
South Africa's Agricultural Trade with the United States of America, 1990- 2022

1. Introduction

Over the years, the AGOA Act has created a conducive environment for a number of American companies to pursue business and invest in Sub-Saharan Africa leading to economic growth and creation of jobs across Africa. The South Africa (RSA) government remains committed to reduce poverty, by promoting job creation (Katherine, 2022). In 2000 when United States of America (USA) introduced the African Growth and Opportunity Act (AGOA) to Sub-Saharan African countries, the aim was promote access the US markets duty-free on a set list of products. RSA as one of the qualifying countries has experienced an increase in the value of export the s to the USA.

However, the AGOA is reviewed after a set period to determine each country's eligibility to continue trading under the Act and initially, it was from 2000 to 2008, which was later extended to 2015 and then to 2025. With less than two years left before another review process, it can be expected that the USA will demand certain concessions in order to allow RSA to continue benefiting from AGOA, especially, the removal of anti-dumping duties, health and safety regulations which prevent some of the USA exports to RSA. This report presents a summary of South Africa's (SA) trade with the United States of America for the period 1995 to 2022. Starting with a discussion of the general trade trends, followed by agricultural trade trends and specific products trade between the USA and RSA.

2. General trade trends

According to the Department of Commerce, USA exports of goods and services to the Sub-Saharan Africa supported an estimated 74 thousand jobs in 2020. The AGOA has contributed significantly in increasing export-led job creation of different sectors, including agriculture. Trade between RSA and USA has been increasing since 1995 to 2022. A key contributor to the growth in trade from SA to USA leading up to 2000 was the removal of Sanctions under the Comprehensive Apartheid Act of 1986 which prior to the end of apartheid in 1994, prohibited "loans to, investments in, and certain other

activities with respect to, South Africa, and for other purposes" (US Congress, 1986, p. 1). The Act, passed only after the United States Senate overrode a veto by the Regan Administration, was the culmination of pressure from civil society and international organisations such as the United Nations (UN), and looked to pressure the SA government into ending apartheid through numerous measures and sanctions including the prohibition of certain key imports from SA into USA, as well as prohibiting the exporting of certain key products from USA to SA (Miljak, 1988; Levy, 1999). Figure 1 below shows RSA trade flows between with the USA for the period 1995 to 2022 in nominal terms. RSA trade balance was negative from 1995 to 1999, and interestingly it can be seen from the figure that in 2000 when the AGOA was signed. Thereafter, there was an initial drop in exports from SA to USA, but there was then a sharp increase between 2003 and 2008 in both exports to and imports from USA. The impact of the global recession is evident from the sharp drop in trade between RSA and USA between 2008 and 2009. For the first years after 2009 there are signs of recovery, from 2009 to 2014 exports from RSA to USA grew at an average rate of 5% per annum, real imports into SA from USA (Partridge, 2015). The growth in export continued showing an upward trend even during the first year of Covid-19 in South Africa.

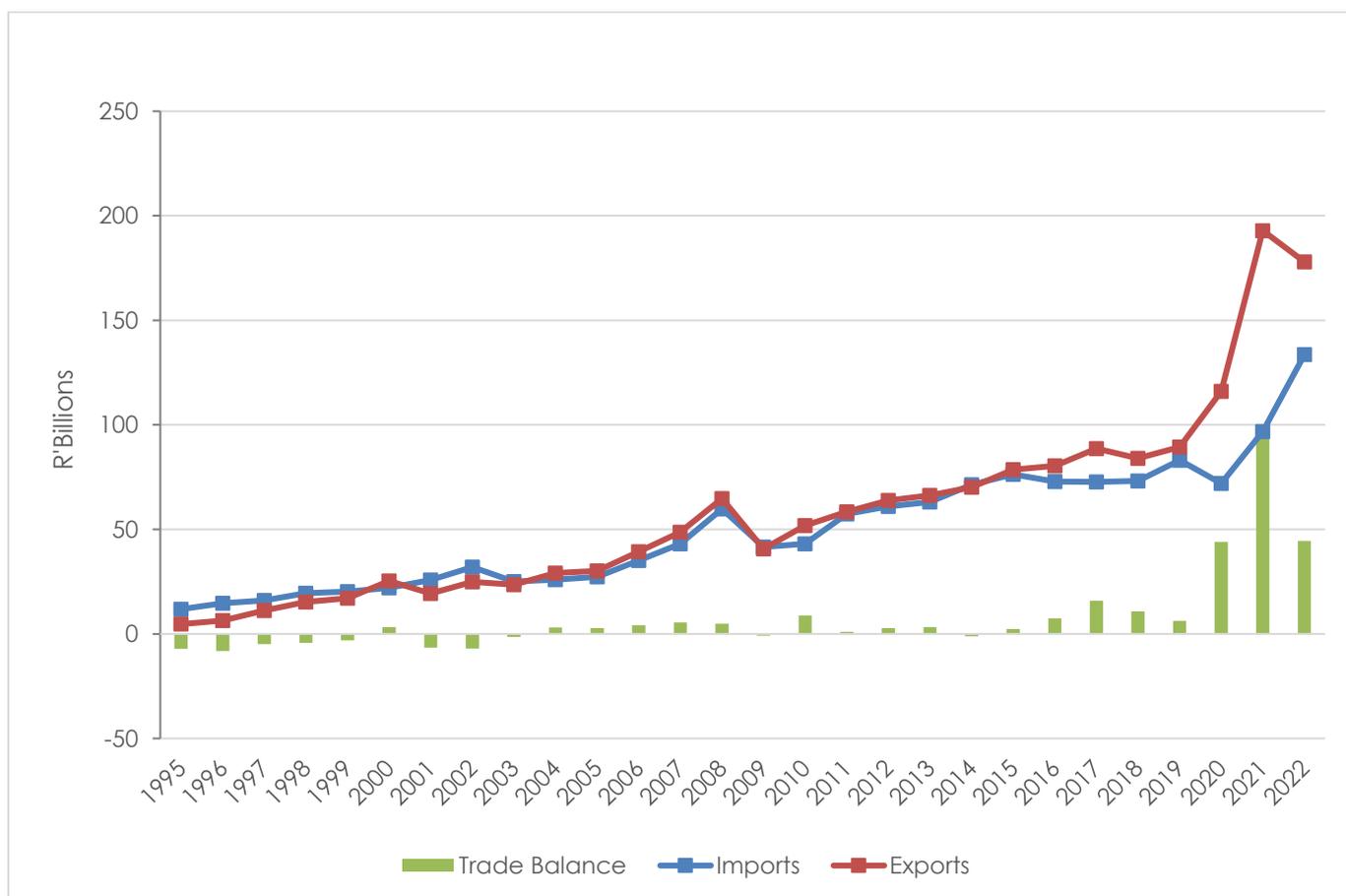


FIGURE 1: Trade flows between South African and USA, 1995 – 2022

Source: Quantec, 2023

Figure 2 shows the main products, in terms of value, exported from RSA to USA in 2022. Products of Natural or cultured pearls, previous stone, metals; vehicles; iron and steel, and aluminium article (HS71; 87; 72; 76)

ranked high in value terms for all exports from RSA, and combined they were worth R120 billion in 2022. Figure 3 shows the main products in terms of value imported into South Africa from USA in 2022. Machinery (HS84-85) made up 37% of all imports from USA.

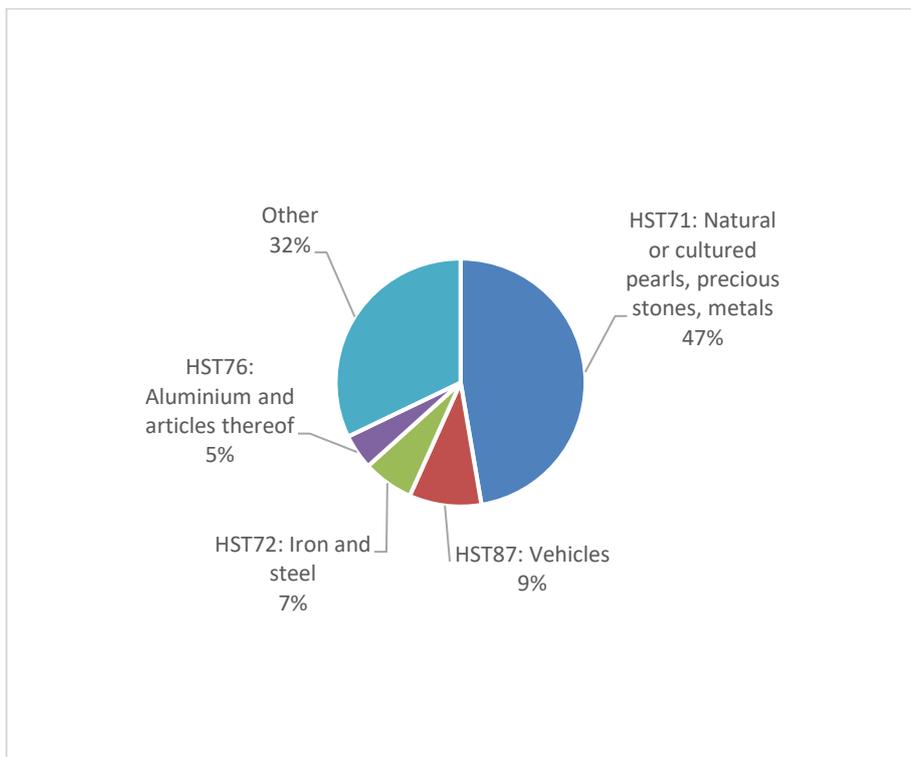


Figure 2: Main exports from RSA to USA, 2022

Source: Quantec, 2023

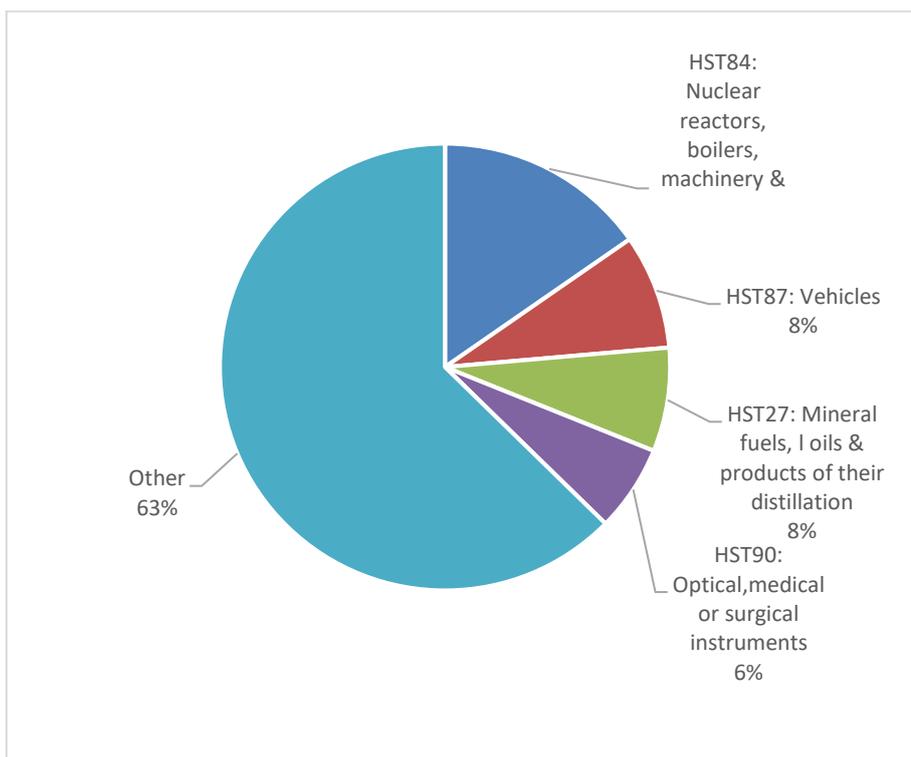


Figure 3: Main imports into RSA from USA, 2022

Source: Quantec, 2023

The USA is an important export market for South Africa, making up 9% of the value of total exports in 2022. This can be seen in Figure 4 which shows SA's exports to USA as a percentage of total exports, as well as SA's imports from USA as a percentage of total imports. Whilst the share of exports from RSA going to USA rose significantly between 1995 and 2000, the share has fallen since the signing of AGOA in 2000. In particular the share fell significantly from 2007 to 2018 as SA has needed to seek out alternative export markets after growth in demand in more traditional markets such as USA has slowed down. Between 2008 and 2018 imports into USA from the rest of the world fell on average by more than 7% per annum (Quantec, 2023). Whilst there was a clear rise observed in US imports into SA between 1990 and 2014 (see Figure 1), the USA share in SA's market has fallen from almost 12% in 1995 to below 7.3% in 2014.

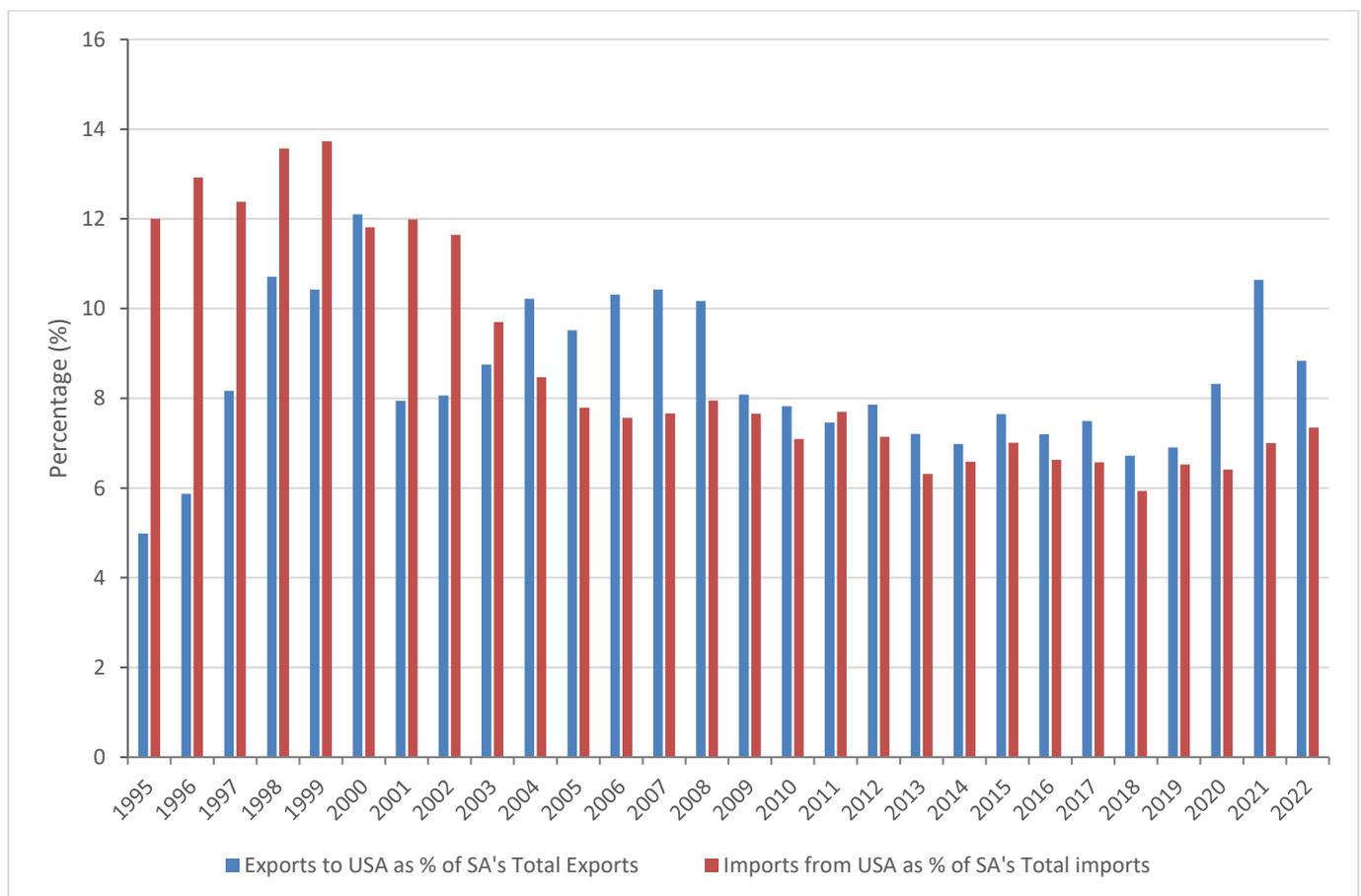


Figure 4: South Africa's Trade with USA in relation to Total Trade, 1995 – 2022

Source: Quantec, 2023

3. Agricultural trade between South Africa and USA

The AGOA preferential market access has boosted South Africa's agricultural exports for subsectors such as wine and citrus; which are labour-intensive (Baskaran, 2020). Agricultural trade during the period under which RSA has been able to trade under AGOA, 2000-2015; 2015- 2022, has remained relatively stable. This is illustrated in Figure 5 which shows exports and imports as well as the resulting trade balance for all agricultural and agri-processing products (HS01-24;51-53), all in nominal terms. In the early 1995s there was a substantial trade deficit, however with the removal of the trade barriers set out in the Comprehensive Apartheid Act of 1986 came a steady rise in agricultural exports from RSA to USA between the mid 1995's and 2000. In 2022 agricultural exports from SA to USA totalled R9 300 million, agricultural imports into SA from USA totalled R3 553 million, resulting in an agricultural positive trade surplus of R5 747 million. Looking at average annual growth rates, between 1995 and 2000 agricultural exports from SA to USA increased at an average rate of 24% per annum in nominal terms (the "lifting of sanctions effect"). Between 2000 and 2015 annual growth was only 9%, and from 2015 to 2022 the annual average growth rate was 14% (the "AGOA effect"). Whereas for the past 27 years (1995 to 2022) the annual average growth rate was at 13%.

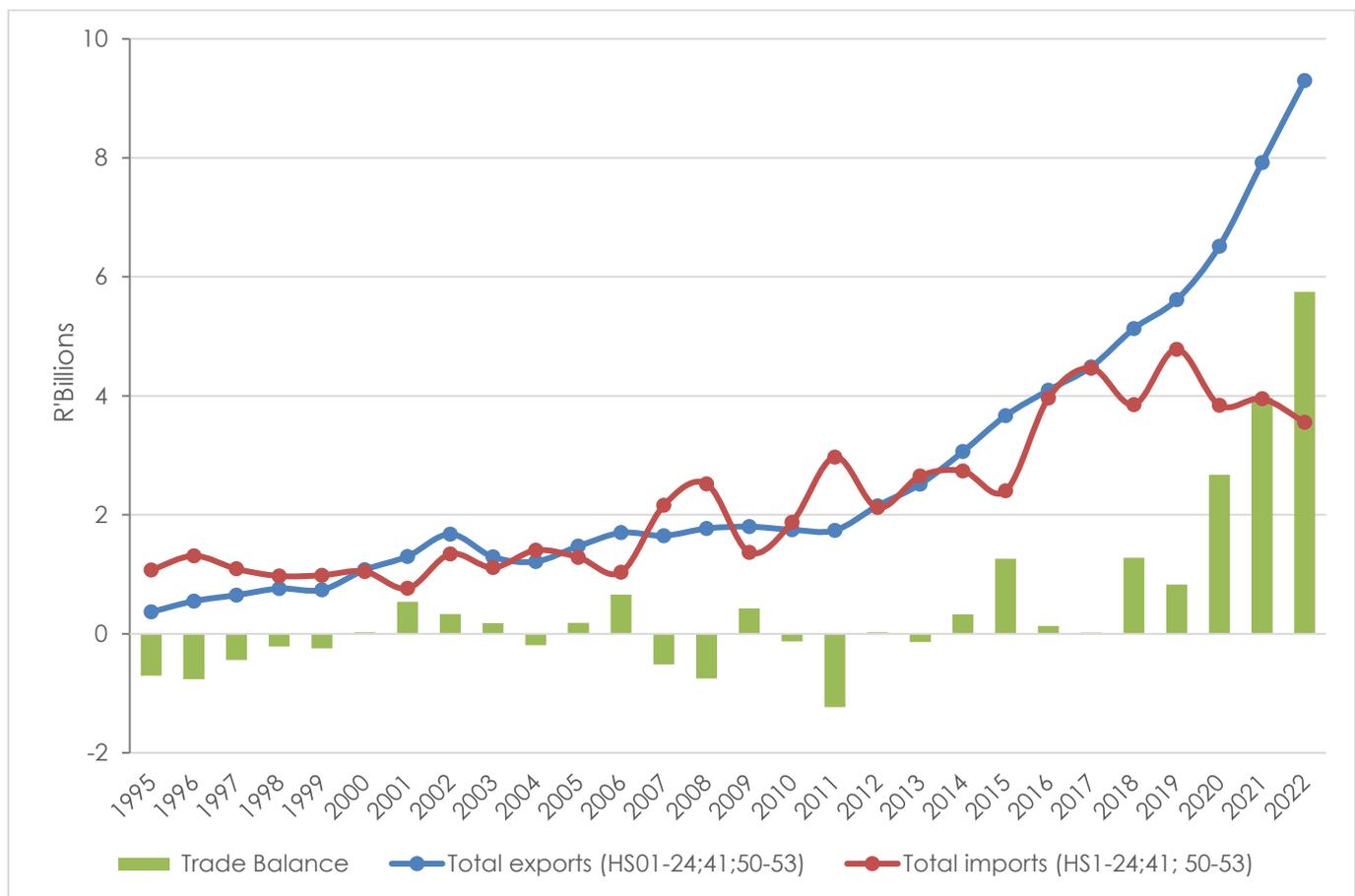


Figure 5: Agricultural TRADE Flows between SA and USA (nominal terms), 1995-2022

Source: Quantec, 2023

Under broad agricultural groupings shown in Figure 6, the biggest contribution to agricultural exports from RSA to USA over the period under which AGOA has been active has been from edible fruit and nuts (HS08-14); beverage, sprits and vinegar (HS22—09) and preparation of vegetables, fruits and nuts or other parts of plants (HS20-09), all with a combined export value of R6 610 million in 2022 in nominal terms.

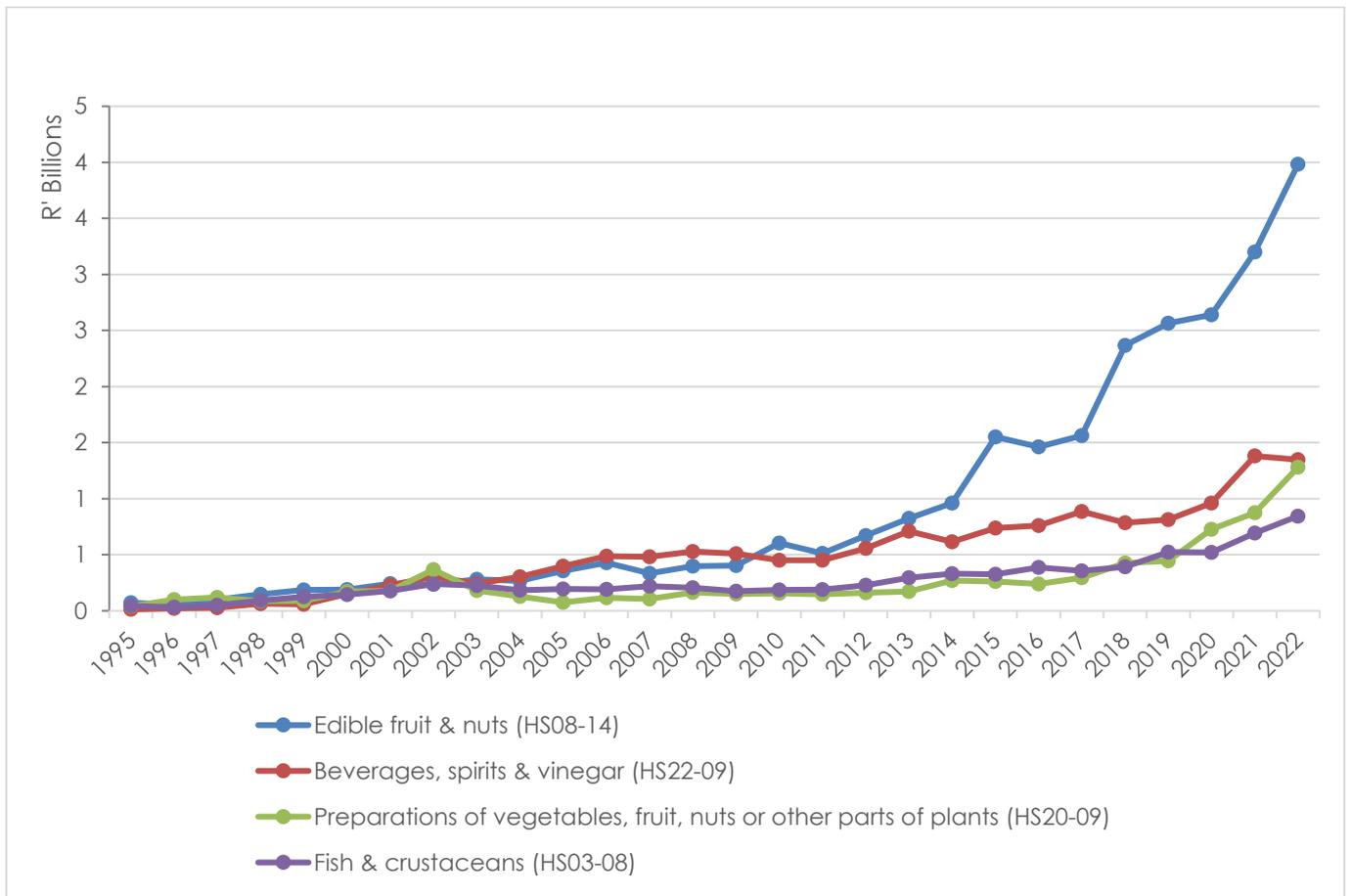


Figure 6: Agricultural Exports from RSA to USA by broad Product Groups, 1995-2022

Source: Quantec, 2023

South Africa's agricultural imports from USA into SA have been extremely volatile between 2001 and 2022 (see "Figure 5"). Figure 7 below breaks down agricultural imports into SA from USA using broad product classifications as was done in Figure 6. It can be observed from Figure 7 that meat products are still the major products that RSA imports from the USA, especially meat and edible offal (HS02-10), followed miscellaneous edible preparation (HS21-06) and the third product is edible fruits and nuts (HS08-14).

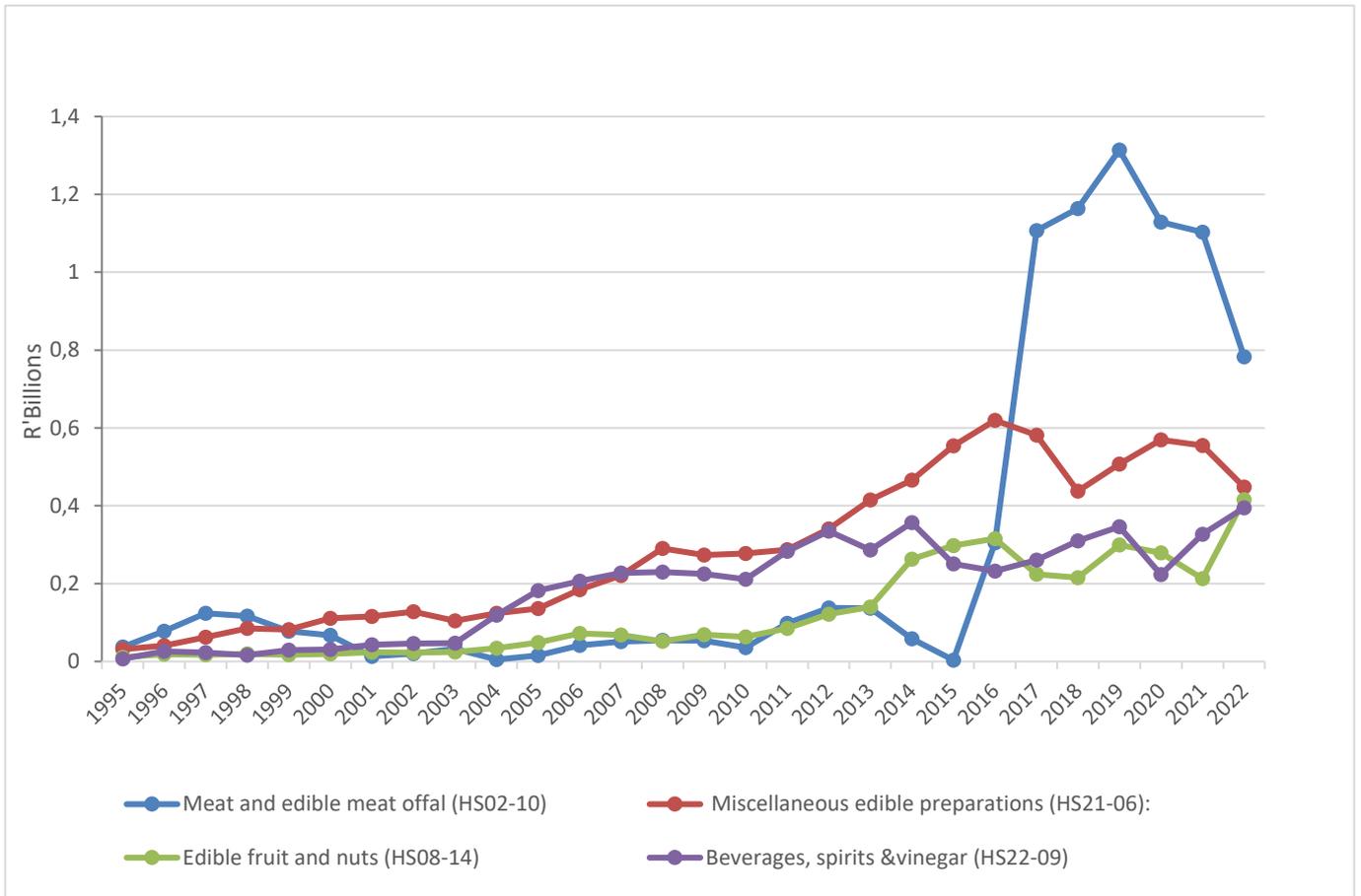


Figure 7: Real Agricultural imports into SA from USA by Broad Product Groups, 1995 -2022

Source: Quantec, 2023

4. Agricultural products exported from South Africa to USA

In this section Table 1 and Table 2 present RSA's major agricultural exports and imports products traded with the US and their growth rates over time.

Table 1: South African Agricultural export to USA by HS02 code

Products (HS2)	Exports value (2022) : Rands	Share in Agricultural Exports (%)				Annual Growth (%)			
		1995	2000	2015	2022	1995- 2000	2000- 2015	2015- 2022	1995- 2022
HST08: Edible fruit and nuts;	3 982 242 067	19,52	17,53	42,33	42,80	20,9	15,1	14,4	19,1
HST22: Beverages, spirits and	1 347 743 240	3,41	13,97	20,14	14,49	35,6	11,2	9,0	22,5
HST20: Preparations of vegetables	1 280 399 132	11,09	15,86	7,16	13,76	16,7	2,9	25,4	16,2
HST03: Fish & crustacean	844 828 955	12,21	13,47	8,85	9,08	22,5	5,5	14,6	13,6
HST21: Miscellaneous edible	531 758 683	0,08	0,21	5,70	5,72	48,4	35,0	14,3	38,9
HST17: Sugars and sugar confectionary	435 487 094	10,62	12,87	0,39	4,68	1,3	-14,0	62,6	11,1
HST41: Raw hides, skins and leather (excl. fur skin)	203 705 890	29,57	11,72	2,78	2,19	-3,6	-1,4	10,4	2,8
HST12: Oil seeds	174 708 927	1,74	3,90	5,33	1,88	39,8	10,8	-1,6	15,5
HST09: Coffee, tea, maté	99 812 340	0,07	0,53	2,49	1,07	62,6	20,3	1,3	29,5
HST06: Live trees and other plants	94 245 001	2,96	2,35	0,97	1,01	17,0	2,3	15,0	9,8
HST51: Wool, fine or coarse an	46 312 170	2,62	3,17	0,89	0,50	19,5	-0,3	5,1	7,1
HST23: Residues and waste from	38 813 167	0,01	0,00	0,02	0,42	8,7	25,5	71,0	39,2
HST18: Cocoa and cocoa preparations	35 377 596	0,16	0,04	0,21	0,38	-12,6	20,7	24,6	19,3
HST15: Animal or vegetable fat	28 258 397	0,32	0,13	0,19	0,30	20,2	11,2	22,6	14,9
HST10: Cereals	26 995 183	0,01	0,05	0,14	0,29	176,2	15,6	27,1	34,2
HST05: Products of animal origin	24 629 546	2,10	1,55	1,07	0,26	11,6	5,8	-6,4	5,2
HST16: Preparations of meat, o	18 605 429	0,00	0,61	0,00	0,20	324,6	-24,2	110,3	42,1
HST13: Lac; gums, resins and o	17 819 117	0,15	0,14	0,01	0,19	36,4	-11,8	86,3	16,4
HST11: Products of the milling	17 556 283	0,01	0,13	0,13	0,19	44,6	8,4	20,8	29,1
HST01: Live animals	15 308 382	1,16	0,22	0,63	0,16	21,9	16,5	-5,8	5,7

HST24: Tobacco and manufacture	1 308 7841	0,21	0,59	0,06	0,14	50,2	-7,4	30,5	13,1
HST07: Edible vegetables and c	11 944 453	0,07	0,11	0,38	0,13	39,3	17,5	-2,1	18,0
HST19: Preparations of cereals	9 213 946	0,05	0,07	0,06	0,10	-17,5	7,1	22,6	18,2
HST52: Cotton	2 682 506	1,37	0,39	0,02	0,03	8,0	-10,3	18,2	-2,7
HST02: Meat and edible meat of	2 284 552	0,06	0,00	0,00	0,02	-18,5	10,5	75,9	10,5
HST50: Silk	126 774	0,00	0,00	0,00	0,00	-	3,1	25,4	-
HST53: Other vegetable textile	67 270	0,07	0,00	0,03	0,00	-100,0	-	-34,1	-5,6
HST04: Dairy produce; birds' e	14 253	0,36	0,22	0,01	0,00	45,0	-10,4	-38,9	-17,9
HST14: Vegetable plaiting mate	0	0,00	0,15	0,00	0,00	313,7	-25,6	-100,0	-100,0
Total/ overall	9 304 028 194	100	100	100	100	15,0	8,5	14,2	15,1

Source: Quantec, 2023

Table 2: South African Agricultural imports from USA, by HS02 codes

Products (HS2)	Exports value (2022) : Rands	Share in Agricultural Exports (%)				Annual Growth (%)			
		1995	2000	2015	2022	1995-2000	2000-2015	2015-2022	2000-2022
HST02: Meat and edible meat	783 122 513	3,4	5,8	11,1	11,9	12,2	- 17,8	116,2	27,8
HST21: Miscellaneous edible	448 098 836	2,9	3,0	5,6	8,7	28,5	11,3	- 3,0	- 1,0
HST08: Edible fruit and nuts;	415 788 049	1,0	1,4	1,5	2,0	13,1	19,9	4,9	1,5
HST22: Beverages, spirits and	394 513 666	0,6	2,0	2,1	1,7	34,5	15,0	6,7	2,1
HST10: Cereals	280 687 585	54,4	60,6	40,4	29,9	- 6,7	- 2,5	- 0,5	- 0,2
HST23: Residues and waste form food industries	227 128 643	1,9	4,4	12,7	14,4	19,2	9,4	2,2	0,7
HST17: Sugars and sugar confectionaries	189 930 780	0,6	1,2	1,3	1,7	4,6	13,9	17,9	5,4
HST12: Oil seeds	178 016 462	9,9	3,0	5,8	3,1	- 8,2	5,3	2,0	0,6
HST20: Preparations of vegetables	166 165 568	0,7	0,4	0,6	0,8	5,8	15,8	7,9	2,4
HST05: Products of animal origin	98 666 687	1,7	1,4	2,0	1,8	- 1,3	8,6	7,1	2,2

HST07: Edible vegetables	64 493 058	2,2	1,0	1,3	2,0	4,6	5,4	-	-
HST03: Fish and crustacean	57 128 464	0,5	0,3	0,8	0,5	7,5	9,1	9,0	2,8
HST51: Wool, fine or coarse an	53 968 755	0,2	0,3	0,5	1,0	89,4	1,5	-	-
HST04: Dairy produce; birds' e	41 923 397	1,3	0,5	0,9	1,0	-	24,5	-	-
HST13: Lac; gums, resins and o	35 379 954	0,6	0,6	0,4	0,5	3,8	7,8	6,1	1,9
HST15: Animal or vegetable fat	32 643 000	2,8	0,9	0,7	4,8	-	1,7	2,6	0,8
HST19: Preparations of cereals	31 766 838	0,5	0,6	1,0	0,8	5,7	13,8	-	-
HST18: Cocoa & preparations	21 656 525	0,1	0,1	0,2	0,3	41,3	13,7	-	-
HST52: Cotton	11 665 626	2,4	3,5	3,4	3,4	8,7	-	-	-
HST24: Tobacco and manufacture	9 331 910	3,5	2,5	3,2	3,9	1,9	-	1,3	0,4
HST01: Live animals	6 278 820	0,6	0,6	1,4	0,3	-	16,2	-	-
HST11: Products of the milling	5 981 641	1,4	3,1	0,3	1,6	-	18,5	5,6	1,8
HST09: Coffee, tea, maté and s	4 348 601	0,0	0,4	0,3	0,7	52,3	13,0	-	-
HST14: Vegetable plaiting mate	1 500 536	0,0	0,0	0,0	0,0	92,7	-	75,2	19,5
HST41: Raw hides and skins and leather (excl. foreskins)	1 056 586	1,0	1,6	1,8	3,1	9,5	-	-	-
HST06: Live trees and other plants	941 588	0,1	0,1	0,1	0,0	-	12,8	-	-
HST53: Other vegetable textile	373 692	0,1	0,1	0,1	0,0	-	19,6	-	-
HST50: Silk	121 069	0,0	0,0	0,0	0,0	12,5	2,3	- 4,8	- 5,0
HST16: Preparations of meat	91 966	5,7	0,7	0,5	0,3	- 41,1	2,3	- 45,3	- 17,5
Total	3 562 770 815	100,0	100,0	100,0	100,0	- 1,0	5,7	5,7	1,8

Source: Quantec, 2023

Meat products has also shown a significant increase the value of imported meat during the period 2015 to 2020 as indicated in the Figure 8.

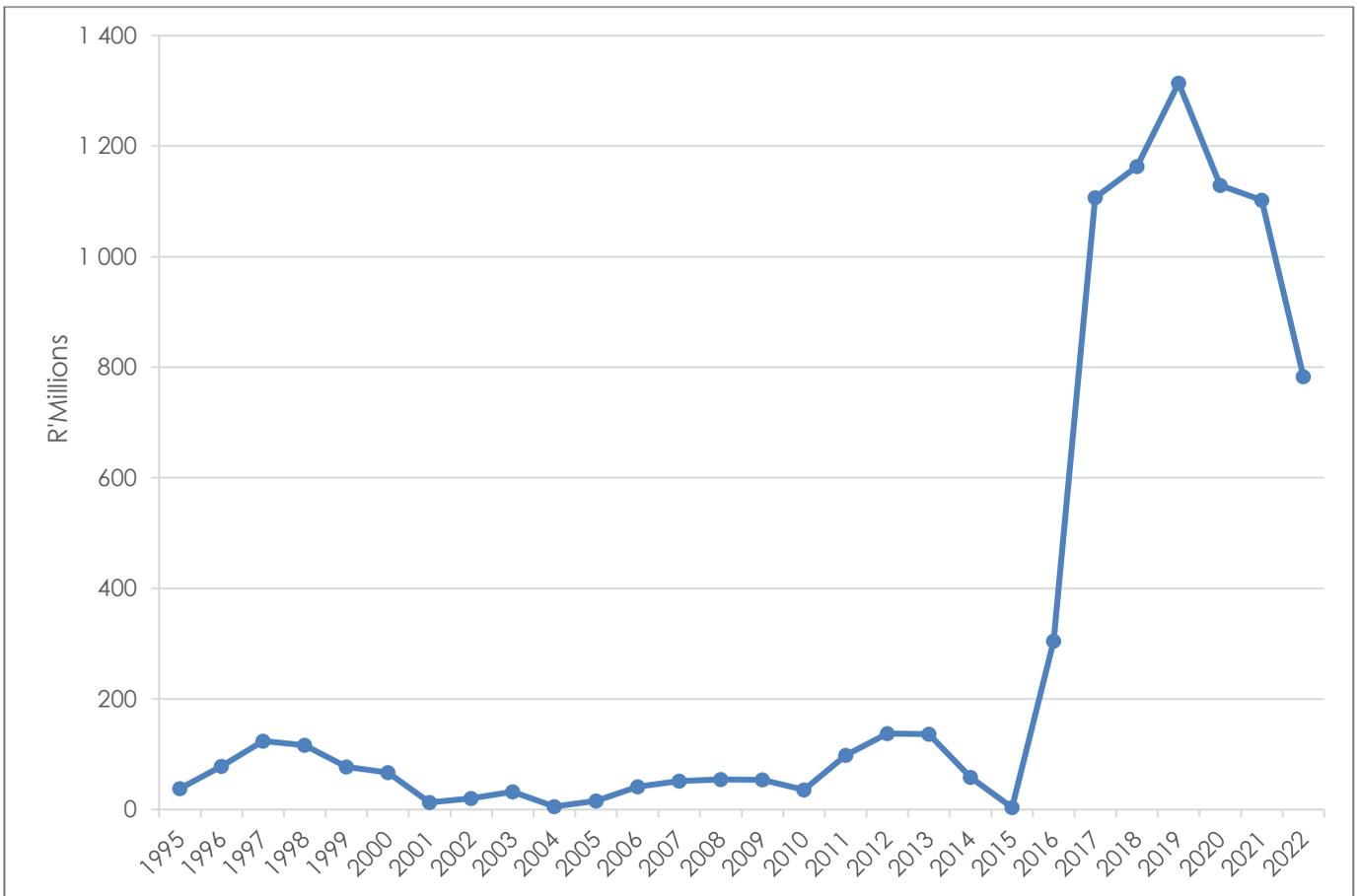


Figure 8: Total Meat imports into SA from USA, 1990-2022

Source: Quantec, 2023

Figure 9 and 10 illustrate poultry and non-poultry meat products imported from by South African from the USA during the period 1995 to 2022. It can be observed in Figure 9 the dominant poultry products imported the USA at HS code 6 digits. Figure 10 shows real non-poultry meat imports from SA into USA between 1995 and 2022. Beef meat selection (HS0201 + HS0202 + HS0206.1 + HS0206.2 + HS0210.2) was the main non-poultry meat import, almost entirely made up of edible offal from bovine animals (HS0206.2). Since 2017 to 19 South African real beef imports from USA have increasingly in value terms, and his follow during of the drought in major provinces of South Africa and there is an increase again the value of beef imports from 2019 onwards to 2022. Other non-poultry meat imports have been mainly in the form of pork imports (HS0203 + HS0206.3 + HS0206.4 + HS0209.0 + HS0209.1 + HS0210.1), mainly frozen cuts of swine (HS0203.2).

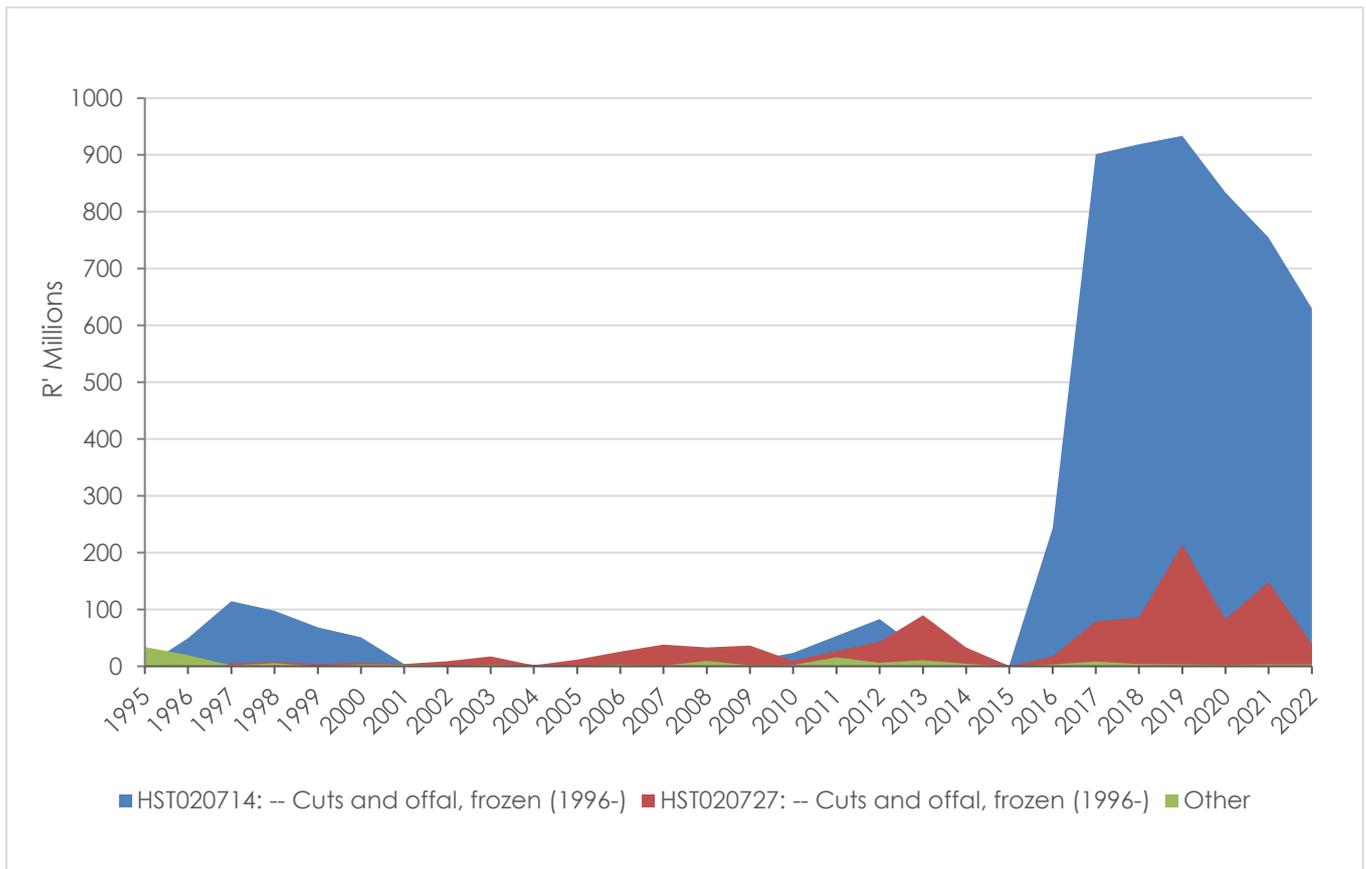


Figure 9: Real Poultry (HS0207+ HS0209.9) imports into SA from USA, 1990-2022

Source: Quantec, 2023

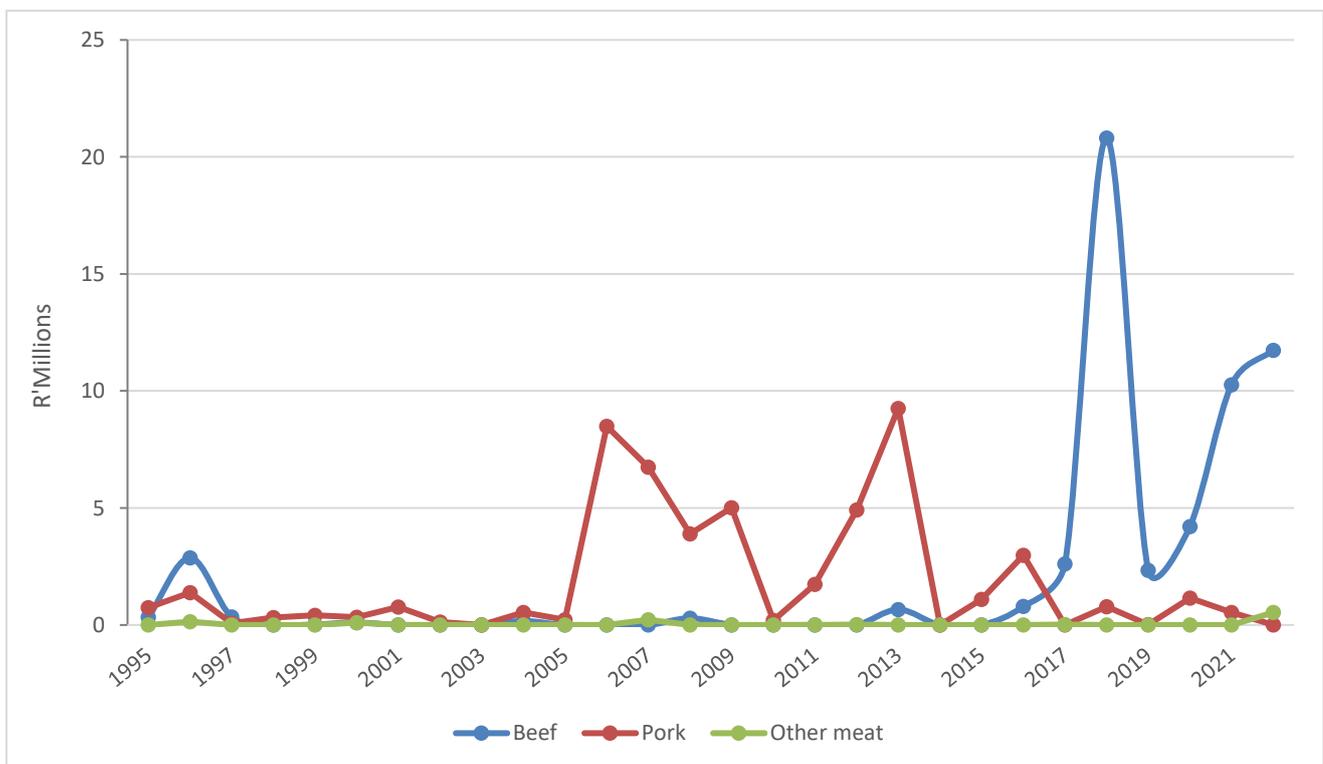


Figure 10: Real Non-Poultry imports into SA from USA, 1995-2022

Source: Quantec, 2023

5. Conclusion

The AGOA has contributed significantly in increasing export-led job creation of different sectors, including agriculture. Further, the AGOA preferential market access has boosted South Africa's agricultural exports for subsectors such as wine and citrus; which are labour-intensive. The Russia and Ukraine war had a negative impact on RSA agricultural exports and it will not be ideal to lose trade under AGOA under these tough economic conditions. In preparing for 2025, it will important to that all factors are considered and trade under AGOA continues unhindered. Alternatively, RSA will face the Most Favoured Nations (MFN) tariff rate under the WTO. The Western Cape Province is largely implicated since it contributes a share of 55% of RSA agricultural exports to the world.

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