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MEDIA STATEMENT

SA BUSINESS IS CALLING FOR AN EXTENSION OF AGOA BEYOND 2015 TO ENHANCE US-SA TRADE AND INVESTMENTS

The AGOA Summit to be hosted in Lusaka, Zambia this coming week provides BUSA with an opportunity to reflect on this important trade preference. According to South African businesses, the African Growth and Opportunity Act (AGOA) has been a success for South Africa and has played a major role in stimulating exports to the USA, consolidating high-tech industry in South Africa and creating local supply chains. This was the unanimous message delivered by the US-SA Business Forum at a briefing hosted by Business Unity South Africa (BUSA) in April 2011.

The seminar was convened in order to take stock of the state of AGOA and its benefits. Attendees included representatives from the Americas Desk at the Department of Trade and Industry, as well as representatives from the automotive, agricultural, clothing and textiles, metals and petrochemicals industries in South Africa.

AGOA is a unilateral trade preference extended by the USA to the majority of developing countries in Sub-Saharan Africa. The aim of the Act is to enhance the trade and investment relationship between the USA and African nations and to act as a spur for development, industrialisation and regional integration in beneficiary countries. Recent trade statistics point to the huge benefits that have accrued to the South African economy as a direct result of AGOA. According to the dti, total trade between the USA and South Africa increase to R52.4 billion in 2010 and, even more remarkably, South Africa reported a trade surplus with the USA.





Participants at the seminar confirmed that exports of automotive products and vehicles to the USA have grown substantially since 2000 when AGOA came into force and, apart from changes caused by currency movements and the global economic slowdown, have shown a steady upward trend. Statistics compiled by the Trade Law Centre for South Africa confirm that automotive exports to the USA increased by 850% between 2000 and 2010. More significantly for South Africa, investment into the industry by major manufacturers increased 317% under AGOA. South Africa's poorest province, the Eastern Cape is a major beneficiary of AGOA-related investment, with automotive manufacturing dominating the region's industrial output. The agricultural sector also confirmed that their exports to the USA have increased markedly since 2000. The clothing sector, however, has experienced declining exports recently due to the strength of the South African Rand and competition from low-priced imported clothing.

South African business has unequivocally stated that an extension of AGOA beyond 2015 will be of huge benefit to the South African economy and will greatly enhance the US-South Africa trade and investment relationship. It is essential, therefore, for government and business to work together to highlight the importance of AGOA to the US-South Africa commercial relationship and seek for this to be strengthened by a long-term extension of AGOA. To reinforce this message, BUSA is leading a business delegation from the automotive, agricultural and clothing sectors to Lusaka.

That said, as a U.S. unilateral trade preference to sub-Saharan Africa, AGOA is not only opening markets to South African products, but also acts a bridge into the social and political dialogue for many African countries, particularly for South Africa. And that is on its own is worth fighting for in the eyes of South African Business and the South African government

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