



Grain Building, Agri-hub Office Park, 477 Witherite Road, The Willows, Pretoria, 0184
Tel: 012 007 1150

7 July 2023

Office of the United States
Trade Representative

For attention: Jeremy Streatfeild,
Director of African Affairs,
Office of African Affairs

Per email: Jeremy.E.Streatfeild@ustr.eop.gov

**2024 AGOA Eligibility Review: South Africa: Fruit South Africa written submission
pertaining to the revision of the African Growth and Opportunity Act**

Dear Mr Streatfeild,

Fruit South Africa (SA) is the umbrella body for the SA fruit industry. We note that AGOA (Title I of the Trade and Development Act of 2000, Pub. L. 106–200) (19 U.S.C. 2466a et seq.), as amended, authorises the President to designate sub-Saharan African countries as beneficiaries eligible for duty-free treatment for certain additional products not included for duty-free treatment under the Generalized System of Preferences (GSP) (title V of the Trade Act of 1974 (19 U.S.C. 2461 et seq.) (1974 Act). We note further that the AGOA Subcommittee is requesting written public comments for this review and will conduct a virtual public hearing to develop recommendations to the President in connection with the annual review of sub-Saharan African countries' eligibility for AGOA benefits. We welcome the call for written



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submissions with regard to the Annual AGOA Eligibility Review. We thank the Subcommittee therefore for the opportunity to submit in this regard.

Fruit SA strives to contribute to a growing, profitable, sustainable and equitable fruit industry in South Africa. Amongst our objectives are to maintain Fruit SA as the collective platform for the SA fruit industry, and to engage constructively with government and other strategic stakeholders on policy, legislation and other fruit industry matters. Fruit SA counts as its members the following organisations:

- The Citrus Growers Association of Southern Africa
- Hortgro, the South African deciduous fruit industry's knowledge partner
- The South African Table Grape Industry
- The South African Subtropical Growers' Association (representing avocado, litchi and mango grower associations)
- BerriesZA, the collective platform for SA berry producers; and
- The Fresh Produce Exporters' Forum, which accounts for over 90% of fresh produce exported from South Africa.

The SA fruit industry plays a major role in rural employment in South Africa. In 2022, the industry provided employment to 276 600 people (31% of total agricultural employment in SA) and through this supported nearly 1 100 000 dependents. Fruit production occurs across all nine provinces of South Africa. In terms of trade, fresh fruit accounts for around 35% of SA agricultural exports.

The Value of AGOA for the SA fruit sector

Preferential exports to the US under AGOA are highly valued by the sector. SA has to date only negotiated a small set of preferential trade agreements, with for example the EU, UK, EFTA, Mercosur and within Africa. No agreements exist in the Middle East or Asia. The US access under AGOA is thus a vital component of SA's agricultural export trade, and one that



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holds great promise. SA exports have the potential to grow, for example once permission is granted for access for avocados, and for expanded supply of citrus.

Some examples of the value of current trade include citrus at 102,000 tons, which in 2022 accounted for +/- \$155 million turnover. In 2020 the tonnage stood at 77 000. Similar growth can be seen as follows:

Selected agricultural trade between SA and US, 2022

Product	Annual growth in value between 2018-2022, p.a.	Share in SA's world agri exports
Fresh or dried mandarins incl. tangerines and satsumas	41%	15%
Fresh or dried oranges	17%	16%
Fresh grapes	76%	8%

Source: TradeMap 2023

The fruit industry's location in rural areas means that the economic multipliers for fruit farming are important for rural economies. With the sector being one of the few SA sectors that is expanding, and increasing employment, it plays a key stabilising role in a country where total unemployment reached 32,9% in the first quarter of 2023. At the same time, the industry faces significant challenges, with energy, logistics, and other input costs, at an all-time high, and national logistics and energy networks struggling to perform. The preferential markets such as the US via AGOA are thus playing a large role in keeping the industry afloat and protecting the jobs mentioned above.

But for agriculture to continue to expand and create jobs, access to export markets is key, as we export roughly half of our agricultural produce in value terms. Preferential access is similarly crucial. To illustrate, it is estimated that without AGOA, overall SA agricultural exports would be liable for 5 times higher tariffs, and agri exports from the Western Cape province, which is one of SA's top fruit producing provinces, would face tariffs that would be 10 times higher. It can be noted that other Southern Hemisphere fruit producers such as Chile, Peru



and Australia enter the USA without any duties under bilateral trade agreements. AGOA is the only vehicle currently that affords SA producers the opportunity to compete equally¹.

SA-US trade is mutually beneficial

The trade flow is not only one way. US exports to SA have been recovering strongly after the Covid season, and have returned to levels not seen since 2013. In 2022 alone, U.S. exports to South Africa comprised \$6.5 billion, a 46% increase from 2020. Over a quarter of the Top 25 products have experienced double digit annual growth since 2018. The SA agricultural sector is also a market for US agricultural machinery such as John Deere and other inputs.

Concerns with non-renewal

The 2024 Annual Eligibility Review has the potential to impact SA very negatively if the country was to be declared ineligible. Currency markets would be affected and the signals to investors at both national level and within the agricultural sector would be negative. It would in addition interrupt the growing utilisation of AGOA by SA agriculture noted above, and in turn indirectly impact reinvigorated US trade into the SA market. Losing eligibility can then disincentivise progress in respect of the eligibility criteria enshrined within AGOA, namely a market-based economy; the rule of law; political pluralism; the right to due process; the elimination of barriers to U.S. trade and investment; economic policies to reduce poverty; systems to combat corruption and bribery, and protection of internationally recognised worker rights. Fruit SA believes that SA has maintained adherence to these criteria.

With AGOA up for renewal next year, the SA business sector is looking forward to engaging both US and SA policymakers in discussions around how SA can support a revitalised, contemporary, fit for purpose AGOA. Losing participation in AGOA at this stage would silence

¹ If the US GSP is currently not active. It expired in December 2020, and even if active, does not afford the same coverage for SA agricultural products.





this contribution at a time when African trade relationships are in a period of flux and realignment.

Fruit SA therefore calls for the Subcommittee and the office of the USTR to maintain SA's participation within the current AGOA platform, taking into account the continued adherence of SA to the eligibility criteria, and with a view to overall renewal of AGOA, and opportunities for increased US-SA trade.

Yours sincerely

JMRatshitanga

Fhumulani Ratshitanga

CEO: Fruit South Africa



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