

July 7, 2023

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Chair of the Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Docket Number: USTR-2023-0003

2024 AGOA Eligibility Review

Relevant Country: South Africa

Submission: Comment by the Western Cape Government and request to testify related to sub-Saharan African countries' eligibility for AGOA benefits via WebEx on Monday, July 24, 2023, beginning at 10:00 a.m. EDT.

RE: Western Cape Province Government Comments on the Annual Review of South Africa's Eligibility for the Benefits Under the African Growth and Opportunity Act for Calendar Year 2024

Synopsis

The Western Cape Province, located in the south-western region of South Africa, has a robust and growing economic and commercial relationship with the United States (U.S.), much of which is underpinned by AGOA.

With an unemployment rate of 25.2%, one of the highest GINI coefficients in the world, and with 48.7% of its population living in poverty and surviving with less than US\$86.56 per month, the Western Cape desperately needs AGOA - to improve economic growth in order to create jobs and lift our citizens out of poverty.

The U.S. is a key partner for the Western Cape. Over the past 20 years, the United States (U.S.) has been the number one source of foreign direct investment (FDI) into the Western Cape and because of AGOA, one of the top 5 export markets for Western Cape goods. The U.S. has also been one of the Western Cape's top three overseas tourism source markets. With improving air access –up to 13 direct flights connecting three U.S. cities, the significance of the US tourism as a source market is expected to grow.

There are more than 600 U.S. companies in South Africa, many of which choose Cape Town and the Western Cape as their regional base. Major U.S. investors in the Western Cape include companies such as Amazon and Pepsico.

The Western Cape Government and U.S. Consulate General in Cape Town share an active and successful working partnership, collaborating to increase bilateral trade, investment and cooperation and to leverage the opportunities offered by AGOA.

While the Western Cape has strong services sectors, the province exports more than half of South Africa's global agricultural exports. Almost 70% of the Western Cape's top exports to the U.S. were AGOA-eligible in 2022, with agricultural products and food & beverages ranking among the major beneficiaries. Because these products carry higher tariffs and are more labor intensive, the Western Cape would be especially severely impacted should South Africa lose AGOA benefits, with thousands of workers losing their jobs.

AGOA is important to the Western Cape and the U.S. The Western Cape's successful and meaningful utilization of AGOA provides businesses in the U.S. with competitive, quality inputs and products. Strong and established value and supply chains link Western Cape exports to business opportunities and jobs in the U.S., ensuring that American citizens and businesses can access cost-effective goods that help tame U.S. inflation. At the same time, U.S. companies invested in the Western Cape benefit not only from AGOA but are perfectly situated to leverage opportunities presented by the AfCFTA, especially since Africa is the Western Cape's biggest trade partner by region.

The Africa Continental Free Trade Agreement is a game changer, projected to unlock a continent-wide market of 54 countries with 1.3 billion people and a combined GDP of US\$3.4 trillion. There is a strong argument that the true value of AGOA will only be unlocked as the AfCFTA opens new opportunities for value chains across the African Continent. Due to its logistics infrastructure and strong footprint of Western Cape companies present across Africa, the Western Cape is perfectly situated as a key location for U.S. companies seeking to do business on the Continent. Furthermore, African integration is a key focus of the Western Cape Government's strategies and policies.

The Western Cape Province desperately needs AGOA to support its floundering economy, help showcase the merits of an open market economy approach and overcome its deep socio-economic challenges of unemployment and poverty.

This submission presents an overview of the Western Cape Government's appreciation of what AGOA means for jobs in the province, how the province is working to maximize development through trade and investment, and why the province is a key link in support of meaningful regional integration.

1. Background

The Western Cape is a province located in the south-western region of South Africa. The Western Cape Government, as a provincial government, works closely with the national government and municipalities in the Western Cape to ensure that the citizens of the province have access to the services, facilities, and information they need. The Western Cape Government is committed to delivering an open-opportunity society for all.

South Africa operates as a constitutional democracy, with a government composed of three distinct, interdependent, and interrelated spheres: national, provincial, and local.¹ The country follows a system of cooperative governance which entails the sharing of powers and responsibilities among the spheres.²

The national government has authority over matters of national importance, such as defense and foreign affairs. It is responsible for undertaking trade negotiations and signing trade agreements on behalf of the country.³ However, provinces, including the Western Cape, possess certain powers related to trade and have a key role in the implementation of national measures to support, facilitate and promote trade and investment.

According to the Constitution, the Western Cape Government, led by the Premier and Cabinet, is granted executive authority to implement national legislation within areas of concurrent national and provincial legislative competence outlined in Schedule 4.⁴ This includes trade, tourism, industrial promotion, agriculture, and other functional areas.

The Western Cape Government plays a crucial role in facilitating trade, attracting investment, and supporting industries within its jurisdiction. Concerning AGOA's statement of policy, the province's responsibilities may align with the following:

- Encouraging increased trade and investment between the United States and sub-Saharan Africa.
- Supporting sub-Saharan Africa's regional integration efforts.
- Advocating for the reflection of Western Cape interests in and supporting the implementation of reciprocal and mutually beneficial trade arrangements, including the possibility of establishing free trade areas that benefit both the United States and sub-Saharan African countries.
- Strengthening and expanding the private sector in sub-Saharan Africa, particularly enterprises owned by women and small businesses.
- Facilitating the development of civil societies and political freedom in sub-Saharan Africa.

¹ S40(1) Constitution of the Republic of South Africa, 1996

² Chapter 3 Constitution of the Republic of South Africa, 1996

³ S231(1) Constitution of the Republic of South Africa, 1996

⁴ S125(2) Constitution of the Republic of South Africa, 1996

- Promoting the role of women in social, political, and economic development in sub-Saharan Africa.

The Western Cape Government thus has a role in contributing to the advancement of trade, economic cooperation, and development in sub-Saharan Africa, while fostering mutually beneficial relations with the United States (U.S.).

Given the Western Cape Government's constitutional mandate, this submission aims, on the one hand, to highlight the close strong economic relationship between the Western Cape and the U.S. and the importance of AGOA to the Western Cape economy, and on the other hand to show, in areas where the province has the jurisdiction to develop policy and legislation, that it is aligned with AGOA's objectives and eligibility requirements. This includes in particular “economic policies to reduce poverty, increase the availability of health care and educational opportunities, expand physical infrastructure, promote the development of private enterprise, and encourage the formation of capital markets through micro-credit or other programs” (under sub-paragraph D).

The submission has four sections. First, a contextual section with a profile of the Western Cape economy and governance standards. Second, the mutual benefits of AGOA for U.S. companies, U.S. consumers and the socio-economic development of the Western Cape. Third, the Western Cape Government's strategies and programs align with AGOA and GSP eligibility criteria. Fourth, a conclusion that highlights the contribution of the Western Cape to AGOA's objectives and the robust and growing economic relationship between the U.S. and the Western Cape.

2. Western Cape Summarized Profile

2.1. Socio-Economic Overview

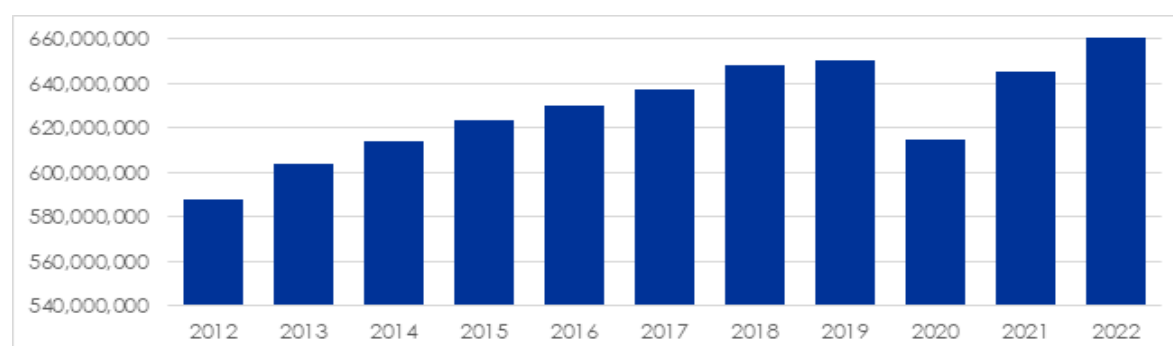
South Africa has nine provinces, and the Western Cape is an engine of national economic growth and productivity. Despite the Western Cape comprising 11% of South Africa's population, it contributed 14.4% to South Africa's Gross Domestic Product (GDP). In 2022, the Western Cape was the third-largest provincial economy worth ZAR 662 billion (USD 40 billion). Gauteng, at ZAR 1.6 trillion (USD 102 billion), had the largest economy followed by KwaZulu Natal at ZAR 746 billion (USD 45 billion).⁵

Historically, the Western Cape economy has achieved steady growth. Between 2012 and 2019, GDP grew from ZAR 588 billion to ZAR 650 billion, achieving a

⁵ GDP data is quoted using constant 2015 values.
ZAR 16.37/USD 1 in 2022, Nedbank Annual Average Exchange Rates

compounded annual growth rate of 1.3%. However, in 2020 the economy started to experience difficulties due to COVID-19 and national-level energy constraints. Despite these setbacks, economic activity in 2022 was slightly above its 2019 peak (Figure 1).

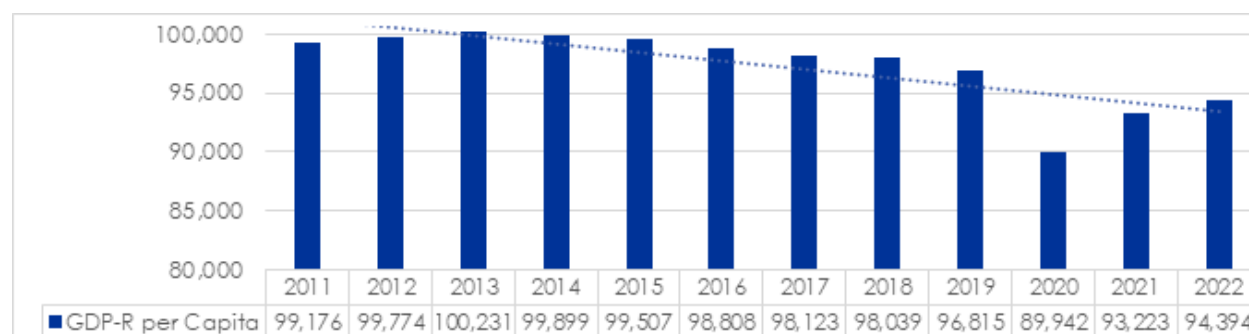
Figure 1: Western Cape GDP, local currency (ZAR), 2012-2022, Thousands



Source: S&P Global market intelligence, 2023

However, GDP per capita⁶ has steadily declined since 2013 due to weak growth, moderate population growth, and inward migration to the Western Cape from other provinces. There is a perception that the Western Cape has more available economic opportunities. Also, the Western Cape's ability to maintain infrastructure and deliver high-quality services, especially in the education and health fields, attracts more residents.

Figure 2: Western Cape GDP per capita⁶, local currency (ZAR), 2011-2022



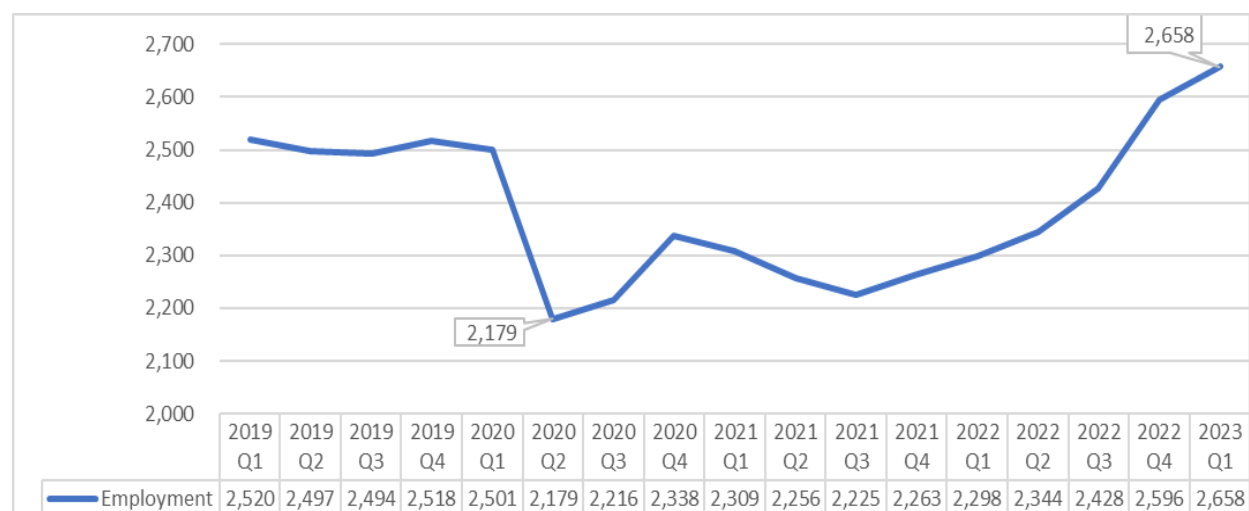
Source: S&P Global market intelligence, 2023

The Western Cape has a diversified economy. In 2022, the largest four sectors and their contribution to Province's Gross Value Added were Finance (32.1%), Community Service (17.1%), Trade (12.1%), and Manufacturing (12%). International and domestic tourism are also major drivers of economic activity.

⁶ GDP per capita is quoted in constant 2015 values.

Consequently, COVID-19 had a devastating impact on the economy and all economic indicators experienced a sharp decline in 2020. In the second quarter of 2020, the economy employed 2,179,000 people. Since the second quarter of 2020, a total of 479,000 jobs were recovered in the province, surpassing the pre-pandemic employment level by 157,000 jobs. In the first quarter of 2023, the Western Cape economy employed 2,658,000 people.

Figure 3: Western Cape Employment, 2019Q1-2023Q3 (unemployed in thousands)



Source: StatsSA

The Western Cape benefits from the country's strong World Bank Governance indicators on (a) voice and accountability, (b) political stability and absence of violence/terrorism, and (c) the rule of law.⁷ South Africa ranks higher than upper and lower-middle-income countries as well as Sub-Saharan African countries. In addition, the Western Cape benefits and contributes to the country's market-based economy and sophisticated financial infrastructure. According to the International Monetary Fund's Country Report 22/183 of June 2022,⁸ "South African financial markets are the most developed and liquid in Africa and well developed by global standards, as well, reflecting credible and independent policymaking, a diverse economy and strong financial institutions."

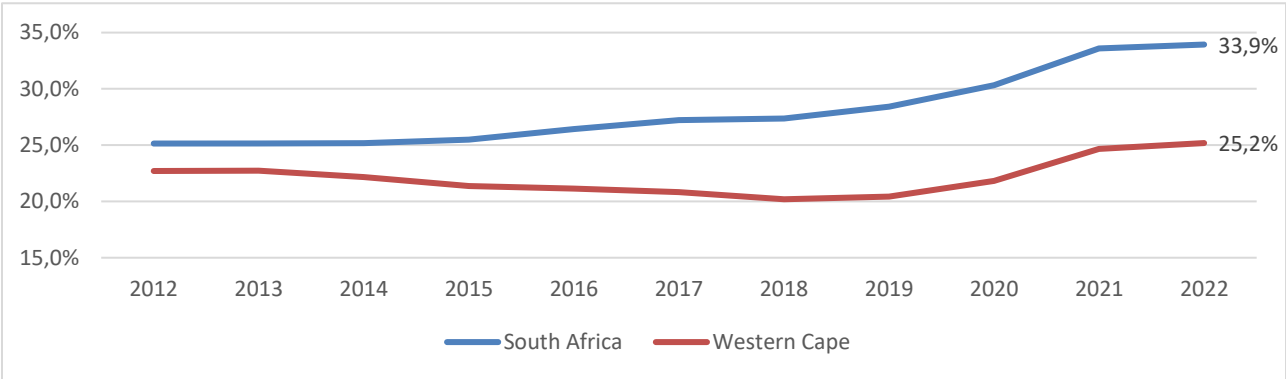
While South Africa is a middle-income country, it faces significant developmental challenges including significant high levels of unemployment, inequality, and poverty.

⁷ World Bank Worldwide Governance indicators

⁸ IMF. 2022. South Africa: Financial Sector Assessment Program-Technical Note on Systemic Liquidity Management

South Africa has the highest unemployment rate in the world.⁹ Between 2012 and 2022, the official unemployment rate grew significantly in South Africa and the Western Cape. In 2022, the South African unemployment rate was 33.9% whilst the Western Cape's unemployment rate stood at 25.2%. This data compares poorly with Brazil and the United States which had an unemployment rate of 9.5% and 3.6%, respectively in 2022.

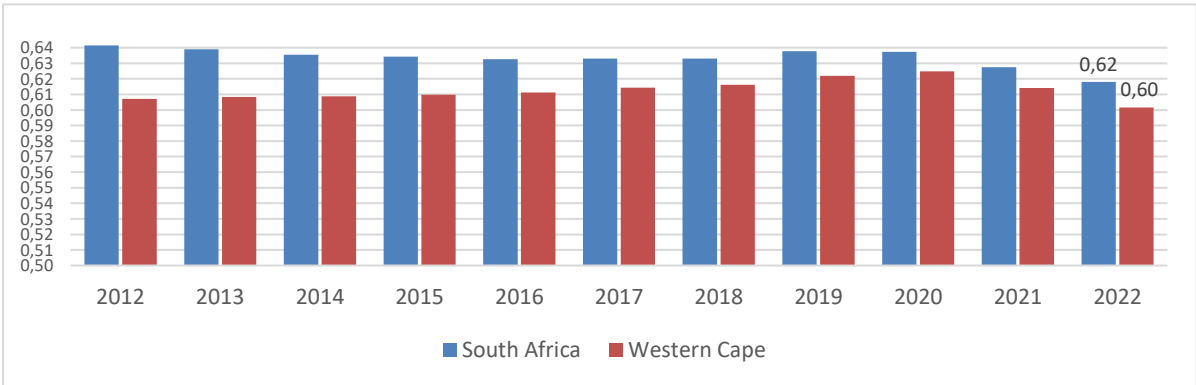
Figure 4: SA and WC unemployment rate, 2012-2022 (%)



Source: S&P Global market intelligence, 2023

South Africa ranks among the most unequal countries globally. Although many policies have been put in place, inequality remains stubbornly high with a Gini coefficient of 0.62 in 2022, representing a slight decrease from 0.63 in 2021. Similarly, the Western Cape province's Gini coefficient decreased from 0.61 to 0.60.

Figure 5: SA and WC Gini coefficient (2012-2022)



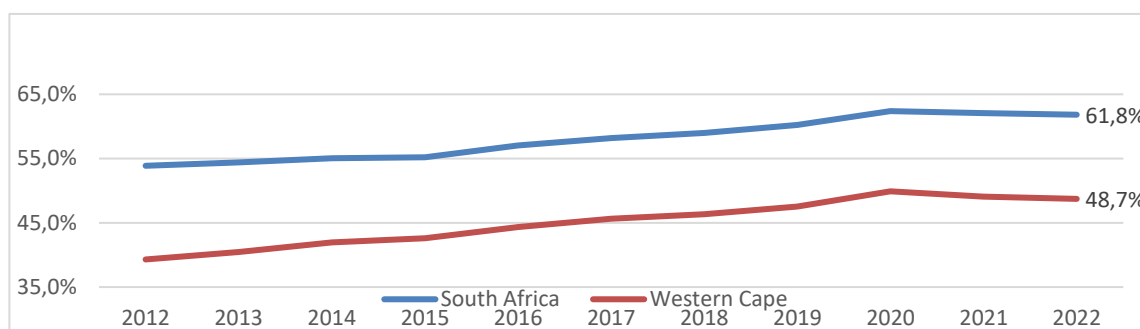
Source: S&P Global market intelligence, 2023

According to the most recent statistics, 61.8% of South Africans live below the upper poverty line, which is a slight decrease from the 62% reported in the year

⁹ World Bank Indicators. 2023

2021. In contrast, in the Western Cape, 48.7% of the population lives below the upper poverty line. In 2022, the upper poverty line in South Africa stood at USD 86.56 per month (ZAR 1417).

Figure 6: SA and WC share below the upper poverty line (US\$ 86.56 or R1417 per month)



Source: S&P Global market intelligence, 2023

Part of the province's growth challenge lies in the dichotomy of its labor-intensive exports competing against low-income countries and its high-value exports competing against high-income countries. In the former, competitiveness is affected by relatively high wage costs and, in the latter, by deficiencies in the availability of skills and advanced capital equipment. As a result, the Western Cape (like South Africa) has experienced 'premature deindustrialization' with employment levels lower than expected for the level of development.

2.2. Western Cape Economic Relationship

a. Foreign Direct Investment (FDI)

Over the past 20 years, the U.S. has been the top source market for inward FDI into the Western Cape in terms of capex, and the second largest based on the number of projects. The U.S. accounted for one-fourth of total capex and 22% of total FDI projects during this period. Between 2011 and March 2023, U.S. companies invested R209.64bn into South Africa, and R33.34bn into the Western Cape.¹⁰

Top sectors for U.S. FDI include Communications and Software Technology, Business Services, Food & Beverages, Consumer Products, Chemicals, and Industrial equipment. Pharmaceuticals and textiles are among the top sectors for U.S. FDI in the Western Cape.

¹⁰ FDI Markets, 2023

U.S. companies are invested in and are major beneficiaries of AGOA in various South African sectors including food & beverages, chemicals, industrial equipment, textiles, and consumer goods.¹¹

b. Exports

The U.S. is among the Western Cape's top five export markets, and provincial exports to the U.S. are growing at a faster rate than nationally. South Africa's exports to the U.S. grew at an average annual rate of 13% between 2002 and 2022, whereas the Western Cape's growth was slightly higher reaching 14.8%. The U.S. held the second-largest share of the Western Cape's global exports at 8.2% in 2022. Primary and secondary agriculture accounted for 33% of the total value of the Western Cape's exports to the U.S. in 2022.¹²

c. Tourism

The U.S. market has consistently formed one of the Western Cape's top three overseas markets for tourism. The U.S. was the Western Cape's second-largest market in 2022 and currently ranks third for Q1 of 2023.¹³ U.S. tourist arrivals to Cape Town (via air) between January and May 2023 (56,996) ranked 3rd among all air markets, more than doubling the number of arrivals recorded year-on-year (22,192 in 2022). Between January and May 2023, US air arrivals increased by a remarkable 157% and reached a full recovery of 148% against 2019 (38,400).¹⁴

3. The Western Cape's Use of AGOA Supports the U.S. Government's Sub-Saharan Trade Policy Objectives

3.1 AGOA is fundamental to support increased trade and investment between the U.S. and the Western Cape

The Western Cape has contributed and benefited significantly from AGOA. In 2021, the Western Cape was the source of five out of ten of South Africa's top exports to the U.S. under AGOA. In each case, the province was responsible for close to 90% – 100% of those exports.¹⁵

¹¹ FDI Intelligence 2023

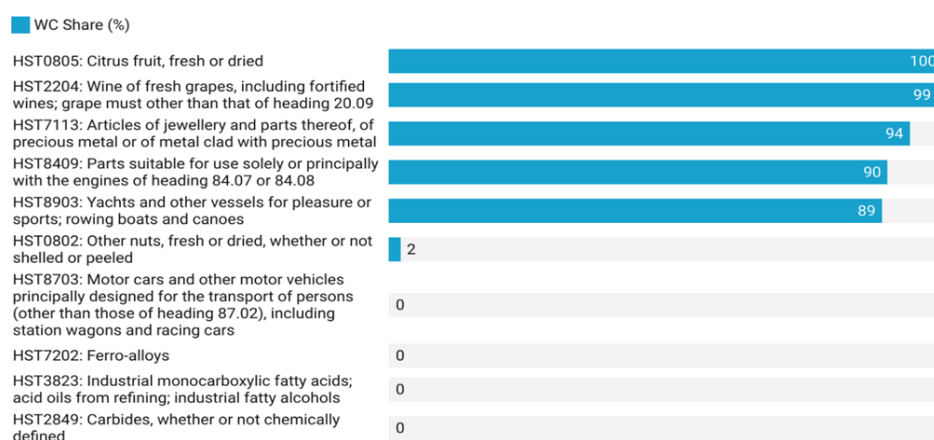
¹² Quantec, 2023

¹³ SA Tourism, 2023

¹⁴ StatsSA, 2023

¹⁵ Quantec, 2023

Figure 7: WC Share of SA top 10 exports under AGOA (incl GSP), 2021



Source: Quantec, 2022

Although South Africa's overall utilization of AGOA was relatively low in 2021, the program is highly impactful in certain sectors. In the Western Cape, AGOA plays a significant role in agriculture, food & beverages, and marine manufacturing.

Approximately 65%-70% of the top 20 products (at an HS4 level) exported from the Western Cape to the U.S. qualify for AGOA, according to an analysis of the top 20 exports in 2022.

(Given that AGOA product eligibility is set at HS 8 level, further analysis at HS 8 level appears to show that this trend holds insofar as Western Cape exports fall under those HS 8 tariff lines that qualify for AGOA.)

3.2. The Western Cape plays a role in driving African regional integration supported by AGOA

One of AGOA's objectives is to support regional integration in sub-Saharan Africa (SSA). According to the recently published USITC African Growth and Opportunity Act (AGO): Program Usage, Trends, and Sectoral Highlights Report (USITC AGOA Report), two forms of regional integration most directly tied to AGOA are trade integration (i.e., intra-SSA trade) and investment integration (i.e., intra-SSA investment). Furthermore, this report states that by receiving preferential tariff rates under AGOA, AGOA beneficiary countries may expand exports to the U.S. and source inputs for these exports from within Sub-Saharan Africa (SSA), thereby contributing toward the U.S. trade policy objectives of increasing regional trade integration. Similarly, greater exports and market access under AGOA can in turn encourage more intra-regional investment.

Not only is support for regional integration in SSA incorporated in the Statement of Policy in AGOA, but the United States Trade Representative (USTR) has on

numerous occasions stated its support for the AfCFTA's objective of increasing intra-Africa trade and investment.

Now is a crucial moment in the establishment of the AfCFTA. It is also a crucial moment in the rearrangement of global supply chains. Geopolitics and the green transition are driving major changes in investor behaviour, with many looking to Africa as a new destination for investment. South Africa plays a key role in intra-Africa trade and investment, as well as in linking Sub-Saharan Africa to global markets. In this regard, the Western Cape presents integral links to the rest of SSA, with a strong logistics infrastructure offering, companies with a growing footprint across the Continent and fast-growing air connectivity. Excluding South Africa from AGOA at this crucial moment would set back much of the momentum of the past two decades and leave a gap in the link between African Continental integration and the U.S.

Not only do Western Cape companies have a substantial footprint across the rest of Africa, but the Western Cape Government and its agencies work hard to boost intra-Africa trade, investment and cooperation.

The African continent was the top destination for outward FDI from the Western Cape in terms of both the number of projects and capex over the past ten years. The rest of Africa accounted for about 45% of the province's outward FDI projects and 58% of capex. The top sector in which Western Cape companies have invested is Food & Beverages. According to FDI Intelligence statistics, a total of 125 FDI projects were recorded in Africa from the Western Cape between 2013 and 2022.

Companies in South Africa and the Western Cape source inputs from the rest of the Continent for products exported to the U.S. under AGOA. The USITC AGOA Report found that several South African AGOA-exporting firms and industries each source at least 40% of their inputs from within Africa; most of the firms and industries in this group source between 80%-100% of inputs. This group spans multiple sectors, including food and beverages, clothing, apparel, and others.¹⁹

In addition, in the survey conducted by Wesgro in 2023, it was found that over 55% of exporters surveyed indicated that 80-100% of their input costs (such as product packaging, ingredients, manufacturing equipment) were sourced from South Africa or Africa, while 21.7% indicated that 60%-80% of their inputs were sourced within Africa. This is only set to increase as the AfCFTA drives the development of new value chains.

South Africa was the largest destination market for U.S. Foreign Direct Investment (FDI) over the last 20 years, accounting for 30% (502 projects) of FDI projects and 14.7% (ZAR307.79bn) of capex, with the Western Cape ranking second (to Gauteng) among all African States over the period 2003 to May 2023. Furthermore, 49.2% of U.S. companies investing into South Africa cited that their motive for investment was domestic market growth related, while 39.7% viewed

that proximity to markets and customers were their main reason of investment. This means that there are many U.S. companies invested in South Africa and the Western Cape that have specifically invested based on access to markets outside of South Africa.

The Western Cape has implemented various initiatives aimed at supporting intra-Africa trade, investment and cooperation. Driven by the Western Cape's Cape Town Air Access Project, the increasing number of flights between Cape Town and destinations in Africa is set to further boost tourism, trade and investment with the rest of the Continent. There are currently 99 frequencies per week departing from Cape Town International Airport to the rest of the continent. In recognition of the critically important relationship between the province and the United States, Cape Town Air Access project also specifically nurtured the establishment of direct air links between the Province and the U.S., with 9 direct frequencies per week during the IATA summer and 13 during the IATA winter. With Cape Town as transit hub for trade facilitation, there is direct US connectivity to the African Continent.

The Western Cape is aware of the fact that 90% of future global population growth between now and 2100 will be on the continent of Africa. At the same time urbanization will increase implying that an increasing number of Africans will be divorced from resources to produce their own food. Within this context, and as the Province is committed to the future of our continent, we have developed and African Agricultural Strategy in 2022. This strategy includes trade development within Africa (both import and export), but it also recognizes the importance of technology, people and knowledge sharing within the Continent.

Further down, this document also highlights the trade and outward investment promotion and facilitation work led by Wesgro.

3.3. AGOA supports job creation and small business development in the Western Cape

The U.S. is a key export market which supports job creation and sustainable business growth in the Western Cape, according to primary and secondary research conducted by Wesgro, the official tourism, trade and investment promotion agency for Cape Town and the Western Cape. Wesgro's research shows that AGOA has a significant impact on exporters utilizing it and that small businesses are key beneficiaries of AGOA.

Wesgro surveyed 44 businesses of which 23 exported to the U.S. in 2023. Survey results showed that:

- 81.3% of exporters surveyed viewed the U.S. as a priority market for the sustainable growth of their business. This was higher among micro, small and

medium-sized businesses (SMMEs), with 91.5% of SMMEs respondents viewing the U.S. as a priority market.

- 60.9% of U.S. export respondents indicated that they utilize AGOA.
- 82.4% of U.S. export respondents indicated that 80-100% of their exports to the U.S. benefitted from AGOA.
- 68.8% of U.S. export respondents indicated that AGOA had a significant impact on the growth of their business. This was higher among small, medium, and micro enterprises (SMMEs), with 80% of SMMEs indicating that AGOA had a significant impact on the sustainable growth of their business.

Wesgro has also developed an econometric model, in conjunction with Quantec's industry multipliers, to calculate the direct, indirect, and induced impact of employment from a ZAR1 million increase in exports to the U.S. from the Western Cape in 2021 (refer to figure 9). For example, the model shows that in 2021, the value of Western Cape's agricultural exports to the United States reached ZAR2.42bn, which created 6,554 direct jobs, 547 indirect jobs and 1,489 induced jobs to reach an economy-wide employment creation of 8,591 jobs in the Western Cape.

Figure 8: Multiplier Effect on Employment of WC exports to the United States, 2021

	WC exports to the US (ZARm)	Direct	Indirect	Induced	Economy-wide
Agriculture	2421	6554	547	1489	8591
Basic iron and steel products; casting of metal	2536	2867	1119	1414	5400
Food	1319	2303	350	812	3465
Other transport equipment	1021	1305	181	611	2097
Other manufacturing groups	2465	703	150	1126	1979
Other chemical products	994	1034	218	564	1817
Beverages and tobacco	976	890	262	626	1778
Motor vehicles, parts and accessories	1124	955	263	501	1719
Leather and leather and fur products	177	419	57	110	586
Machinery and equipment	305	361	37	174	572

Source: Quantec and own calculations, 2023

Subsequently, AGOA has been instrumental in the growth of many businesses that export to the U.S. and discontinuation of AGOA would have detrimental consequences to U.S. exporters in the Western Cape and Western Cape exports to the U.S. This would, in turn, adversely impact overall employment in the Western Cape.

3.4. Impact of a potential loss of AGOA preferences on agricultural and other exports

In agriculture, the Western Cape is at risk of higher impacts than the rest of South Africa from the loss of AGOA benefits, according to research by the Bureau for

Food and Agricultural Policy (BFAP). On average, the Western Cape's economic losses due to higher tariffs would be twice the magnitude of South Africa's.

Without AGOA benefits, additional tariffs on top agricultural exports would amount to approximately \$USD 14 691 650. Furthermore, according to BFAP, the biggest business and job impact on Western Cape agricultural industries would be on-farm and processing in wine, citrus, deciduous fruit, and dairy. Many agricultural operations in South Africa source their agricultural inputs, machinery, and equipment from U.S. companies, and 136 621 primary jobs are linked to top agricultural exports assessed by BFAP.

Although 661 agricultural products are eligible to receive duty-free access under AGOA, South Africa is presently utilizing only 44 of these. In 2022, the total value of South Africa's agricultural exports to the United States reached R9.3 billion. Among these exports, fruits and nuts constituted the largest category, followed by beverages and vegetable preparations (see Table 1 1).

Table 1: South Africa's Agricultural Exports to the USA in 2022.

Product	Value (R million)
HST08: Edible fruit and nuts;	3 982,24
HST22: Beverages, spirits	1 347,74
HST20: Preparations of vegetable origin	1 280,40
HST03: Fish and crustaceans	844,83
HST21: Miscellaneous edible products	531,76
HST17: Sugars and sugar confectionery	435,49
HST41: Raw hides and skins	203,71
HST12: Oil seeds and oleaginous	174,71
HST09: Coffee, tea, maté	99,81
HST06: Live trees and other plants	94,25
HST51: Wool, fine or coarse	46,31
Other	262,78
Total	9 304,03

Source: Calculations based on Quantec 2022 data.

The total value of South African agricultural exports to the USA increased from \$432 million to \$643 million between 2019 and 2022, representing growth of 49% over four years. Over the same period, the value of products receiving preferences under AGOA increased from \$301 million to \$428 million. Moreover,

67% of the exports in 2022 received benefits under AGOA, 9% under GSP, while the balance received no specific attention (Table 2).

Table 2: Growth in South Africa's Agricultural Exports to the USA over the period 2019 to 2022.

Sector	Category	Value (\$1 000)				Change	
		2019	2020	2021	2022	Value	%
Agriculture	Imports by the USA	431 958	438 121	521 398	643 396	211 438	49%
	GSP imports by the USA	24 355	47 758	29 160	29 842	5 487	23%
	AGOA imports by the USA	300 830	270 195	334 208	428 399	127 569	42%
	AGOA %	70%	62%	64%	67%	60%	
All Sectors	Imports by the USA	7 794 518	11 361 006	15 725 971	14 573 647	6 779 129	87%
	GSP imports by the USA	756 815	714 265	625 197	597 868	-158 947	-21%
	AGOA imports by the USA	1 224 562	1 178 223	2 072 296	3 015 291	1 790 729	146%
	AGOA %	16%	10%	13%	21%	26%	
Agriculture as % of all	Imports by the USA	6%	4%	3%	4%	3%	
	GSP imports by the USA	3%	7%	5%	5%	-3%	
	AGOA imports by the USA	25%	23%	16%	14%	7%	

Source: US Department of Commerce as published by TRALAC and own calculations.

From the above table, it is also clear that the value of South African exported to the U.S., across all sectors of the economy which receive AGOA preferences, increased by 146% between 2019 and 2022. However, whereas a quarter (25%) of South Africa's exports receiving AGOA preferences in 2019 was from the Agricultural Sector, it declined to 14% in 2022. This decline is not due to a lack of export growth in the Agricultural Sector, but rather because export growth in other sectors grew faster than in Agriculture.

This analysis shows that more than \$3 billion of South African exports are at risk if the country is to lose AGOA preferences. In the case of the Agricultural Sector, this amounts to 67% of the R9,3 billion exported in 2022; or, in other words, R6,2 billion¹⁶.

¹⁶ A cautionary comment is that it is not a fact that this total amount will be lost, but that the actual loss will be determined by the competitiveness of individual firms.

4. Western Cape Government's Policies and Programs Supporting AGOA Eligibility Criteria

4.1 Economic policies to reduce poverty

The economic policies of the Western Cape Government aim to effectively reduce poverty by prioritizing economic growth. The province's overarching economic policy, known as the Growth for Jobs Strategy, recognizes that economic growth plays a vital role in alleviating poverty, as evidenced by the significant increase in South Africa's black middle class from 1.7 million to 4.2 million individuals between 2004 and 2012.¹⁷

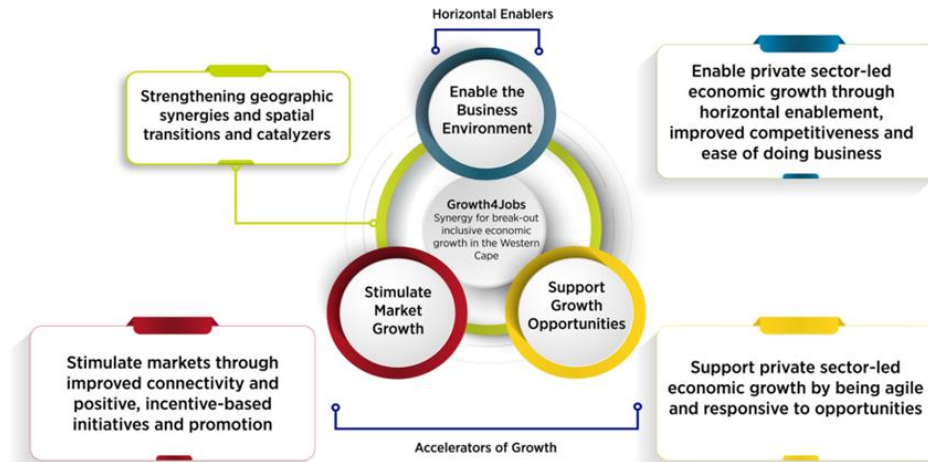
The Growth for Jobs Strategy aims to achieve substantial economic growth with the primary objective of generating job opportunities. The strategy is built upon a comprehensive understanding of the Western Cape's economy and its key socio-economic challenges. The strategy recognizes that there is no prospect of addressing the region's massive socio-economic challenges without faster economic growth and employment.

The Western Cape's Growth for Jobs Strategy is premised on the fundamental principle of an open market economy. According to the strategy, "an open market economy ... makes possible an open opportunity society for all. In embracing and supporting an open-market economy, the Growth for Jobs Strategy's positive interventions are aimed at improving competitiveness and productivity will be deployed to enable businesses to grow and create jobs."

The Strategy sets out a clearly defined vision and objective of achieving substantial economic growth, targeting a real growth rate of 4-6% per year to reach a ZAR 1 trillion economy by 2035. Through this strategy, the Province, envisions a robust economic environment that fosters the creation of employment opportunities and cultivates an inclusive economy characterized by sustainability, resilience, diversity, and prosperity.

¹⁷ University of Cape Town Unilever Institute. 2013. [Black middle class doubles in eight years](#).

Figure 9: The Pillars of the Growth for Jobs Strategy in pursuit of its economic approach



The Strategy sets out seven key priority focus areas to be pursued in the short and medium term, concentrating on the key constraints in network industries and on the essential elements needed to raise total factor productivity and competitiveness.

The 7 Priority Focus Areas are:

- Driving growth opportunities through investment, because domestic and foreign investment will help increase inclusion, and facilitate spatial transformation and social cohesion, including investment in labor-intensive industries and townships.
- Stimulating market growth through exports and domestic markets, with an emphasis on exports because the constrained size of the domestic market cannot sustain the growth that is required to lift our citizens out of poverty.
- Energy resilience and transition to net zero carbon, as the current insufficient availability of electricity is impacting the quality of citizens' lives and the ability of businesses to operate.
- Water security and resilience, so that businesses and people have ready access to clean, potable water resulting in improved productivity and quality of life.
- Technology and innovation, to ensure a digitally transformed and enabled Western Cape that creates jobs and economic value through establishing and developing digital businesses (from start-ups to corporates) and improved public sector efficiency.
- Infrastructure and connected economy (including mobility and logistics, broadband, and digital transformation), as key catalysts for economic and social change.
- Improved access to economic opportunities and employability (including skills and education, transport, and housing), to give citizens better access to employment.

The Growth for Jobs Strategy recognizes the importance of enhancing citizens' access to economic opportunities, improving workforce employability, and facilitating economic mobility. These measures improve the overall quality of life for all citizens while concurrently reducing poverty levels.

In addition to direct economic growth initiatives, the Western Cape Government acknowledges the substantial contribution of indirect support mechanisms in reducing extreme poverty. The national social grant system, despite operating at the limits of its capacity to alleviate poverty, has played a significant role in reducing extreme poverty levels. This system provides essential financial assistance to those in need and ensures access to vital resources. By prioritizing access to these resources and support, the Western Cape Government's policies strive to enhance the overall well-being of citizens, foster inclusivity, and effectively combat poverty.

4.2. Supporting small businesses, women, and entrepreneurs

The Growth for Jobs Strategy seeks to improve access to economic opportunities and contribute to employability through a range of interventions, including enabling people to access opportunities through developing skills and productivity, nurturing local expertise and entrepreneurship, enabling micro- and small-sized enterprises to participate in industry value chains, and supporting self-employment. This is particularly relevant, as sustainably improving citizens' quality of life requires residents from different walks of life to harness opportunities created by investment-driven economic growth.

To achieve the goal of improving the economic mobility of citizens, the Growth for Jobs Strategy adopts a holistic approach that addresses the supply of – and demand for – human capital through measures that are focused, practical and have reach and scale. Demand-side measures target employability by focusing on basic education and workplace training, while supply-side measures include working with municipalities to create enabling environments for growth-oriented entrepreneurs, with a special emphasis on community-based small businesses and initiatives to reduce red tape and binding constraints to growth.

As it relates to the Western Cape Government's role in supporting economic mobility, it is the task of the Growth for Jobs Strategy to focus on the following levers:

- Improve the employment prospects of school leavers and the productive potential of job seekers by aligning basic education and workplace training opportunities more closely with the needs of the economy.
- Reduce the binding constraints impeding formal job-rich growth, particularly by reducing the burden of regulation, infrastructure provision and investment facilitation.

- Support municipalities in creating an enabling environment for entrepreneurs, particularly those in economically marginal locations.
- Support initiatives that invest in open Information and Communication Technology (ICT) infrastructure supportive of online training, digital education, and labor market information (i.e., job-matching).

4.3 Increasing the availability of health care and educational opportunities

Increasing the availability of health care and educational opportunities is a core strategic focus of the Western Cape Government, as is evident in the Wellbeing Priority of the Western Cape Recovery Plan (2021).

The Wellbeing priority elevates initiatives that are critical to ensuring the psychological, social, and physical health of Western Cape residents, particularly in addressing the effects and after-effects of the Covid-19 period. This is evidenced in the theory of change applied by the Priority, which takes a life course approach to improve wellbeing across different life stages.

In the early life stage, research shows that children who benefit from essential First 1000 Days outcomes (such as child and maternal support, attachment and care, and infant stimulation) can earn up to 20% more as adults versus their counterparts and are more likely to have healthy families themselves. The Recovery Plan's focus on Wellbeing, therefore, elevates the importance of the 1st 1000 days of life for both mother and child, with the Department of Health and Wellness leading the First Thousand Days initiative, including interventions such as Basic Ante Natal Care, Post Natal Care, Better Birth Initiative (BBI), Mother-Baby Friendly Initiative (MBFI), Kangaroo Mother Care (KMC), Road to Health Booklet (RTHB), Comprehensive child health services in facility and community-based outreach services.

Evidence has shown that programs aimed at encouraging safe, stable, and nurturing relationships between children and their parents or caregivers have been found to work in preventing child maltreatment and reducing childhood aggression and youth violence. As such, the Western Cape Government has worked to develop family-strengthening sector guidelines to ensure quality programming across the Province. For children aged 2-5 years, evidence suggests that substantial Early Childhood Development (ECD) interventions can help to improve their cognitive and physical development and improve school readiness. As a result, the Western Cape Education Department (WCED) provides ECD centers with specialized support services for children at risk of not achieving their developmental milestones, and DSD continues to support registered after-school care facilities.

In terms of wellbeing for children of school-going age, COVID-19 has highlighted that a combination of soft skills (growth mindset, self-regulation, social awareness, and relational skills) are as critical as the hard skills of literacy and numeracy. The

Recovery Plan has therefore elevated social-emotional learning and psychosocial skills to build resilience and grit for our most disadvantaged learners, for example through its youth violence prevention program. Social and emotional learning, for example, has played a significant role in contexts where violence and conflict exist and where children and youth are disproportionately affected.

To tackle the learning losses due to school closures during the peak of the Covid-19 pandemic, the WCED has launched the #BackOnTrack program to improve learning outcomes. Building on the Department's blended learning programming developed during the pandemic, the #BackOnTrack program focuses on increasing the quality of teaching and the amount of learning time available. The program provides additional learner support by offering Saturday classes and study camps to several grades and providing targeted teacher and tutor training.

After School Programs are offered by Western Cape Government Departments and non-governmental organizations at about half of the no- and low-fee schools in the province. They provide whole child support and safe spaces after formal schooling. These offer children the opportunity to develop relationships with caring adults, find and nurture their passions, and build positive peer networks. This work is supported by advocacy and research efforts to create an enabling environment for impactful after-school programs.

Evidence shows youth engage in unhealthy and risky behaviors, have few educational and economic opportunities, and become disconnected from productive society as a result. The Western Cape Government continues to prioritize the provision of opportunities for youth both in the employment and after-school space. Engaging with youth-at risk is especially important, and this connects with the violence prevention component of the Western Cape Government Safety priority. The 'YearBeyond' Youth Service Programme offers almost 3 000 youth every year an opportunity to gain meaningful work experience and build their CVs and pathway into studies or work. In addition, the 'YearBeyond' Programme offers at-risk learners in grades 3 and 4 with academic support in literacy and numeracy and the grades 8 and 9 program offers math and homework support to struggling learners to ensure they do not drop out in grade 10.

In the wake of Covid-19, catch-up routine health services have been prioritized (e.g., immunizations, chronic condition health management etc.). In adults, chronic health conditions increase the pressure on the resources of the health system as well as the lost productive capacities of people who are absent from work or work less effectively, due to Non-communicable Disease related illness. For these reasons, the issue of food security has gained prominence in the Wellbeing priority.

4.4 Promoting African food security through trade

The Western Cape remains cognizant that 90% of future global population growth between now and 2100 will be on the continent of Africa. At the same time, urbanization will increase implying that an increasing number of Africans will be divorced from resources to produce their own food. Within this context, and as the Province is committed to the future of our continent, we have developed an African Agricultural Strategy in 2022. This strategy includes trade development within Africa (both import and export), but it also recognizes the importance of technology, people and knowledge sharing within the Continent.

4.5. Expanding physical infrastructure

Economic infrastructure across South Africa would greatly benefit from increased investment. Currently, the public sector, including state-owned enterprises (SOEs), invests only half as much as the private sector.¹⁸ While provincial governments have control over a modest 16% of public sector budgets,¹⁹ the Western Cape Government has several tools available for shoring up the quality and quantity of growth-enabling infrastructure:

- Direct custodianship over a R1.75-billion annual capital budget for social infrastructure (i.e., health and education), and over R3-billion capital budget for economic infrastructure (i.e., transport and public works), of which the bulk is directed at maintenance, repairs, upgrades, and refurbishment of existing infrastructure assets.
- A coordinating function to build partnerships with both the private sector and local government to facilitate, fund and implement discretionary projects aimed at unblocking binding constraints to economic growth.
- An advocacy role to influence policy and demonstrate best practices to national government and SOEs.

Western Cape policy on infrastructure aligns with the intention of AGOA to foster trade and investment between the U.S. and sub-Saharan Africa, support job creation, and expand export opportunities for African countries.

The Western Cape Growth for Jobs (G4J) Strategy recognizes that stimulating accelerated private-sector investment, improving human capital productivity, and enhancing regional competitiveness is dependent on well-functioning economic infrastructure. The volume and quality of economic infrastructure serve as the foundation of the economy, while social infrastructure ensures a healthy and skilled labor force. It is a critical component of the region's development agenda and contributes to the overall prosperity and quality of life for its citizens. Within the strategy, infrastructure is recognized as essential for driving economic

¹⁸ Quantec Research, DEDAT calculations.

¹⁹ Stats SA, Palmer Development Group calculations.

growth, improving productivity, enhancing social well-being, promoting sustainability, fostering regional integration, and preparing for the future.

The Western Cape Infrastructure Framework (WCIF 2050) provides a long-term plan that aims to ensure that infrastructure development is aligned with the planning, delivery, and management of infrastructure provided by all stakeholders (national government, provincial government, local government, parastatals, and the private sector) to the strategic agenda and vision for the province as set out in the Growth for Jobs Strategy. The WCIF is framed by five focus areas: prioritizing infrastructure for maximum impact, municipal infrastructure, private sector partnerships, innovation and futures planning, and climate change.

Through the Infrastructure and Connected Economy focus area of the G4J Strategic Framework, in alignment with the WCIF's strategic directive for economic infrastructure development, the Western Cape Government is working toward supporting the development of economic infrastructure that facilitates the movement of goods, services, and people, and that lowers transaction costs and enables businesses to access markets, customers, and suppliers.

4.6. Promoting the development of private enterprise

Western Cape economic policy is fundamentally grounded in the acknowledgement that private enterprises create jobs, while the state's responsibility lies in creating an environment that empowers individuals and enterprises to identify and capitalize on emerging opportunities.

The primary focus of the Western Cape Growth for Jobs Strategy is to foster private sector-led economic growth by establishing a conducive business environment that facilitates growth. The strategy places significant importance on addressing key enabling factors, such as infrastructure and energy, to overcome limitations that impede economic growth and provide comprehensive support across various sectors. These enabling factors have a wide-ranging impact on businesses throughout the economy. The objective is to optimize existing systems and structures to cultivate certainty and instill confidence within the private sector.

The Western Cape Government is also committed to improving the ease of doing business for all enterprises operating in the province. Several interventions are currently underway to address red tape and binding constraints that hinder business. These include simplifying and streamlining regulatory processes for business, advocating for reforms to streamline visa processes, promoting enhanced port efficiency, removing unnecessary barriers for start-ups and new enterprises to enter the market, and identifying export regulations which could be improved.

The Western Cape Government will continue to work towards creating a business environment that fosters competitiveness, accelerates economic growth, and generates employment opportunities. This endeavor will involve pushing the boundaries of the constitutional mandate of the Western Cape and forging partnerships with all levels of government and the private sector to deliver innovative, efficient, and large-scale enabling mechanisms.

4.7. Encouraging the formation of capital markets through micro-credit or other programs

South Africa and the Western Cape are engaged in a concerted effort to ensure small firms have the financial and programmatic support they require to grow. The national government's Small Enterprise Finance Agency (SEFA), which operates in all provinces, provides development finance, including wholesale and direct lending and providing credit guarantees, to Small, Medium and Micro Enterprises (SMMEs) and Co-operatives that are not able to attract commercial credit.

The Western Cape Government augments SEFA funding with its own SMME Booster Fund.²⁰ The Fund provides financial support to organizations that undertake projects or programs aimed at fostering the growth and development of SMMEs, while also offering business development support. The Fund utilizes a co-funding implementation model which encourages collaboration and partnerships. It focuses on projects that support high-growth, Western Cape-based SMMEs, supporting 248 SMMEs through seven organizations over the last financial year.

4.8. Western Cape Government Export and Investment Focus

The Western Cape Growth for Jobs Strategy aims to increase export markets and optimize the domestic economy. Crucial areas for interventions include improved market access, lower trade barriers, and establishing strong networks and support for local exports in targeted countries. The strategy proposes several interventions to drive market access, including developing and implementing country plans, creating an enabling and facilitating environment in target countries, identifying and pursuing export opportunities in Africa, and leveraging cross-selling opportunities. The strategy emphasizes the importance of improving productivity for international competitiveness and economic growth and development.

The Western Cape has also, for the first time, this year launched the Export Competitiveness Enhancement Programme (ECEP), which is a key initiative to grow exports, and Fund, which aims to support businesses that are export-ready

²⁰ WCG. SMME Booster Fund launch and invite for applications. July 2023

or working towards export readiness to meet international market requirements. Interventions target specific businesses and provide support mechanisms to improve the capability, competitiveness, productivity, and export growth of these businesses.

The Western Cape government is committed to significantly expanding investment from foreign, trans-provincial, and local enterprises through the implementation of the Growth for Jobs Strategy. The overarching objective of the province's strategy, in relation to investment, is to position the Western Cape as the preferred investment destination for both local and international investors, offering a wide array of growth opportunities within an empowered environment and robust network of ecosystems.

To achieve this vision, the strategy endeavors to establish a cohesive investment support ecosystem, capable of attracting a steady stream of investment prospects. Moreover, it seeks to tackle impediments to investment and exploit specific opportunities through collaborative efforts between provincial and local government entities, offering competitive investment incentives and comprehensive support to potential investors.

4.9. Increasing air links and access

In addition, driven by the Western Cape's Cape Town Air Access Project, the increasing number of flights between Cape Town and destinations in Africa is set to further boost tourism, trade and investment with the rest of the Continent. There are currently 99 frequencies per week departing from Cape Town International Airport to the rest of the continent. With AGOA as one of the primary catalysts and in recognition of the critically important relationship between the province and the United States, Cape Town Air Access project also specifically nurtured the establishment of direct air links between the Province and the U.S., with 9 direct frequencies per week during the IATA summer and 13 during the IATA winter. With Cape Town as transit hub for trade facilitation, there is direct US connectivity to the African Continent.

4.10. Trade Promotion Activities

Supporting the Western Cape Government's export growth objectives, Wesgro constantly looks for ways to develop trade and export capacity in Cape Town and the Western Cape through practical training and relationship building. Wesgro's trade facilitation program is designed to provide opportunities for Western Cape-based exporters to meet potential customers, conclude business deals and grow their businesses by expanding their markets. This helps to develop the provincial economy and create more jobs.

In support of regional trade, the Western Cape Government has established 2 special economic zones, Freeport Saldanha Industrial Development Zone (FSIDZ) and the Atlantis Special Economic Zone (ASEZ). These zones provide access to land and special infrastructure as a well trade facilitation and co-ordination. They support investment by foreign and local firms, with the ASEZ focused on the renewable energy and the green economy. The FSIDZ is located within the Western Cape's deepest port and caters specifically to the energy and maritime industries.

a. Western Cape – US Trade

The Wesgro trade promotion unit collaborates regularly with the USAID Africa Trade and Investment, Southern African Buy-In Activity. The USAID's program objectives are to promote exports from Southern African countries into South Africa, as well as then promote exports from South Africa to the USA in the agri and agri-processing industries.

A recent collaborative mission was to the Summer Fancy Food Show in New York City (June 25-27, 2023), where fifteen Western Cape Specialty Food Manufacturers were hosted at the Africa Fine Foods Pavilion. The program for the exporters included a market intelligence session as well as a retail tour.

In March 2023, Wesgro hosted six buyers from the USA in Cape Town as part of a *Made In the Cape* event. The event included 2 days of targeted B2B meetings between the buyers and relevant Western Cape exporters. Four of the buyers stayed on after the event to participate in the USAID ATI Southern Buy-In Activity's *Engage Trade Africa* Event.

A dedicated film unit also has strong ties to U.S. filmmakers and has regular interactions with U.S. stakeholders to promote the Western Cape as a film-producing destination.

Additional US trade-related activities over the past year include:

- April 2023: USAID ATI Southern Africa Buy-in Annual Program Statement (APS) - Wesgro hosted an information session for our Wesgro exporters with USAID ATI. The topic was their grant matching opportunity.
- March 2023: World Market Inward buying mission - 2 U.S. buyers who were sourcing products for the World Market retail chain were hosted.
- March 2023: Vinexpo, New York - 15 black-owned wine brands exhibited at the exhibition.
- March 2023: Wine Tasting reception at the SA Consulate, New York in collaboration with Film - 15 black-owned brands were represented.
- Feb 2023: WoSA USA (Wines of South Africa)/WESGRO Market presentation webinar with the WSSA & Annette Alvarez-Peters

- Feb 2023: Hosted the Miami Dade Delegation.
- November 2022: Export to the USA – Wesgro hosted an information sharing and business engagement for Western Cape Exporters. Topics included FDA registration, AGOA, and logistics considerations for business in the USA.
- November 2022: Wesgro hosted a delegation from Prince George's County.
- October 2022: Cape Wine - Wesgro sponsored two US buyers to attend the Cape Town-based tradeshow.
- June 2022: Summer Fancy Food Show – In collaboration with the Southern African Trade and Investment Hub, Wesgro participated with 17 Western Cape Exporters.
- April 2022: In collaboration with Sabbex (South African Boat Builders Export Council) and Prosper Africa, a research study was conducted on the Western Cape Boat Building industry and the U.S. market.
- March 2022: "Something South African" Inward Buying Mission – Wesgro hosted a US buyer looking to source South African products. B2B meetings were arranged with 18 Western Cape exporters.
- March 2022: USA Wine Mission

b. Intra-African Trade

The WCH has mandated Wesgro, its trade and investment promotion agency to promote trade and facilitate outward FDI within the African continent. The agency facilitates several inward and outward missions to strengthen their trade and investment network and relationships throughout Africa. Wesgro also collaborates with trade associations, chambers of commerce and embassies to emphasize their commitment to making a positive impact on intra-Africa trade and investment. For example, in 2023 there were trade missions to Namibia, Ethiopia and Cameroon.

c. Export Advancement and Promotion (EAP) Programme

Wesgro's EAP program is a training program that is offered free of charge to Western Cape enterprises. The course is designed to build export competence to help businesses strategically target and enter international markets, such as the U.S. Furthermore, the EAP program offers various opportunities for SMMEs in the space of international exports, varying from training, mentorship, seminars, awareness talks, and outward selling missions. This program works in close collaboration with the national Department of Trade, Industry and Competition.

5. Conclusion ²¹ ²² ²³

The Western Cape province is a significant contributor to the economy of South Africa and strong investor into the rest of Africa. It is a province that is deeply invested in the wellbeing of its citizens, and the prosperity of its businesses.

This submission aims to provide an overview of the Western Cape Province in South Africa, its close economic and commercial links to the U.S., and to highlight the role that AGOA plays in the economy of the province.

In recognition of the strong economic links between the U.S. and the Western Cape, the U.S. Consulate General in Cape Town and the Western Cape government jointly launched a Trade and Investment Promotion Partnership on 5 February 2021. The partnership builds on the momentum of the existing economic relationship to promote shared prosperity and economic development.

Since it began, the Trade and Investment Promotion Partnership has deepened bilateral cooperation and coordination to promote and increase bilateral trade and investment through regular planning meetings, engagements, events, and high-level interactions that produce deals and mutually beneficial economic wins. Many of these initiatives are boosted by AGOA.

The U.S. is a key tourism and business market for the Western Cape, and the biggest source of FDI for the Western Cape. The partnership also reflects the U.S. private sector's increasing interest in investing in the Western Cape and the potential for further expanding bilateral trade.

During the first year of the partnership, U.S. companies announced investments in the healthcare sector and vaccine manufacturing and established healthcare industry and public health partnerships with South African companies or universities. The U.S. government has also provided funding and technical expertise to help spur growth in this sector.

U.S. tech companies have grown their presence in the Western Cape while local tech companies have received over ZAR4.9 billion in funding from the United States since the partnership was announced. Under the partnership, support was provided to local investment firms to raise funds to promote further investment and visits by US tech investors were supported to the Western Cape. Beyond tech,

²¹ <https://www.engineeringnews.co.za/article/us-western-cape-launch-trade-investment-partnership-2021-02-05>.

²² <https://www.wesgro.co.za/corporate/news/2022/united-states-ranked-as-the-western-cape-largest-export-market>

²³ <https://za.usembassy.gov/one-year-anniversary-of-the-united-states-western-cape-trade-and-investment-promotion-partnership/>

U.S. companies have helped grow the film and media sector and provided energy and water products and solutions.

U.S. companies are increasingly looking to source agricultural products from the Western Cape while U.S. investment in the sector is promoting even more growth and opportunities. A recently signed memorandum of understanding between the Western Cape Department of Agriculture and the California Department of Food and Agriculture will further strengthen cooperation under the partnership. This follows similar agreements with the State of Florida and Georgia.

The economic relationship between the United States and the Western Cape is robust and growing. The Western Cape's diverse and dynamic economy attracts investment from U.S. companies—big and small—and the United States has been the top foreign direct investor in the Western Cape for many years. U.S. companies have invested in the province, have created tens of thousands of jobs, offered training and skills development, and supported local communities through outreach and humanitarian programs in the Western Cape.

AGOA is highly utilized in key export sectors in the province, contributing significantly to achieving the development impacts of exports. The program is an important incentive for FDI into sub-Saharan Africa, including the Western Cape. Removing South Africa's AGOA eligibility would directly impact on jobs and livelihoods, hurt U.S. importers and investors with established value chains, harm future investment prospects, and undermine regional integration aspirations just as the AfCFTA comes to fruition.

6. Authorization

Submitted for your consideration on behalf of the Western Cape Government.

Yours faithfully,



Mr AR Winde MPL

Premier of the Western Cape



Dr HC Malila

Director-General: Western
Cape Government