

*of ~11,000 available tariff lines*

**AGOA RULES OF ORIGIN**

Rules of Origin (RoO) are the criteria used to determine the country of 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. The RoO prescribe the minimum local processing or local material content required for a product to obtain origin status in the (exporting) country; only ‘originating’ products receive preferential entry (into the United States) in terms of the AGOA legislation.

**AGOA RULES OF ORIGIN: APPAREL**

- Qualifying apparel (garments) must be produced locally through cut, make and trim (CMT) processing. In addition, in order for South African apparel to qualify for AGOA preferences it must also be made from local or regional originating fabric (i.e. produced in another AGOA beneficiary country), which in turn must have been made from United States or African yarn. Other AGOA beneficiary countries are however permitted to use fabric originating in any third country.

**AGOA RULES OF ORIGIN: OTHER 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 US port of entry. Up to 15% (of the 35%) may consist of US materials.

**BASIC AGOA TRADE CHECKLIST**

- Correctly identify unique HTS tariff code of product
  - See: https://hts.usitc.gov
- 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 from local customs / revenue authority (SARS - South African Revenue Services)
**United States' Trade in Goods with South Africa Since the Inception of AGOA in 2000**

**South Africa's Exports to the United States by Programmes since 2000 ($ million)**


Data in $ million. Sources: Extracted from USITC Database database. Totals do not perfectly correspond due to a small quantities of South Africa’s exports to the United States utilising civil aircraft and pharmaceutical programs.

**Success Under AGOA: Some of South Africa’s Exports to the US That Have Benefited**

**Motor Vehicles and Parts (Chapter 87)**
- 2018: $573 million exports under AGOA
  - South Africa’s largest AGOA export category; $ 20.5 billion worth of preferential exports have been shipped to the US since 2000. Most exports comprise motor vehicles of an engine capacity 1500cc-3000cc. Since 2000, 95% of South Africa’s auto exports have entered the US duty-free under AGOA. In 2018, however, AGOA/GSP exports were significantly lower than in previous years.

**Citrus Fruit (Heading 0805)**
- 2018: $66 million exports under AGOA
  - All South African citrus enters the US duty-free under AGOA; $ 855 million worth of AGOA exports since 2000. In 2018, South Africa was the 2nd largest international supplier of fresh oranges to the US, with 21% US import market share. While oranges are the largest category, significant quantities of mandarins (Naartjies) and grapefruit are likewise exported under AGOA preference.

**Wine from Grapes (Heading 2204)**
- 2018: $45 million exports under AGOA
  - 92% of South African wine entered the US duty-free under AGOA/GSP during 2018; and almost $ 650 million utilised AGOA access since 2000. Most wine exports under AGOA consist of bottled wine (rather than bulk); 4% involved sparkling wine. In spite of strong growth over the years, SA accounts for ‘only’ 0.8% of the US import market for wine.

**South Africa’s Exports to the United States**

- South Africa has maintained a trade surplus (goods trade) with the US since AGOA’s inception. Exports have increased by 104% since 2000.
- South Africa’s exports to the US during 2018 were worth over $8.5 billion.
- Imports from the US were valued at $14.2 billion.
- Only approximately 3% of products are subject to US import duties; the fresh quality for GSP / AGOA, or are duty-free under US WTO commitments.
- During 2018, total imports into the US from South Africa attracted $55m in import duties (2017: $7m) - almost all of this in steel and aluminium categories.
- This is higher than the $32m that was due in 1999, prior to AGOA, and is a consequence of special duties imposed on steel andalu during 2018.

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