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Office of the United States Trade Representative  
600 17th Street NW  
Washington, DC 20508  
United States of America

*Electronic submission made through [www.regulations.gov](http://www.regulations.gov)*

To whom it may concern

**Annual Review of Country Eligibility for Benefits Under the African Growth and Opportunity Act for Calendar Year 2024**

We refer to your notice in the Federal Register Vol. 88 No 95 of May 17, 2023, regarding the above.

1. Please find attached hereto our written comments for your consideration.
2. We would greatly appreciate an opportunity to provide oral testimony on this submission.

Best regards,

**Vuyo D. Kahla**  
**Chairman of the Board of Directors**  
**Sasol South Africa Limited**

**T. David Mokomela**  
**Director**  
**Sasol South Africa Limited**

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Company Secretary: M du Toit

## **Introduction**

Sasol South Africa Limited is a subsidiary of Sasol Limited, a global, integrated chemicals and energy company with headquarters in Johannesburg, South Africa (SA). Sasol Limited is listed on both the Johannesburg- and New York Stock Exchange. It has more than 28,000 employees located in 22 countries around the world. In its most recent financial year (ending on 30 June 2022<sup>i</sup>) it generated \$18.1b in turnover and \$2.7b in earnings; paid \$1.1b in direct taxes and spent \$49m on social investment initiatives.

## **Importance of AGOA to Sasol**

The United States of America (US) is a crucial business location for Sasol, both as an operating hub employing more than 1200 people, and as a market for products produced in other countries. Sasol's US Chemicals businesses benefits from preferential terms under the Generalized System of Preferences (GSP) and the Africa Growth Opportunity Act (AGOA), which allow these products to enter the US at low or nil tariff rates.

Sasol produces more than 6.3 million metric tons of chemicals globally. It exports significant quantities of chemicals from SA to the US, and from the US to international markets. Sasol sells its products to more than 6,500 customers located in 118 countries.

Over the last decade Sasol invested more than \$12b in the US (mostly in the state of Louisiana). Sasol has also created significant logistics infrastructure in Louisiana and Texas to receive, store and distribute South African products in the US. These activities generate employment and tax revenue in the US. Sasol's production units in Winnie and Green Bayou, Texas, are reliant on feedstocks imported from South Africa for their existence. AGOA enables the frictionless export of chemicals manufactured in SA to the US for further processing and/or re-sale and contributes greatly to the competitiveness and sustainability of Sasol's US chemicals business.

## **Notable Sasol successes under AGOA**

- |                        |   |
|------------------------|---|
| 1-Octene               | Sasol is a major producer of 1-Octene, an essential comonomer for advanced grades of polyolefins made by leading US polymer producers. Originally only exported from South Africa, it is now also produced in the US using Sasol's proprietary tetramerization technology. 1-Octene is used in a variety of applications including solar PV cells and lubricants used in electrical vehicles. |
| Synt <sup>x</sup> UHPE | Sasol's unique ultra-high purity synthetic ethanol is exported to the US from South Africa. It is an essential raw material in the production of proprietary diabetes and obesity treatments in the US.   |

Phenolics	Sasol South Africa exports crude phenolics to the US. It is an essential feedstock for Sasol's plants in Winnie and Greens Bayou, Texas. At these plants it is processed into value added products for use in wire enamel solvents, flame retardants, agricultural chemicals, and pharmaceuticals.
Safol	Sasol is the largest global producer and marketer of alcohols with carbon chain lengths of 6 or longer. Our offering includes many unique branched- and long chain fatty alcohols for use in a wide range of applications. Safol is produced by Sasol in South Africa and exported to the US where it's an important part of the portfolio sold to multinational brand owners.
FT Wax	Sasol's world leading Fischer-Tropsch hard waxes are produced in South Africa and exported to the US. In the US, they are used in wax formulations targeting applications ranging from hot melt adhesives and polymer processing to additives that enable asphalt recycling and making road construction more environmentally sustainable.

Over and above these examples, Sasol also has a long track record of being a reliable supplier in the US of numerous other chemicals produced in South Africa including industrial solvents (propanol, butanol, methyl-isobutyl-ketone, methyl-ethyl-ketone), acrylic monomers and 1-hexene. In some cases, especially in respect of MEK, the US is reliant on imports since there are no local producers.

### **AGOA as enabler of African industrialization and Global and Regional Integration**

Sasol is uniquely positioned as a producer of a diverse range of chemicals located on the African continent. The diversity and sophistication of Sasol's South African chemicals portfolio is supported by its global activities for which AGOA is an important enabler, specifically:

- Global integration of Sasol's activities in South Africa, the US and Europe unlocks synergies in technology, production chains and know-how.
- Access to US and European markets provides Sasol with the scale required to sustain its South African operations.
- Competing in sophisticated northern hemisphere markets helps Sasol to keep abreast with global technological and regulatory developments.

The benefits of AGOA extend beyond Sasol and South Africa:

- Sasol processes Mozambican natural gas into products much more valuable than exports of this natural resource in its basic form.
- The nascent manufacturing industries in many Sub-Saharan African countries, especially in Southern Africa, rely on Sasol as a proximate source of a wide variety of industrial chemicals.
- Sasol's manufacturing presence in the US and Europe makes it a significant contributor to ongoing investment, employment, and tax revenue in those locations.

### **Importance of AGOA to the wider chemical industry in SA and the Southern African Customs Union (SACU)**

It is worth noting that the chemical industry in South Africa constitutes about 3 percent of national GDP, one-fifth of manufacturing GDP and directly employs more than 100,000 people<sup>ii</sup>. The plastics industry, to which Sasol is a key supplier, contributes another 2% of national GDP and directly employs another 60,000 people<sup>iii</sup>. These numbers exclude the contributions from upstream activities or primary mineral processing.

The US is a very important trading partner for SA. The US constitutes amongst the top 5 most important export destinations for SA and is amongst the top 5 import trading partners for SA. SA has an above 85% utilization rate of AGOA<sup>iv</sup>.

For the relevant tariff lines applicable to the chemicals, plastics, and rubber industries (all those under HS 28 to 40), trade is relatively balanced. Using UN Comtrade<sup>v</sup> data for 2017 to 2022:

- SA exported \$818m per year to the US
- The US exported \$976m per year to SA

*(number based on statistics for HS 28 – 40, average of annual FOB values of exports as reported by the exporting country's customs authority to UN Comtrade for the six years mentioned above)*

South Africa has no import duties for many of the chemicals produced in- and exported from South Africa. For these products, AGOA makes the trade relationship in chemicals between South Africa and the US symmetrical.

### **Conclusion**

In February 1999, prior to the adoption of AGOA, the Committee on International Relations stated the following in its report to the US Congress<sup>vi</sup>:

*“the United States seeks to facilitate market-led economic growth in, and thereby the social and economic development of, the countries of sub-Saharan Africa. In particular, the United States seeks to assist sub-Saharan African countries, and the private sector in those countries, to achieve economic self-reliance”.*

Based on the evidence cited above, Sasol believes that AGOA continues to deliver on these objectives. Sasol is hopeful that the opportunities created by AGOA can and will be maintained into the future for the mutual benefit of all involved.

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**References:**

<sup>i</sup> Sasol Annual Integrated Report FY22, Sasol Annual Financial Statements FY22, ZAR converted to USD at an exchange rate of 15.21ZAR/USD

<sup>ii</sup> <http://www.thedtic.gov.za/sectors-and-services-2/industrial-development/chemicals/>

<sup>iii</sup> <http://www.thedtic.gov.za/plastics/>

<sup>iv</sup> African Growth and Opportunity Act: Program Usage, Trends, and Sectoral Highlights (2023) U.S. International Trade Commission, Publication Number: 5419

<sup>v</sup> <https://comtradeplus.un.org/>

<sup>vi</sup> Report 106-19 Part 1, February 16, 1999, House of Representatives, 106<sup>th</sup> Congress