AGOA AT A GLANCE

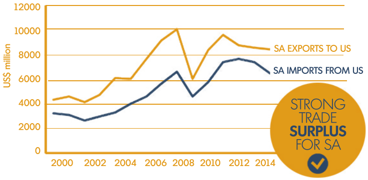
Under the African Growth and Opportunity Act (AGOA), the US has offered duty-free market access to sub Saharan African countries since 2000. The current extension of this unilateral deal (no tariff concessions are required from beneficiaries) ends in 2025. The US is looking to African countries to suggest alternatives once AGOA expires.

Bi- and multi-lateral trade agreements are a commonly-used option, and the US have been keen to negotiate such deals, as evidenced by the Trans-Atlantic Trade and Investment Partnership, and the Trans-Pacific Partnership.

But a wide range of other alternatives exist, depending on the issues up for negotiation and the level of complexity: Trade and Investment Frameworks; Bilateral Investment Treaties; Preferential Trade Agreements or a Free Trade Agreement.

South Africa would need to negotiate any bilateral agreement as part of SACU (as per the 2002 SACU Agreement). Smaller countries, with less leverage in negotiations, benefit from negotiating within groups. Key regional economic communities in Africa, like SADC, COMESA, EAC, ECOWAS could be used as a basis for negotiations (as happened with the EU Economic Partnership Agreements), or ultimately the Tripartite FTA or the Continental FTA.

SA-US BALANCE OF TRADE



AGOA AS A PROPORTION OF SA EXPORTS BY INDUSTRY (2014)

AUTOMOTIVE
R95 out of every R100 in exports

AGRICULTURE
R74 out of every R100 in exports

CHEMICALS
R47 out of every R100 in exports

MINERALS & METALS
R20 out of every R100 in exports

MACHINERY
R5 out of every R100 in exports

ALL OTHER
R37 out of every R100 in exports

THE AGOA ACT V.S BILATERAL AGREEMENTS

THE AGOA ACT	BILATERAL AGREEMENTS
No negotiations, technical capacity not needed	Difficult and lengthy to negotiate, requires expertise
Good for small countries	Typically better for large countries (e.g. SA)
All gains, no losses	Would be reciprocal: gains and losses
Gains can be limited	Typically better tariff concessions
Can be withdrawn by US at any time	Rights, responsibilities & dispute resolutions clear
Power imbalances between partners	Can protect infant or strategic industries
Country can become dependent on gains	Can lead to more trade and more investment

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