



First draft

THE SACU-US TIDCA: SOUTH AFRICAN PRIVATE SECTOR PERSPECTIVES

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1 Introduction

The Southern African Customs Union (SACU) ¹ still remains one of the key African trading partners of the United States (US) second only to Nigeria (whose exports are mainly petroleum products).² Of the SACU members, South Africa remains the biggest trading partner. South Africa's exports to the US have maintained a consistent pattern of growth since 1994. Figure 1 reveals that in 2008 total exports to the US amounted to US 81.4 million dollars with a jump from US 52.8 million in 2007. Figure 2 shows that approximately 39 percent of South African exports enter the US through the Generalized System of Preference (GSP) and the Africa Growth and Opportunity Act (AGOA). However, there is no contractual agreement to guarantee and extend current market access opportunities enjoyed by South Africa. There is no framework to regulate important issues in bilateral economic relations especially investment and intellectual property rights (IPRs).³ Moreover, the existing opportunities are under threat as the AGOA scheme will expire in six years and the US congress intends to review the entire landscape of preferential trade programmes.

In 2003, the US and the SACU started negotiations towards a free trade agreement (FTA) which was aimed to among others, eliminate barriers to goods and services export in both parties markets'; strengthen IPRs; build alliances for the World Trade Organization (WTO) negotiations, achieving AGOA- plus liberalization (by locking in and possibly extending current market access); and spur regional integration in the SACU. However the negotiations failed to reach a conclusion due to differing views on the scope of the agreement, leading the parties to lower their ambition and thereby signing the Trade, Investment and Development Cooperation

¹SACU is composed of Botswana, Lesotho, Namibia, Swaziland and South Africa. See <http://www.sacu.int/about.php?include=about/history.html>

² P. Draper & N. Khumalo (eds.), *One Size Does not fit All, Deal- Breaker Issues in the Failed US-SACU Free Trade Negotiations*, SAIIA (2007) 1.

³ P. Draper and N. Khumalo (as above).

Agreement (TIDCA) in 2008. The TIDCA was intended therefore, to be a formal mechanism for the US and the SACU to conclude a range of trade related agreements, cooperative work and other trade enhancing initiatives. It has the potential also to allow the US and SACU to develop work plans on key issues such as food safety standards, technical barriers to trade and investment promotion that should lead to increased US- SACU trade and investment in the near future.⁴ The South African private sector, therefore, has an important interest and can play a key role in ensuring that bilateral trade relations between SACU and the US are meaningful as they could ultimately take advantage of the opportunities to be created by the TIDCA.

This paper seeks to provide an overview of the South African private sector's perspectives on priorities to be discussed under the TIDCA. The initial thrust was aimed at getting views of major exporters in South Africa or those designated to speak on their behalf. However, due to limited time to undertake the study, it proved difficult to secure interviews in most cases. It should also be pointed out that it was easier to secure interviews for executives of export councils than other private sector players. The paper begins by giving an analysis of the TIDCA and then considers South African private sector perspectives of the nature and usefulness of the TIDCA in the second section. It also highlights some of the key regulatory challenges South African private sector faces in conducting business with the US and what the South African government could do to mitigate these challenges. The last section takes a broader view and analyzes some of the pertinent issues relating to South Africa trade and investment arrangements with the US.

⁴ See C. Corey, 'Africa signs Trade and Investment Agreements for nations' <http://allafrica.com/stories/2008071770039.html>. (Accessed on 27 August 2009).

2 The Trade, Investment and Development Cooperation Agreement (TIDCA)

Under Article 1 of the TIDCA, the parties affirm their desire to promote an attractive investment climate and to expand and diversify trade between SACU and the US. As the former US trade representative, Susan Schwab had put it

‘the agreement will provide a framework for the US and SACU to work together to create the building blocks that strengthen and deepen [our] trade ties and that could lead to a free trade agreement in the long term’ and ‘to expand market access, strengthen the links between trade and economic development strategies, encourage greater foreign investment and promote regional economic integration and growth’⁵

It is important to point out that the original motivations for the US- SACU FTA remain valid despite the problems that were encountered in the negotiations.

Under Article 2, the parties establish a Consultative Group on Trade and Investment (Consultative Group) comprising representatives of each party whose function shall be to ensure the fulfillment of the objectives of the agreement.⁶ The Consultative Group shall meet at least once a year. The creation of the Consultative Group provides a useful tool for high level meetings and for both parties to engage in continuous dialogue since such a mechanism does not exist currently. The Consultative Group shall seek to:

- Endeavour to conclude mutually beneficial trade and investment enhancing agreements between the US and SACU, such as memorandum of understanding, mutual assistance agreements and cooperation agreements in areas of common interest;
- Monitor trade and investment relations between SACU and the US, identify opportunities for expanding trade and investment, and identify relevant issues affecting trade for further discussion;

⁵ United States and SACU Countries sign Trade, Investment and Development Cooperation Agreement. <http://blogs.customhouseguide.com/news/?p=1244>.

⁶ Art 2 of the TIDCA.

- Identify and work to remove impediments to trade and investment between the SACU and the United States;
- Consider as appropriate and as resources permit, trade capacity building assistance and cooperation and/or cooperation;
- Promote increased contact between the private sectors in SACU and the US to facilitate the expansion of trade and investment;
- Seek the advice of the private sector and civil society, where appropriate, on matters related to the Consultative Group's work.

During the recent visit to South Africa in July 2009, the US Secretary of State, Hillary Clinton, speaking to delegates at a business function called for stronger trading ties between the US and South Africa. She reiterated the particular interest of the Obama administration in elevating the role of Africa in US foreign policy. She stressed the need to concentrate on the opportunities for partnership between the US and South Africa and talked of establishment of a US – South Africa Business Council.⁷ However not much was said about the role of such a Council and its relationship with the Consultative Group and the South Africa - US Bilateral Cooperation Forum (BFC)⁸ which was created under the Bush administration in 2001 to focus on the expansion of trade and investment, the deepening of substantive relations in spheres such as agriculture, justice and crime prevention, defence, energy development, health, human resource development, housing, science and technology, conservation and environmental matters.⁹

⁷ US Secretary of State, Hillary Rodham Clinton, Remarks at the International Development Corporation Business Event, 7 August 2009, Johannesburg, South Africa. <http://www.state.gov/secretary/rm/2009a/08/127004.htm> (Accessed on 28 August 2009).

⁸ The predecessor was the SA –US Binational Commission which had not sat for 8 years because there was a deliberate decision by President George W. Bush to have a more formal structure.

⁹ Department of International Relations and Cooperation, Republic of South Africa' <http://www.dfa.gov.za/foreign/bilateral/usa.html>. (Accessed on 27 August 2009).

Clearly, the TIDCA does not create substantive obligations between the parties. It merely seeks to create an open ended platform for cooperation including expansion of trade and investment, identification of and working to remove impediments. Trade capacity building which continues to be one of the biggest challenges in developing countries is also addressed. Trade capacity building could help to improve the linkage between trade and development by assisting SACU countries to build the physical, human, and institutional capacity necessary to take full advantage of trade opportunities.

The private sector has been recognized as an important player in the work of the Consultative Group through its role in provision of advice where appropriate. Any party in the Consultative Group may also present the views of its private sector and civil society at the meetings of the Consultative Group. Further, the Consultative Group will promote increased contact between the private sectors in SACU and US to facilitate the expansion of trade and investment. This would create a very important and positive step for SACU's private sector to play a role in the TIDCA framework.¹⁰

Article 4 of the TIDCA provides that in order to enhance further expansion of bilateral trade and investment flows, 'the parties will cooperate on and consider whether further agreements in the areas of sanitary and phyto sanitary measures (SPS), standards, technical barriers to trade (TBT), customs cooperation and trade facilitation would be desirable as well as cooperate in undertaking specific trade and investment promotion activities.' The areas outlined are some of the non controversial areas in the failed FTA negotiations. There is no explicit mention of areas like intellectual property rights (IPRs), government procurement and trade in services which were considered controversial in the FTA negotiations.

10 SACU-US, Trade, Investment and Development Cooperation Agreement, Comments by Business, April 2008.

The TIDCA framework has the potential to create a positive environment whilst ensuing deals would not require sanction by law makers in both the US and the SACU. This will inject the flexibilities that were sorely missing in the FTA negotiations. Moreover preparatory work on some of the most problematic issues would allow for proper understanding of parties' concerns and eliminate any unfounded fears and perhaps lay a foundation for an FTA in the long term.¹¹

3 South African Private Sector's perspectives of the TIDCA

Views on the nature of TIDCA

Generally, most of the people interviewed represented organizations that have an interest in trade and investment in the US market or have branches in the US. They were generally aware of the existence of TIDCA and welcomed the creation of the TIDCA framework as a flexible tool to foster trade and investment between the US and South Africa if properly utilized. However, those respondents who were not aware indicated that perhaps the lack of awareness might be attributed to the failed negotiations of the US- SACU FTA. Consequently the political will and enthusiasm might have died down despite the signing of the TIDCA. They suggested that the South African government perhaps in conjunction with BUSA should take a role in raising awareness of the TIDCA since the private sector is a potential beneficiary of the TIDCA. Of the people interviewed, most executives of export councils were aware of the existence of TIDCA.

On the assessment of the nature of TIDCA and its usefulness, generally the private sector seems to see it as an important step which would enhance and deepen trade and investment relations between the US and South Africa despite the failed FTA negotiations. This was particularly expressed by representatives from the automotive, mining and agricultural industries. Highlighting this point one representative in the mining industry pointed out that the TIDCA

¹¹ P. Draper & N. Khumalo (as above) 5.

'should be welcomed as it will help the South African industry through increased and predictable relations between the US and South Africa... it may open doors for the two parties on increased trade and economic relations'.

However there was a divergent view from a representative of the automotive industry who was very skeptical of the relevance of the TIDCA. Even though he in principal supported the TIDCA because 'the underlying theme is cooperation'; he pointed out the agreement 'does not go any further than merely political statements'. He believed that the AGOA still provides market access for the motor industry even though there is uncertainty as to its continued existence. He opined that the TIDCA may provide a step forward towards creating a certain and definite framework for locking in the AGOA and GSP access benefits for South Africa.

One representative of Built Environment Professional Export Council expressed that his organization has particular interest in trade and investment between South Africa and the US as 'worldwide there are always issues around professionals including engineers' mobility to work in other countries.' He pointed out that this is more related to 'recognition of qualifications than to actual trade in goods' He indicated that the Built Environment Professional Export Council would be more interested in seeing the 'impact of the TIDCA on US investment in property and civil infrastructure'.

Key regulatory challenges

An array of issues came up. One common challenge especially in the agricultural sector is the strict technical product requirements standards in the US. A representative of the Fresh Produce Exporters' Forum pointed out that the strict technical standards are related to high Sanitary and Phyto-sanitary (SPS) standards especially under the Food and Drugs Administration

Act. Moreover, the product approval process is reportedly cumbersome and takes unnecessarily long owing to inter alia the large amount of paper work required.

Another important challenge is the high tariffs for some agricultural products especially fruits, vegetables and dairy products. A representative of the Fresh –Produce Exporters Forum indicated that these products do not come under the AGOA or the GSP and the applied tariffs are too high for them.

One interviewee from the steel industry feared that ‘with the global economic down turn, South African steel imports to the US may suffer as the US may utilize several tools to protect its domestic steel industry including the use of anti dumping duties.’ He pointed out that there ‘would be need to negotiate with the US on the use of these anti dumping measures.’

Non-Regulatory Challenges

Other challenges pointed out were not strictly speaking regulatory in nature. These include issues relating to freight and shipping expenses. It was noted that unlike the EU, return freight from the US is frequently not available, which raises the cost for South African exporters.

Other non regulatory challenges pointed out were related to supply side constraints. For example, a representative of the motor industry indicated that the most serious hurdle they encounter relates to logistical issues and this is in respect of most of their trading partners and is not US specific. Basically they would want to export large volumes to the US but they have problems in terms of their own capacity as they are relatively small undertakings compared to the world market. He highlighted that there is high cost in transportation because the volume of the exports are usually small and this also trickles down to high unit storage warehouse costs in the US market.

The mitigation role of the South African Government

The private sector realizes that the South African government has a very important role to play in mitigating some of the challenges met by the private sector.

As regards strict SPS standards, generally the people interviewed indicated that there is need for the government to negotiate for flexibility on the standards, extending to possible technical assistance from the US. It was suggested that the trade capacity component of the TIDCA might prove useful in this area. It was also argued that 'US products in the US market are not subjected to same standards', indicating a possible diplomatic/market access role for the South African government. However, it was indicated that the irony of the matter is that the same products from South Africa are able to meet the SPS standards in the EU market.

Other respondents were of the view that perhaps the South African government should take a 'deliberate move to train and recruit more veterinary experts or even recalling retired ones who are highly knowledgeable on SPS issues.' It was indicated that this should 'mitigate both short and long term the lack of experts in the Department of Agriculture.'

As regards high tariffs, it was proposed generally that the South African government needs to negotiate for better tariffs for South African products that enter the US markets under the normal MFN tariff rates. However, outside of an FTA negotiation it is difficult to see how this could be conducted.

A interviewee from the mining sector noted that for the mining sector, especially diamonds, 'before one goes to look at trade in the US market, there is need for government to put in place a framework that is both practical and manageable specifically in terms of the Diamond

Amendment and Export Levy Act whose intent to benefit local beneficiaries is good but the Government needs to take effort in fostering sustainable mining industry’.

It was also pointed out that the government should facilitate the creation of export promotion, fairs and exhibitions of South African products. For a product to enter any market there is need to market it to the consumers. The Article 4 (2) of TIDCA, as already pointed out, may be important in this regard. Of course the dti, via Trade and Investment South Africa (TISA), already conducts such exercises in important SA export markets.

On the logistical issues, it was pointed out that the South African government needs to make serious efforts to improve domestic infrastructure especially port capacity, rail and road infrastructure in order to make the South African private sector internationally competitive. However, the respondent was skeptical that US may directly support infrastructural issues in South Africa. The government, with the business sector, should facilitate storage houses where combined freight from similar South African products may be stored. This may to some extent mitigate the freight and handling costs. However, the interviewee was not sure at what level this should take place.

4 Other trade and investment arrangements between South Africa and the United States

African Growth and Opportunity Act and the Generalized System of Preferences

Many South African exports (US imports) enter the US under unilateral schemes especially AGOA and the Generalized System of Preferences (GSP). These include minerals and metals, chemicals, transportation equipment, agricultural products, machinery, textiles and apparel and

others. Almost 94 % of South Africa exports enter the US market duty free under the AGOA, the GSP, and the US's generally liberal MFN tariffs. AGOA offers sub-saharan African countries non reciprocal duty and quota free access to the US markets for 6500 products. AGOA basically aims at reducing tariffs and non tariff barriers to exports to the US while expanding US assistance to sub-Saharan Africa.¹² There is a serious campaign to extend AGOA to other least developed countries like Bangladesh and Cambodia whose apparel and textiles export shares to the US continues to grow significantly.¹³ Consequently, if that goes through, South Africa would be among the affected states particularly in the apparel and textiles industries, although within SACU Lesotho could be the most severely impacted.

AGOA was initially meant to expire in 2008 but African countries lobbied the US for an extension to 2015. The expiry of AGOA in 2015 raises another critical issue for African countries including South Africa. Extending AGOA beyond 2015 is seen to be critical to Africa's ability to attract the needed investment to prop up the competitiveness of the sectors that produce for export under AGOA. The Deputy Chairman of the Africa Union proposes that 'while the US is not opposed to extending AGOA, Africa must lobby the WTO for a waiver of rules that outlaw non reciprocal trade laws.'¹⁴ There is however need for a permanent arrangement that could boost investor confidence and help Africa benefit from the AGOA scheme. For SACU countries, the TIDCA has potential to contribute to creating such a platform.

¹² <http://www.agoa.info/news.php?story=1149> (Accessed on 24 August 2009).

¹³ In 2008 the apparel and textile exports from Bangladesh grew by 11% to about \$3.5 million. (As above).

¹⁴ <http://www.agoa.info/news.php?story=1145>. (Accessed on 24 August 2009).

Under AGOA, least-developed beneficiary sub-Saharan African countries¹⁵ may use third-country fabric and yarn in apparel wholly assembled in their countries and still qualify for duty-free and quota-free treatment until September 30, 2012. The exports under the Special Rule are subject to a cap.¹⁶ Among SACU countries, Botswana and Namibia continue to receive least-developed country status and are eligible for application of the Special Rule. South Africa could benefit from the application of the Special rule only by domestically providing the necessary fabric and yarn subject to the provisions on the cap.

Currently, the US Congress is in the process of undertaking a review of the US trade preference program with the intention of passing a trade preference program reform bill. Issues being considered include: review of whether the programs reduce poverty effectively in beneficiary countries; review of the impact of the programs on US importers, consumers, workers and import sensitive industries; and review of the product coverage and competitive needs limitations.¹⁷

¹⁵AGOA limits imports of apparel made with regional or third-country fabric to a fixed percentage of the aggregate square meter equivalents (SMEs) of all apparel articles imported into the United States in the preceding 12 months. For the year beginning October 1, 2007, the aggregate quantity of imports eligible for preferential treatment under these provisions is an amount not to exceed seven percent of all apparel articles imported into the United States. Of this overall amount, apparel imported under the Special Rule for least-developed countries is limited to an amount not to exceed 3.5 percent of apparel imported into the United States in the preceding 12-month period. Apparel articles entered in excess of these quantities will be subject to otherwise applicable tariffs. The duty-free cap is not allocated among countries. It is filled on a "first-come, first-served" basis. See Office of the United States Trade Representative, '2008 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act.' May 2008.

¹⁶ Lesser-developed countries are those with a per capita gross national product of less than \$1500 a year in 1998 as measured by the International Bank for Reconstruction and Development

¹⁷ Daily News, World Trade Online 'Marantis Open to reforming U.S Trade Preference Programs' 5th May 2009. See http://www.insidetrade.com/secure/display.asp?f=&dn=552009_marantis

Trade and investment framework between South Africa and the United States

The US and South Africa also have a Trade and Investment framework Agreement (TIFA) which was signed in 1999.¹⁸ TIFAs are regarded by the US as important tools for strengthening economic relations with key countries and regional organizations. The objectives of the US-South Africa TIFA are three fold as set out in Article 1. The parties seek to:

- (1) Expand trade in goods and services between them, within the framework and terms of the agreement;
- (2) Take appropriate measures to encourage and facilitate the exchange of goods and services and to secure favourable conditions for long term development and diversification of trade between the two countries;
- (3) Encourage private sector investment between the two countries, as a means of furthering growth, job creation, and economic development and to this end, will promote an open and predictable environment for investment and facilitate expanded contacts between their respective private sectors.

The TIFA establishes a Council on trade and investment whose function is to ensure the fulfillment of the above objectives as well as provide a forum for consultation and dialogue on specific trade and investment matters of interest to the parties. The TIFA also allows the parties to consider whether agreements relating to taxation, IPRs and trade and investment issues would be desirable for the purpose of providing for further expansion of bilateral trade and investment flows.

¹⁸ The US currently has nine TIFA partners in sub-Saharan Africa: Ghana, Liberia, Mauritius, Mozambique, Nigeria, Rwanda, South Africa, COMESA, and UEMOA, with six of these TIFAs launched since 2001.

On the face of it there would appear to be substantial overlap between the TIFA and the TIDCA, albeit the latter is available to SACU whereas the former is specifically available only to South Africa. From a South African private sector standpoint the question is which framework best suits their interests?

Dynamics in the Southern African Customs Union (SACU)

The past few months have seen increasing debates on the future existence of SACU. One contributing factor has been the signing of interim Economic Partnership Agreements (EPA) between the EU and some SACU member states. Botswana, Lesotho and Swaziland have signed the interim EPA under the SADC EPA group notwithstanding objections from South Africa and Namibia.¹⁹ This has been seen as a move to diversify trade and investment away from their historical dependence on South Africa.²⁰ This entails liberalizing some import tariffs and opening up competition in domestic network services sectors a position which is in contrast to South Africa's favouring a sector-based industrial policy incorporating potential tariff increases and a renewed emphasis on state-owned enterprises in network services sectors, and a retention of policy space. South Africa has a separate trade agreement with the EU termed the Trade, Development and Cooperation (TDCA) Agreement.

Article 31 of the 2002 SACU Agreement provides that member states shall establish a common negotiating mechanism for the purpose of undertaking negotiations with third parties. Moreover, no member shall negotiate and enter into new preferential trade agreement with

¹⁹ The SADC EPA group comprises Botswana, Lesotho, Namibia, Swaziland, Mozambique, Angola and South Africa

²⁰ P. Draper & N. Khumalo, 'The Future of the Southern African Customs Union' Trade Negotiations Insights, Volume 8 Number 6.

third parties or amend existing agreements without the consent of other member states. The signing of the interim EPA by some members of the SACU entails a violation of the SACU Agreement and puts in question the continued existence of SACU. The EU however has argued that it has made concessions to ensure that the EPA does not endanger SACU, including a proposal to align the tariff agreements in the SADC interim EPA with those in the TDCA. It is important to mention that not everything is yet harmonized as there are certain concessions that the EU did not want to give in under the TDCA.

These developments reinforce the observation in the preceding sub-section concerning which legal instrument(s) are of most use to the South African private sector in pursuing deeper economic cooperation with the US.

5. Concluding Remarks

Even though the TIDCA does not create substantive obligations between the SACU and the US, it creates an open ended platform for cooperation on various trade and investment issues which could potentially benefit the South African private sector.

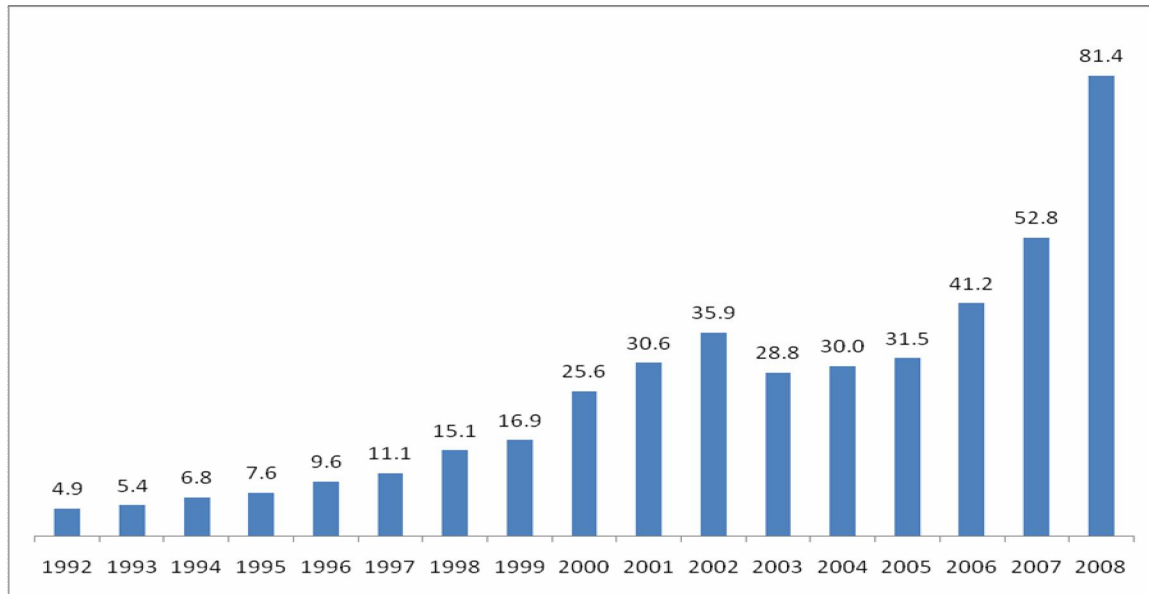
In general, from the people interviewed the South African private sector is in support of the TIDCA process. They believe the TIDCA could be a useful tool to enhance trade and investment relations between South Africa and US, even though some are skeptical of its significance. Furthermore, it is not obvious that the TIDCA is the best instrument for pursuing South African private sector instruments, given the availability of the TIFA and other bilateral forums, and question marks over SACU's future. Nonetheless several challenges, both regulatory and non regulatory have been pointed out including strict SPS measures and high tariffs, freight and

logistical issues. Private sector interviewees believe that the South African government has an important role to play in mitigating these challenges.

It is important however to consider trade and investment relations between South Africa and US within the broader context other than the TIDCA as there is potential for a transformation of the entire US trade preference program. Deeper analysis of US thinking in this regard, and particularly the likely future posture towards South Africa, is therefore necessary.

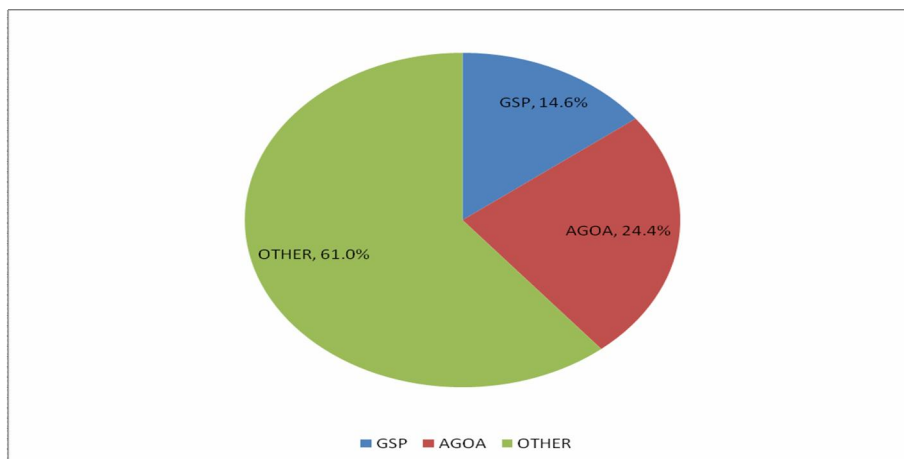
ANNEXES

Figure 1: Evolution of South Exports to the US, 1992-2008, USD million



Source: SAIIA's calculations from SARS data

Figure 2: Proportion of US's imports from South Africa by preferential agreement, 2008



Source: SAIIA's calculations AGOA's data

Table 1: South Africa's top ten export product groups to the USA, 2006-2008, USD million

2006			2007			2008		
Product Group	USD	Share* (%)	Product Group	USD	Share* (%)	Product Group	USD	Share* (%)
Precious stones and Metals	2,460.1	32.7%	Precious stones and metals	3,460.4	35.6%	Precious stones and metals	2,556.7	26.0%
Base metals	1,644.9	21.9%	Base metals	1,703.0	17.5%	Transport equipment	2,118.0	21.5%
Transport equipment	775.3	10.3%	Mineral products	1,178.3	12.1%	Base metals	1,847.0	18.8%
Chemical products	691.3	9.2%	Transport equipment	956.5	9.8%	Chemical products	933.2	9.5%
Machinery	592.7	7.9%	Machinery	911.6	9.4%	Mineral products	930.1	9.5%
Mineral products	592.3	7.9%	Chemical products	770.6	7.9%	Machinery	751.1	7.6%
Food, beverages & tobacco	187.8	2.5%	Food, beverages & tobacco	181.7	1.9%	Food, beverages & tobacco	189.2	1.9%
Vegetable products	119.9	1.6%	Vegetable products	113.0	1.2%	Vegetable products	111.9	1.1%
Textiles & clothing	109.7	1.5%	Textiles & clothing	89.2	0.9%	Plastic products	105.6	1.1%
Plastic products	66.3	0.9%	Plastic products	62.0	0.6%	Textiles & clothing	63.3	0.6%
Total	7240.4	96.2%	Total	9426.3	97.0%	Total	9606.1	97.6%

Source: SAIIA's calculations from SARS data, Average yearly USD/ZAR exchange rates from www.oanda.com

* Percentage share of South Africa's total exports to the United States

Table 2: USA's top ten import product groups under the GSP from South Africa, 2006-2008, USD million

2006			2007			2008		
Product Group	USD	Share (%)	Product Group	USD	Share (%)	Product Group	USD	Share (%)
Minerals and metals	487.5	45.7%	Minerals and metals	632.2	53.1%	Minerals and metals	878.2	60.3%
Chemicals and related product	232.3	21.8%	Chemicals and related product	254.9	21.4%	Chemicals and related product	349.4	24.0%
Transportation equipment	140.5	13.2%	Transportation equipment	120.9	10.2%	Transportation equipment	90.5	6.2%
Miscellaneous manufactures	87.4	8.2%	Miscellaneous manufactures	65.8	5.5%	Miscellaneous manufactures	54.3	3.7%
Agricultural Products	64.3	6.0%	Agricultural Products	59.6	5.0%	Agricultural Products	43.9	3.0%
Machinery	26.8	2.5%	Machinery	29.0	2.4%	Machinery	22.6	1.6%
Electronic products	12.3	1.2%	Electronic products	18.5	1.6%	Electronic products	14.9	1.0%
Forest products	8.5	0.8%	Forest products	3.8	0.3%	Forest products	1.6	0.1%
Textiles and apparel	4.3	0.4%	Textiles and apparel	2.6	0.2%	Textiles and apparel	1.5	0.1%
Energy-related products	1.9	0.2%	Energy-related products	2.4	0.2%	Energy-related products	0.0	0.0%
Footwear	0.0	0.0%	Footwear	0.0	0.0%	Footwear	0.0	0.0%
Total	1065.9	100.0%	Total	1189.7	100.0%	Total	1456.8	100.0%

Source: SAIIA's calculations from AGOA's data

Table 3: Table 2: USA's top ten import product groups under AGOA from South Africa, 2006-2008, USD million

2006			2007			2008		
Product Group	USD	Share (%)	Product Group	USD	Share (%)	Product Group	USD	Share (%)
Transportation equipment	354.7	49.4%	Transportation equipment	467.5	43.4%	Transportation equipment	1,821.3	75.0%
Agricultural products	154.8	21.6%	Energy-related products	239.6	22.2%	Minerals and metals	370.3	15.3%
Minerals and metals	103.8	14.5%	Minerals and metals	153.2	14.2%	Agricultural products	138.2	5.7%
Chemicals and related products	48.1	6.7%	Agricultural products	137.2	12.7%	Chemicals and related products	78.0	3.2%
Textiles and apparel	41.8	5.8%	Chemicals and related products	51.8	4.8%	Textiles and apparel	16.1	0.7%
Energy-related products	9.0	1.3%	Textiles and apparel	21.5	2.0%	Miscellaneous manufactures	2.8	0.1%
Miscellaneous manufactures	2.5	0.4%	Miscellaneous manufactures	4.0	0.4%	Footwear	0.7	0.0%
Footwear	2.5	0.3%	Footwear	2.1	0.2%	Machinery	0.3	0.0%
Machinery	0.2	0.0%	Electronic products	0.1	0.0%	Forest products	0.0	0.0%
Forest products	0.0	0.0%	Forest products	0.0	0.0%	Energy-related products	0.0	0.0%
Electronic products	-	0.0%	Machinery	0.0	0.0%	Electronic products	0.0	0.0%
Total	717.4	100.0%	Total	1077.0	100.0%	Total	2427.7	100.0%

Source: SAIIA's calculations from AGOA's data

Key questions for interviews:

1. What is the nature of your company/sector interest in trade and investment with the US?
2. Are you aware of the TIDCA? If so, what is your assessment of its nature and usefulness in terms of (1)?
3. What are the key regulatory challenges you face in conducting business with the US?

Please rank the following:

Ranking: 1-5; where 5 = not challenging

Regulatory challenge	Rank
tariffs	
SPS	
customs	
IPR	
Investment protection	
Other (specify)	

4. What should the SA government be doing to mitigate these challenges?