

**Trade Policy**  
**Report 9**

**DATA ANALYSIS**

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**Identifying  
Export  
Opportunities for  
SACU in the  
US Market**

by Nnzeni Netshitomboni,  
Christopher Stevens and Jane Kennan

**The South African Institute of International Affairs**



# **Identifying Export Opportunities for SACU in the US market**

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Christopher Stevens and Jane Kennan, IDS**

## **Abstract**

Negotiations between SACU and the US, to conclude a free trade agreement, have been stalled owing to substantive differences between the two sides on a broad range of issues. This report examines the goods market access dimension from the standpoint of additional market access that SACU could gain through locking in and extending AGOA preferences. It concludes that, whilst there are potential advantages to extending market access via the FTA, these are small in scope and that the main areas of benefit lie outside tariff negotiations, in rules of origin and US administration of trade remedies.

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THE SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS

ISBN: 1-919969-52-7

Please note that \$ refers to US dollars  
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# INTRODUCTION AND SUMMARY

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## Objective of the paper

The free trade area (FTA) negotiations between the Southern African Customs Union (SACU) and the United States of America (USA) are expected to confirm and extend the benefits of the African Growth and Opportunity Act (AGOA). But what are these benefits – and where do they need to be extended? This paper provides trade negotiators and other interested parties with an indication of where specific SACU interests lie in the area of market access for goods. It does this through an analysis of trends in US imports from SACU.

At this stage of the negotiations, where attempts to revive them are well underway, a study of this nature is necessary to contribute to what could be a fruitful debate. The wisdom of engaging in bilateral trade negotiations has been questioned in some quarters.<sup>2</sup> More recently, parliamentarians have complained to the Department of Trade and Industry about the apparent lack of research to assess the impact of free trade agreements on the South African economy and its neighbours. Unlike trade negotiations with the European Union (EU), where South Africa negotiated alone, the current negotiations involve SACU as a group, following the ratification of the SACU agreement.

## Areas not covered

This paper analyses only one aspect of trade with the USA. The FTA, of course, will provide a legal certainty absent from AGOA (however unlikely the prospect of its abrupt withdrawal by the USA) and go beyond market access for goods. It will include services, labour environment and trade facilitation, among others. Clearly, there are South African interests, which may be advanced during the negotiations, in all of these areas.

Although this study is confined to goods trade, it is an important area of the talks. SACU's 'offensive interests' lie chiefly in this area, which includes agricultural products. Hence, by identifying the key areas where the FTA

must improve upon the *status quo* in order to advance South African interests, the paper aims to assist the negotiators' agenda setting.

## Main findings

In the area of goods trade, SACU needs an FTA if it will provide a greater stimulus to trade than is currently the case under AGOA (which has been extended to 2015). This means, in turn, that it both removes any market access barriers that remain under AGOA and also that SACU has the capacity to increase its supply. This paper assesses the evidence on both counts and points to areas where further information must be collected.<sup>3</sup> It builds upon previous studies but puts stronger emphasis on the regional dimension.<sup>4</sup>

There is scope for extending the range of products that receive duty-free access – but it is not great. In many cases what is needed is more favourable treatment in areas other than tariffs. The most valuable SACU export not covered by either AGOA or the Generalised System of Preferences (GSP) is iron and steel goods. The most-favoured nation (MFN) tariff is low, but exports have been hindered by the threat or application of anti-dumping duties. If an FTA included restraints on the use of such measures, it would represent an advance over the *status quo*.

For textiles articles excluded from AGOA, the main constraint for South Africa is the rules of origin – as it is for clothing, which is covered. If an FTA relaxed the rules of origin for South Africa, it would represent a major advance, subject to the country remaining a competitive supplier in the post-Multifibre Arrangement (MFA) era.

The products for which an extension of duty-free access would be most valuable are peaches, manganese, wool and animal hair. These items face significant MFN tariffs and are currently excluded from both AGOA and the GSP (other than the GSP for least developed countries in the case of the first two).

Another area in which an FTA might represent an improvement on the *status quo* is in relation to utilisation rates. The reasons for a failure to claim preference are unclear. A part of the reason is that some exports do not meet the AGOA rules of origin, but this is not the whole explanation. Further research is needed to identify the full range of causes and determine whether or not they are amenable to a solution within the context of the FTA.

## US Imports from SACU

### By country and programme

SACU exports to the USA have been growing rapidly, but the link to AGOA is unclear from the aggregate data: the big surges have occurred just before AGOA was inaugurated and in 2004, well after its launch (Table 1). The 2004 surge in AGOA exports appears to have reflected a buoyant overall trade picture rather than the attractions of the scheme itself, as its share of total SACU exports fell by 5%. One of the reasons for this is that a high proportion of SACU exports do not receive any preference but face MFN tariff rates of zero. More than 59% of 2004 exports fall into this category (Table 2).

	1999	2000	2001	2002	2003	2004
Total value (\$bn)	3.39	4.48	4.77	4.76	5.58	6.90
Growth	4.3%	32.2%	6.5%	-0.2%	17.3%	23.7%
<b>By programme</b>		<b>Share of total</b>				
AGOA			11.6%	24.9%	27.5%	22.5%
GSP	13.7%	13.4%	10.8%	11.8%	12.4%	15.0%
<b>By country</b>						
SA	94.2%	93.9%	92.8%	89.0%	87.6%	85.8%
Lesotho	3.3%	3.1%	4.6%	6.8%	7.0%	6.8%
Swaziland	1.1%	1.2%	1.4%	2.4%	2.9%	2.9%
Namibia	0.9%	0.9%	0.8%	1.2%	2.2%	3.5%
Botswana	0.5%	0.9%	0.4%	0.6%	0.2%	1.1%

By definition, therefore, the impact of AGOA will be limited at the aggregate level, but it may have been important for specific countries and products. And it may be important for the future by widening the range of exports. Such a micro effect has been evident in the sharp rise in Lesotho's exports every year since AGOA was launched. Moreover, the growth, linked to its clothing trade (see below), has clearly been associated with export diversification.

<b>Import Programme</b>	<b>Value (\$ million)</b>	<b>Share of total (%)</b>
GSP	1 035	15.0
AGOA	1 552	22.5
0% MFN	4 085	59.2
<b>Sub Total</b>	<b>6 672</b>	<b>96.7</b>

### **By product**

The high share of zero MFN items receiving no preference in SACU's exports to the US stems from a small group of products that account for about half of the total (Table 3). The group is dominated by minerals, chiefly platinum group metals and diamonds. All of the products in the table face zero MFN tariffs, except for clothing and motor vehicles which are covered by AGOA.

Because clothing and motor vehicles qualify for AGOA, they are the major export items most likely to have been stimulated since 2000. And, indeed, the share of automotive products in manufactured exports to the USA has quadrupled in the four years of AGOA and now constitutes 14% of the total: from \$145 million in 2000 to \$582 million in 2004. Yet the causal link between AGOA and this rapid growth is uncertain because the MFN tariff is only 2.5% – hardly a trade barrier. The Motor Industry Development Programme has been instrumental in raising the export performance of the respective sector.<sup>5</sup>

<b>Table 3: Top ten US imports from SACU, 2004</b>		
<b>HS6 Code</b>	<b>Description</b>	<b>Value \$m</b>
711011	Platinum	1315
710231	Diamonds, nonindustrial, unworked	566
710239	Diamonds, nonindustrial, worked	255
611020	Sweaters, pullovers, sweatshirts	251
711021	Palladium	213
870323	Passenger motor vehicles cylinder capacity over 1,500 cc but not over 3,000 cc	205
870324	Passenger motor vehicles with cylinder capacity over 3,000 cc	204
711031	Rhodium	166
620342	Men's or boys' trousers	151
720230	Ferrosilicon manganese	148
	Sub total	3 473
	Total	6 903

Clothing, though, does benefit significantly from AGOA (if the rules of origin are met) and exports thereof have grown from 17% to 22% of total manufactured exports to the USA.<sup>6</sup> Between 2000 and 2004, clothing exports rose from \$322 million to \$875 million. More than half of these originated from Lesotho, with Swaziland, South Africa and Namibia (in that order) supplying most of the remainder.

These changes have contributed to a rapid shift in the structure of SACU exports to the USA (Figure 1). Manufactures grew from 43% to 59% of exports in four years: an increase from \$2.0 billion to \$4.1 billion. Exports of agriculture grew only marginally in absolute terms and so have declined relatively, despite the inclusion of numerous agricultural products in the AGOA list. The shift in the composition of exports in manufacturing's favour also occurred despite the contraction of iron and steel. Between 2000 and 2003, iron and steel exports fell by 29.2% in absolute terms as a result of the threat and then the implementation of anti-dumping actions by the USA. In some cases, South African exporters exercised 'export restraint'.<sup>7</sup> In 2002 a 113% duty was slapped on South African vanadium exports into the USA<sup>8</sup> following preliminary 13.5% countervailing duties on hot-rolled steel imposed in 2001. Iron and steel exports, however,



recovered in 2004 but fell short of volumes recorded in 1999 and 2000.

**Figure 1. US imports from SACU by sector, 2000 and 2004**

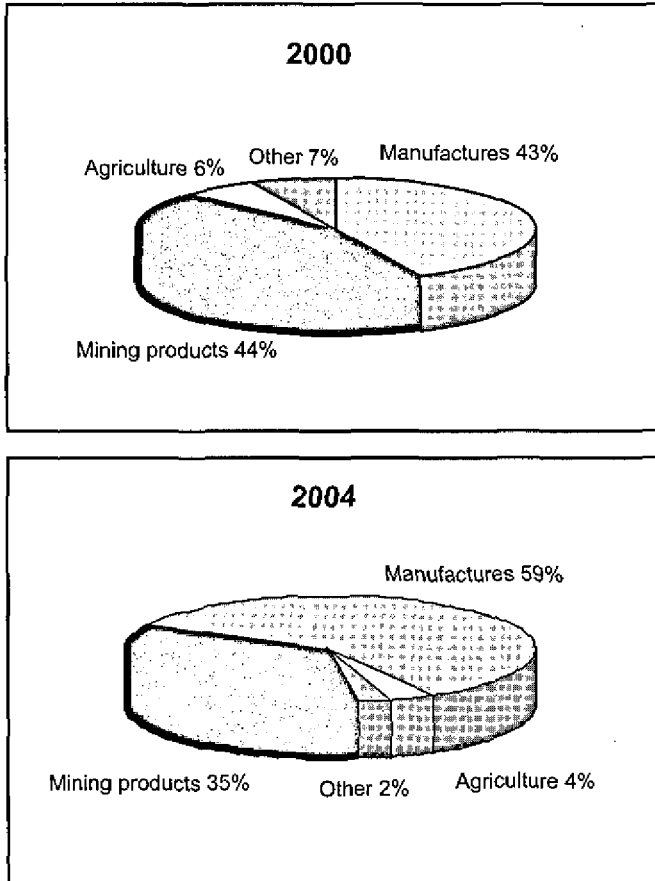


Table 4 shows the performance of SACU exports that qualify for AGOA and previously faced an MFN tariff of 10% or higher. SACU exports under AGOA ('AGOAs imports') are compared to SACU total exports of each product to the USA ('Total imports'). The ratio of AGOA imports to total imports ('AGOAs Share') provides an indication of the share of total exports that qualified for duty-free access under AGOA. The annual export growth rate for 2002, 2003 and 2004 is calculated in the final three columns.

Of the items in the table, all of which are apparel products with the exception of manganese, three predominate (typed in bold); all saw high utilisation rates. Encouraging signs are also reflected in the SACU exports of products facing high MFN tariffs of 28.2% or above. These products have registered high rates of growth in 2003 and 2004. This suggests that AGOA has offered producers of these products a distinct advantage over many competitors. Moreover, US imports of each of these products from the world exceeded \$420 million, and in the case of sweaters more than \$3 billion.

HS8	Description	MFN ad valorem	AGOA imports \$ million	Total imports \$ million	AGOA Share	Growth 02	Growth 03	Growth 04
61034210	Men's or boys' trousers	16.1%	18	21	89.1%	6.6%	101.5%	-4.9%
61034315	Men's or boys' trousers	28.2%	28	28	98.9%	86.2%	98.3%	59.8%
61046220	Women's or girls' trousers	14.9%	40	41	96.9%	95.6%	82.8%	-3.3%
61046320	Women's or girls' trousers	28.2%	26	27	99.5%	30.5%	97.6%	49.8%
61051000	Men's or boys' shirts	19.7%	11	15	73.6%	-12.0%	-16.7%	-1.7%
61061000	Women's or girls' blouses	19.7%	21	23	91.5%	114.7%	-31.5%	10.0%
61091000	T-shirts	16.5%	46	47	97.9%	17.2%	45.9%	45.8%
<b>61102020</b>	<b>Sweaters</b>	<b>16.5%</b>	<b>242</b>	<b>250</b>	<b>96.7%</b>	<b>26.3%</b>	<b>10.5%</b>	<b>22.0%</b>
61103030	Sweaters,	32.0%	55	56	98.5%	195.0%	38.3%	27.7%
<b>62034240</b>	<b>Men's or boys' trousers</b>	<b>16.6%</b>	<b>146</b>	<b>151</b>	<b>97.2%</b>	<b>21.5%</b>	<b>48.7%</b>	<b>12.7%</b>
<b>62046240</b>	<b>Women's or girls' trousers</b>	<b>16.6%</b>	<b>90</b>	<b>94</b>	<b>95.4%</b>	<b>-2.1%</b>	<b>63.3%</b>	<b>-19.8%</b>
62046335	Women's or girls' trousers	28.6%	20	21	95.0%	421.7%	95.0%	35.8%
81110047	Unwrought manganese	14.0%	11	11	100.0%	-	-	36.4%
61034210	Men's or boys' trousers	16.1%	18	21	89.1%	6.6%	101.5%	-4.9%

Only those items facing an MFN tariff of 10% or higher are included  
A minimum of \$10 000 000 in total imports is set  
Some tariff descriptions have been shortened and simplified in this table

## GSP exports

The focus on AGOA should not lead one to ignore the GSP. Some SACU exports receive their preferential access to the US market through the GSP instrument: 15% in 2004. Indeed, in 2004 South Africa's GSP exports outstripped its AGOA exports. The products that obtain better treatment under the GSP are quite diversified (Table 5). Of the items that receive a significant competitive advantage under the GSP (because the MFN tariff is 10% or higher), sugar is the biggest (0.9% of total GSP exports); the top 10 products account for 1.5%.

**Table 5. US Imports from SACU qualifying for GSP having MFN tariff of 10% or higher, 2004**

HS8	Description	MFN	Value \$000
		<i>Ad valorem</i>	
20081990	Nuts and seeds	17.9%	168
71039950	Precious or semiprecious stones	10.5%	198
71162040	Semiprecious stone	10.5%	432
71171990	Imitation jewellery	11.0%	170
71179090	Imitation jewellery	11.0%	127
72025000	Ferrosilicon chromium	10.0%	720
		<i>Specific</i>	
08029015	Pecans	17.6c/kg	565
08029080	Nuts	1.3c/kg	147
08045080	Guavas	1.5c/kg	125
09042020	Paprika	3c/kg	1039
12099180	Vegetable seeds	1.5c/kg	241
17011110	Cane sugar	1.46c/kg	9173
20089940	Mangoes	1.5c/kg	165
22041000	Sparkling wine	19.8c/l	368
22042180	Grape wine	16.9c/l	2897
51031000	Noils of wool	2.6c/kg	210
96081000	Pens	0.8c ea+5.4%	308

A minimum of \$100 000 in exports is set  
All those items facing a specific MFN tariff are included

## Improving On AGOA and the GSP

### Extending coverage

Increasing preferential exports to the USA requires one (or more) of three things:

- an increase in supply of the products currently exported under AGOA or GSP;
- the development of a competitive supply of items covered by AGOA or GSP that SACU does not currently export; and
- the extension of preferential coverage to include items that SACU does export, which are not covered by either AGOA or the GSP.

An FTA would contribute *directly* only to the third of these, though it might help indirectly with the others (e.g. through increasing investment). Which current exports, therefore, are excluded from AGOA or GSP?

About 3.3% of total US imports from SACU in 2004 (\$231 million) did not qualify for either AGOA or GSP and faced tariffs that were greater than zero (see Table 6 for the most important). Just under one-tenth of these (\$18.2 million, 0.3% of the total) faced tariffs that were higher than 10%. If the FTA extends to these goods it will improve product coverage.

The products in Table 6 in bold do qualify for GSP if exported by a least developed country, which means that Lesotho (which has least developed country status under the GSP) should be able to export them under preference. But it does not export any of these products; indeed, no Lesotho exports to the USA claimed for benefits under the GSP (see Table 7). Evidently, though, other SACU states do export the items. South Africa is the sole supplier of all the products with the exception of cotton yarn and ferrovanadium, which originated from Namibia and Swaziland, respectively. If the FTA gave all members the same access as is currently available to Lesotho, it would represent an improvement of the *status quo*. Although some of the products face low tariffs, this is not the case for textiles, peaches and manganese, nor for the items facing specific duties, such as wool, wool tops and animal hair. All of these are likely to benefit from inclusion in an FTA, but in the case of textiles this conclusion is subject to rules of origin being unrestrictive.<sup>9</sup>

<b>Table 6. US Imports from SACU above \$100,000 (facing tariffs and not qualifying for AGOA or GSP, 2004)</b>			
<b>HTS8</b>	<b>Description</b>	<b>Tariff</b>	<b>Value \$000</b>
51121160	Woven fabrics of combed wool/ fine animal hair	25.0%	206
51121995	Woven fabrics of combed wool/ fine animal hair	25.0%	517
<b>20087020</b>	<b>Peaches</b>	<b>17.0%</b>	<b>1 717</b>
<b>20089290</b>	<b>Mixtures of fruit or other edible parts of plants</b>	<b>14.9%</b>	<b>390</b>
54076199	Woven fabric	14.9%	511
<b>81110049</b>	<b>Unwrought manganese</b>	<b>14.0%</b>	<b>10 776</b>
54071000	Woven fabrics	13.6%	607
55121900	Woven fabrics	13.6%	138
55122900	Woven fabrics	12.0%	110
55129900	Woven fabrics	12.0%	439
60053200	Dyed warp knit fabrics	10.0%	1 262
63026000	Toilet linen and kitchen linen	9.1%	114
54021030	Single high tenacity yarn of nylon	8.8%	1 692
54022030	Single high tenacity yarn of polyesters	8.8%	4 751
52093900	Dyed woven fabrics of cotton	8.4%	404
52094900	Woven fabrics of cotton colours	8.4%	162
52095900	Printed woven fabrics of cotton	8.4%	119
57023110	Wilton, velvet and like floor coverings	8.0%	180
60029080	Knitted or crocheted fabrics	8.0%	387
65059020	Headwear, of cotton	7.5%	127
58081070	Braids in the piece	7.4%	512
63023190	Bed linen	6.7%	248
63049200	Furnishing articles	6.3%	103
58063220	Narrow woven fabrics	6.2%	805
51071060	Yarn of combed wool	6.0%	694
51072060	Yarn of combed wool	6.0%	236

**Table 6 US Imports from SACU above \$100 000 facing tariffs and not qualifying for AGOA or GSP, 2004 (Continued)**

HTS8	Description	Tariff	Value \$000
51091090	Yarn of wool	6.0%	100
28046950	Silicon	5.5%	3 339
94049010	Pillows, cushions	5.3%	195
52051210	Single cotton yarn	5.2%	110
56090030	Articles of yarn of man-made fibres	4.5%	1280
72029200	Ferrovandium	4.2%	14 121
51082060	Yarn of fine animal hair	4.0%	288
57023120	Carpets and other textile floor coverings	4.0%	375
58089000	Ornamental trimmings	3.9%	7 104
59111020	Textile fabrics	3.8%	286
56075040	Twine, cordage, rope and cables of synthetic fibres,	3.6%	691
63022170	Bed linen	2.5%	1 374
		Specific	
51013040	Wool	24.4c/kg	1 162
51052900	Wool tops	3.9c/kg+3.1%	2 213
51053900	Fine animal hair	6.8c/kg+5.5%	116

In the absence of an FTA covering these items could Lesotho take advantage of its special status and diversify into the products for which it qualifies for duty-free access? The answer is probably 'no' for the minerals on the list. As for peaches, shortage of arable land and possible sanitary and phytosanitary measures may be some of the reasons behind their absence from Lesotho's export basket.

Only Lesotho and Swaziland were able to claim AGOA treatment for the greater part of their exports in 2004 (Table 7). Whilst 96% of Lesotho's exports to the USA in 2004 and 89% of Swaziland's claimed AGOA treatment, only 28% of Botswana's and 32% of Namibia's did so; for South Africa the figure is a mere 14%.

Country	Value of exports to USA <sup>a</sup> (\$ mn)	Percentage share which:						
		entered under:				paid import duty because:		
		AGOA	GSP	Other <sup>b</sup>	MFN	no pref. available	pref. available but not claimed	
			zero duty	positive duty				
Botswana	72.5	27.8	0.0	-	72.0	0.3	0.1	0.2
Lesotho	465.4	96.2	0.0	-	2.0	1.8	-	1.8
Namibia	233.3	32.5	36.5	-	29.5	1.4	0.1	1.3
South Africa	5,789.0	14.4	16.4	0.3	66.1	2.8	0.8	2.0
Swaziland	198.2	88.8	0.5	0.0	1.8	9.0	7.2	1.8

*Notes:*  
 (a) In HS Chapters 1–97. (Tariff/import regime data are not available for exports in HS 98 and 99).  
 (b) i.e. Pharmaceuticals and Civil Aircraft preferences, both of which are duty free.  
 Sources: USITC Interactive Tariff and Trade DataWeb ([http://dataweb.usitc.gov/scripts/user\\_set.asp](http://dataweb.usitc.gov/scripts/user_set.asp)); UNCTAD TRAINS (<http://wits.worldbank.org>) – both accessed May 2005.

However, things are not quite as they seem from these data – largely because of differences in the commodity composition of exports. Although a much higher share of Swaziland's exports obtained preferences than did those of South Africa, a higher proportion also paid a tariff. Two-thirds of South Africa's exports received no preference, yet because the MFN tariff on most of these is zero, only 2.8% of its exports paid a positive duty – compared with 9% of Swaziland's. In Swaziland's case, the main reason for not receiving zero duty entry is that no preference exists on the product, not that the country failed to claim the preference. So Swaziland would stand to gain relatively if an FTA opened up duty-free access for these exports.

### Increased utilisation

Limitations on AGOA/GSP product coverage is not the only reason why some SACU exports failed to obtain preferences. In some cases preferences were available but were not fully claimed. For all the SACU states, other than Swaziland, an FTA would offer few benefits unless it dealt with the underlying reasons for the failure to claim preferences.

Country-by-country information on the products that are excluded, and those on which preferences are not being claimed, is provided in Appendix Tables A2–A6. In the case of Botswana, Lesotho and Namibia,

a major reason why some exports pay a tariff is that preferences are not claimed – the products concerned are mainly clothing items. One possible reason is that the US Customs Authorities do not accept that the items in question meet the rules of origin. Given that all three countries benefit from the rules of origin derogation for lesser developed countries, the implication is that the goods are deemed not to have been processed in the country concerned. Another possible reason is the lack of awareness of AGOA on the part of particularly small importers since the onus is on the importer to claim the benefits.

Whilst they are a relatively small share of total exports, the values concerned are quite high. In Lesotho's case, for example, duty was paid on more than \$8 million of exports (mainly clothing), even though they were covered by AGOA or the GSP, while for Namibia the figure was \$3 million. And in the case of South Africa, a full \$114 million of exports were of goods for which a preference is available but was either not claimed or only partially claimed.

In the case of Swaziland, the make-up of the items for which a preference was not available or was not claimed is broader. Sugar, non-clothing textiles and ferrovanadium were the main items for which no preference was available – and they totalled \$14 million. Citrus, clothing and a wide range of manufactures make up the (smaller) amount for which preferences were available but not claimed.

For South Africa, one reason for the low utilisation rate is to be found in the rules of origin for clothing – but it is not the only, or even the most important, reason. Clothing items account for only 16% of the value of goods listed in Appendix Table A6. Textiles account for 19%, and wine for 7%.

Given the significant levels of under-utilisation and the fact that clothing rules of origin appear not to be the sole cause, it is important that further enquiries be made in order to feed into the negotiations. Improving the AGOA utilisation rate by dealing with its causes would allow an FTA to provide a significant advance on the *status quo*.



## Will AGOA Gains Survive the End of the MFA?

The bulk of Botswana, Lesotho, Namibia and Swaziland (BLNS) exports to the USA under AGOA has been in apparel products. This is because they benefit immensely from the provision which permits them to export with less onerous rules of origin. Lesotho has benefited from this since the outset of AGOA and its exports to the USA doubled in two years. As a direct result of AGOA, in 2002 Lesotho overtook Mauritius to become sub-Saharan Africa's biggest single supplier of apparel to the USA.<sup>10</sup>

In 2002 Botswana and Namibia were specifically designated as less developed countries under AGOA II. This opened the way for them to also qualify for the less developed country rules of origin benefit for apparel. Swaziland was classified likewise in July 2001.

The extension of the less onerous rules of origin to Namibia, in particular, triggered a rapid rise in their garment exports to the USA (Table 8). The recent extension of AGOA to 2015, and the lesser-developed country provision within that to 2007, has provided BLNS countries with an opportunity to grow their garment exports for at least another two years. This extension was crucial considering the expiry of the MFA quota limits at the end of 2004. It is widely expected that many Asian suppliers will extend their dominance in the US apparel market. The explosion of Chinese exports in the first few months of 2005 has already triggered trade friction between China and the USA.<sup>11</sup> As shown in Table 8, South African garment exports fell precipitously in 2004, but recorded a sharp rise in the share of those qualifying for AGOA.

**Table 8. US clothing imports from SACU by country and AGOA shares**

Country	2000		2001		2002		2003		2004	
	Value (\$000)	AGO share	Value (\$000)	AGO share	Value (\$000)	AGO share	Value (\$000)	AGO share	Value (\$000)	AGO share
Botswana	7 896	0%	2 923	0%	6 353	58.4%	7 144	88.5%	20 252	99.4%
Lesotho	140053	0%	16 692	9.8%	321 015	99.0%	392416	94.9%	455935	98.2%
Namibia	162	0%	95	0%	6 685	23.0%	41 952	76.6%	75 904	96.5%
South Africa	140909	0%	173394	17.6%	180 606	46.9%	231787	54.5%	141286	82.1%
Swaziland	31 852	0%	48 077	17.0%	89 059	83.0%	140490	89.9%	178603	98.3%

To a significant extent, therefore, the success of AGOA (and the desirability of an FTA for goods exports) is tied to the future international division of clothing production following the end of the MFA quotas in 2004. There can be little doubt that China's share of world exports will grow; what is questionable is how much space will be left for other suppliers and, critically, whether any of it will be in the product, quality and process niches that SACU producers have occupied.

When world trade is distorted as substantially and for such a long period as has been the case for clothing, it is extremely difficult to predict how the pattern will change following liberalisation at the level of specificity needed to forecast the future for SACU's producers. Early evidence for 2005 suggests that the region has had a torrid time. But this has also been a period of rand appreciation, and so the 'MFA/China effect' (which is likely to be permanent for the medium term) has to be disentangled from the 'currency effect' (which may be cyclical).

## Trade Creation or Diversion?

In the case of Lesotho's clothing, AGOA has clearly led to new investment, although this has been partly a transfer from South Africa. In other cases, though, it is unclear whether the growth in exports to SACU merely reflects a diversion of exports away from other markets. This section concentrates on the exports of South Africa, which has the widest range of AGOA exports.

A number of products that face specific MFN tariffs but are covered by AGOA have achieved phenomenal growth, albeit from low bases (Table 9). All are agriculture related. About half of those in the table have done so consistently in the past three years. Given the newness of the agreement, most of these products are likely to achieve further export growth as long as AGOA preferences remain in place. SACU does need to increase its fruit production in the medium term in order to take full advantage of the opportunities provided by AGOA. This would also ensure that trade creation, rather than trade diversion, is accomplished.

**Table 9. US Imports from SACU under AGOA that would otherwise face specific tariffs, 2004**

HS8	Description	MFN specific rate	AGOA imports \$ mn	Total imports \$ mn	AGOA Share	Growth 02	Growth 03	Growth 04
08029098	Nuts	5c/kg	16	18	89.1%	14.9%	69.6%	19.4%
08051000	Oranges	1.9c/kg	26	27	99.5%	4.7%	55.4%	10.7%
08052000	Mandarins	1.9c/kg	12	13	98.9%	1.0%	123.6%	0.8%
08061020	Grapes	\$1.13m3	2	2	100.0%	801.8%	-46.6%	10.9%
08062010	Raisins	1.8c/kg	1	2	36.3%	93.0%	-45.8%	44.5%
20099040	Mixtures of fruit juices	7.4c/l	1	1	99.8%	1542.4%	-23.0%	-18.8%
22042150	Wine	6.3c/l	18	29	63.3%	29.1%	36.7%	44.4%
24022080	Cigarettes	1.05/kg+2.3%	8	8	100.0%			195.6%

A minimum of \$1 000 000 in total imports is set

It is difficult to assess the extent to which AGOA has created new trade rather than divert existing exports from other destinations to the USA. But a cursory look at South African pear exports over the past few years indicates that this deserves further product-specific analysis of SACU's exports to other regions. In 1999, the year prior to AGOA, South Africa exported \$18.1 million<sup>12</sup> of prepared pears worldwide. By 2002, total exports of prepared pears had fallen marginally to \$18.0 million.<sup>5</sup> The rise in South African exports to the USA over this period was offset by an even larger decline in exports of prepared pears to the EU.

## Conclusion

The rapid expansion of clothing exports is indubitably bound up with the introduction of AGOA. SACU's clothing exports have grown two and a half times, while Africa's exports have also doubled. The growth of clothing exports from lesser-developed countries under AGOA has demonstrated that with the right incentives investment can be mobilised over a short period of time. However, the success of exports of automotive products does not appear to be strongly linked to AGOA.

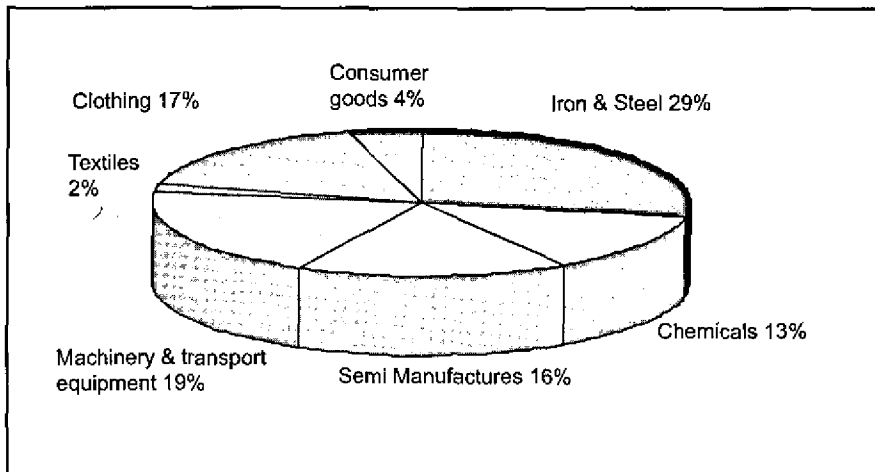
The textiles items that fall outside AGOA and the GSP that SACU is exporting under high tariffs are one area that could benefit from an FTA with the USA. So, too, are garments that fall foul of the AGOA rules of origin. Curbs on the use of anti-dumping actions against steel would also be useful.

As these examples illustrate, SACU interests lie in areas that are politically sensitive. Simply confirming the lesser-developed country rules of origin in an FTA could represent an improvement on AGOA for BLNS as the extension to 2007 relied on intense lobbying and its future would always be in doubt. Apart from these moves, SACU needs to diversify into other exports that are included in AGOA and face high tariffs, which are currently absent from its basket. This is particularly important given the uncertain future of regional clothing exports.

The confinement of exports to a few products by BLNS could generate economic instability if major changes are made to AGOA. It is important that diversification of exports be sought while the window of opportunity remains open. Lesotho exports qualify under GSP for least developed countries, but it does not seem to have the capacity to export. Only a few products from BLNS countries do not qualify for any preference and yet for a large number the preferences for which they qualify are not claimed. Lack of capacity in BLNS countries to export certain products appears a major constraint because of unutilised additional access. More research is needed on areas where SACU already has capacity or can readily expand to take advantage of improved market access.

## Appendix

**Figure A1: US manufactured imports from SACU by industry, 1999**



**Figure A2: US manufactured imports from the SACU by industry, 2004**

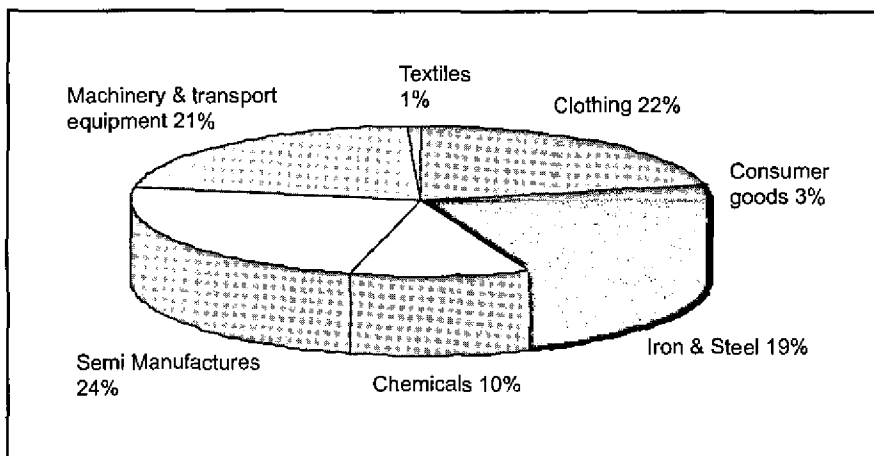


Table A1.<sup>1</sup> US imports from SACU under AGOA 2004

HS8	Description	MFN ad valorem	AGOA imports	Total imports	AGOA share	Growth 02	Growth 03	Growth 04
07095101	Mushrooms	20.0%	100	100	100.0%		147.8%	-49.6%
07095900	Mushrooms	20.0%	566	566	100.0%		-18.4%	-4.1%
20084000	Pears	15.3%	357	427	83.7%	27.3%	-28.9%	-82.2%
21050050	Edible ice	17.0%	1898	1898	100.0%	51.4%	40.8%	119.1%
61012000	Men's or boys' overcoats	15.9%	1406	2426	58.0%	150.5%	62.8%	-29.1%
61013020	Men's or boys' overcoats	28.2%	5184	5237	98.6%		182.2%	147.0%
61022000	Women's or girls' overcoats	15.9%	3440	3539	97.2%	512.6%	110.0%	-13.9%
61023020	Women's or girls' overcoats	28.2%	874	914	95.6%	13576.5%	54.1%	-49.9%
61034210	Men's or boys' trousers	16.1%	18447	20698	89.1%	6.6%	101.5%	-4.9%
61034315	Men's or boys' trousers	28.2%	27968	28265	98.9%	86.2%	98.3%	59.8%
61043200	Women's or girls' suit-type jackets	14.9%	2	182	1.3%	-32.5%	96.1%	197.6%
61044200	Women's or girls' dresses	11.5%	385	473	81.4%	97.9%	39.8%	-66.0%
61044320	Women's or girls' dresses	16.0%	135	327	41.3%	-43.7%	582.6%	-42.4%
61045320	Women's or girls' skirts	16.0%	1340	1353	99.1%	35.6%	116.2%	24.3%
61046220	Women's or girls' trousers	14.9%	39812	41099	96.9%	95.6%	82.8%	-3.3%
61046320	Women's or girls' trousers,	28.2%	26473	26593	99.5%	30.5%	97.6%	49.8%
61051000	Men's or boys' shirts	19.7%	11061	15032	73.8%	-12.0%	-16.7%	-1.7%
61052020	Men's or boys' shirts	32.0%	3646	3653	99.8%	116.2%	40.1%	-59.7%
61061000	Women's or girls' blouses	19.7%	21273	23248	91.5%	114.7%	-31.5%	10.0%
61062010	Women's or girls' blouses and shirts	14.9%	230	230	100.0%	3002.0%	-96.9%	15749.4%
61062020	Women's or girls' blouses	32.0%	5191	5234	99.2%	628.5%	101.2%	-38.0%
61072200	Men's or boys' nightshirts	16.0%	2197	2197	100.0%		137.8%	-55.6%
61079200	Men's or boys' bathrobes	14.9%	183	504	36.2%		6313.2%	-50.3%
61083200	Women's or girls' nightdresses	16.0%	2080	2080	100.0%	-98.2%	438391.8%	-11.8%
61089200	Women's or girls' negligees	16.0%	285	323	88.5%		163.9%	42.8%
61091000	T-shirts	16.5%	45833	46825	97.9%	17.2%	45.9%	45.8%

61099010	T-shirts	32.0%	6420	6745	95.2%	147.5%	-7.8%	68.1%
61102020	Sweaters	16.5%	242125	250476	96.7%	26.3%	10.5%	22.0%
61103015	Sweaters	17.0%	434	434	100.0%	75.8%	15.1%	432.8%
61103030	Sweaters	32.0%	55294	56147	98.5%	194.9%	38.3%	27.7%
61112010	Babies' blouses	19.7%	234	297	78.6%	13.7%	134.7%	-59.4%
61112020	Babies' T-shirts	14.9%	424	522	81.3%	238.0%	-63.0%	226.0%
61112030	Babies' sweaters	14.9%	1450	1522	95.3%	-35.0%	43.0%	-0.7%
61112050	Babies' trousers	14.9%	2209	2284	96.7%	63.9%	33.2%	-7.2%
61113050	Babies' garments	16.0%	98	101	97.4%	39.9%	1743.7%	-87.4%
61121100	Track suits	14.9%	102	399	25.5%	474.9%	-39.2%	134.5%
61121200	Track suits,	28.2%	381	500	76.1%	-55.6%	251.7%	-22.6%
61142000	Garments	10.8%	4078	4120	99.0%	-35.2%	23.7%	8.6%
61143010	Tops	28.2%	1990	2005	99.3%	463.3%	26.9%	176.6%
61143030	Garments knitted or crocheted	14.9%	5588	5811	96.2%	874.0%	217.4%	62.3%
61151100	Panty hose	16.0%	10	419	2.4%		-100.0%	
61159390	Stockings	14.6%	489	820	59.6%	1232.0%	106.1%	117.9%
61159918	Hosiery	14.6%	240	240	100.0%	-5.0%	6.1%	46008.4%
62011340	Men's or boys' overcoats	27.7%	105	155	67.4%	-94.5%	7109.6%	0.0%
62029350	Women's or girls' anoraks	27.7%	137	138	99.4%	224.3%	-33.5%	-73.2%
62031160	Men's or boys' suits	17.5%	685	685	100.0%	140.4%	-24.0%	47.4%
62031190	Men's or boys' suits	17.5%	1587	1596	99.4%	6.6%	92.9%	-49.8%
62033150	Men's or boys' suit-type jackets	17.5%	463	463	100.0%	13.8%	28.6%	-85.1%
62033190	Men's or boys' suit-type jackets	17.5%	6083	6398	95.1%	288.6%	-7.4%	-31.6%
62033310	Men's or boys' suit-type jackets	22.0%	1849	1875	98.6%	308.8%	57.1%	-37.3%
62033320	Men's or boys' suit-type jackets	27.3%	250	250	100.0%	2224.2%	-73.0%	35.4%
62034118	Men's or boys' trousers	16.3%	466	466	100.0%	316.9%	-65.9%	-74.9%
62034220	Men's or boys' bib	10.3%	398	398	100.0%	282.2%	213.1%	-35.6%
62034240	Men's or boys' trousers	16.6%	146466	150622	97.2%	21.5%	48.7%	12.7%
62034330	Men's or boys' trousers	19.7%	958	971	98.6%		261.4%	77.5%
62034340	Men's or boys' trousers	27.9%	2822	2952	95.6%	114.7%	39.6%	-16.6%



**Table A1: US imports from SACU under AGOA 2004 (Continued)**

HS8	Description	MFN ad valorem	AGOA imports	Total imports	AGOA share	Growth 02	Growth 03	Growth 04
62034920	Men's or boys' trousers	27.9%	112	157	71.2%	-78.3%	1367.5%	-61.3%
62043350	Women's or girls' suit-type jackets	27.3%	1063	1063	100.0%	24280.0%	50.2%	110.2%
62044340	Women's or girls' dresses,	16.0%	190	361	52.6%	-65.1%	-1.8%	513.4%
62045330	Women's or girls' skirts	16.0%	770	915	84.2%	5675.1%	628.0%	-57.3%
62046240	Women's or girls' trousers	16.6%	90085	94384	95.4%	-2.0%	63.3%	-19.7%
62046335	Women's or girls' trousers	28.6%	20372	21449	95.0%	421.7%	95.0%	35.8%
62052020	Men's or boys' shirts	19.7%	3353	3764	89.1%	-18.3%	-21.9%	-6.5%
62053020	Men's or boys' shirts	25.9%	1303	1500	86.8%	77.3%	218.7%	-46.7%
62063030	Women's or girls' blouses	15.4%	187	1011	18.5%	-4.1%	50.4%	-42.6%
62064030	Women's or girls' blouses	26.9%	1212	1611	75.3%	37.0%	53.4%	50.4%
62089130	Women's or girls' undershirts	11.2%	232	248	93.3%	5908.4%	-9.1%	-92.0%
62092030	Babies' trousers,	14.9%	2089	2165	96.5%	485.6%	-23.0%	640.5%
62093020	Babies' trousers	28.6%	164	164	99.5%	60.5%	261.5%	1248.7%
62111110	Men's or boys' swimwear	27.8%	189	224	84.7%	-96.2%	33.2%	1429.9%
62113300	Men's or boys' track suits	16.0%	661	667	99.2%	613.6%	-45.3%	347.3%
62114300	Women's or girls' track suits	16.0%	142	314	45.1%	-36.2%	-20.9%	-53.5%
62121090	Brassieres	16.9%	117	149	78.5%	348.2%	-63.9%	55.3%
81110047	Unwrought manganese	14.0%	10981	10981	100.0%			36.4%

**Table A2: Botswana: breakdown of export items for which some consignments paid a tariff (2004)**

Code	Description	MFN		GSP		AGOA	
		Value (\$000)	Tariff (%)	Value (\$000)	Tariff (%) <sup>b</sup>	Value (\$000)	Tariff (%) <sup>b</sup>
<b>No preference available</b>		<b>68</b>					
63025120	Plain woven tablecloths and napkins, not knitted or crocheted, of cotton	1	4.8				
64061090	Uppers & pts. thereof for footwear, nesoi	67	4.5				
<b>Preference available but not claimed</b>		<b>74</b>					
07142020	Sweet potatoes, fresh, chilled or dried, whether or not sliced or in the form of pellets	2	4.5		0		
39239000	Articles nesoi, for the conveyance or packing of goods, of plastics	1	3		0		
61072100	Men's or boys' nightshirts and pajamas, knitted or crocheted, of cotton	71	8.9				0
<b>Preference available but only partially claimed</b>		<b>42</b>			<b>4,169</b>		
61091000	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	19	16.5			3,462	0
62046240	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesoi	23	16.6			707	0

**Notes:**

(a) On the value of exports shown in the MFN column.

(b) An entry in this column denotes that a preference is available under the scheme.

Sources: USITC Interactive Tariff and Trade DataWeb ([http://dataweb.usitc.gov/scripts/user\\_sct.asp](http://dataweb.usitc.gov/scripts/user_sct.asp)); UNCTAD TRAINS (<http://wits.worldbank.org>) – both accessed May 2005.

**Table A3.1 Lesotho: breakdown of export items for which some consignments paid a tariff<sup>a</sup> (2004)**

Code	Description	MFN		GSP		AGOA	
		Value (\$000)	Tariff (%)	Value (\$000)	Tariff (%) <sup>b</sup>	Value (\$000)	Tariff (%) <sup>b</sup>
<b>No preference available</b>							
None							
<b>Preference available but not claimed</b>		<b>31</b>	<b>-</b>		<b>-</b>		
61059080	Men's or boys' shirts, of textile materials (ex wool, cotton or mmf), containing under 70% by weight of silk or silk waste, knitted/crochete	5	5.6				0
71179090	Imitation jewelry not of base metal or plastics, nesoi, over 20 cents/dozen pcs or pts	2	11		0		
82073060	Interchangeable tools for pressing, stamping or punching, not suitable for cutting metal, and base metal parts thereof	24	2.9		0		
<b>Preference available but only partially claimed</b>		<b>8,346</b>	<b>104</b>		<b>428,725</b>		
39239000	Articles nesoi, for the conveyance or packing of goods, of plastics	39	3	104	0		
61034210	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of cotton	49	16.1			11,302	0
61034315	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, nesoi	114	28.2			17,344	0
61044200	Women's or girls' dresses, knitted or crocheted, of cotton	57	11.5			24	0
61046220	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of cotton	246	14.9			24,053	0
61046320	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, nesoi	83	28.2			18,010	0

61051000	Men's or boys' shirts, knitted or crocheted, of cotton	3,084	19.7			6,425	0
61061000	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	63	19.7			7,017	0
61091000	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	204	16.5			22,890	0
61099010	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	8	32			2,483	0
61102020	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi	2,100	16.5			128,781	0
61103030	Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, nesoi	92	32			30,423	0
61112050	Babies' trousers, breeches and shorts, except those imported as parts of sets, knitted or crocheted, of cotton	8	14.9			514	0
62034240	Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc	873	16.6			93,687	0
62034920	Men's or boys' trousers, breeches and shorts, not knitted or crocheted, of artificial fibers, nesoi	45	27.9			112	0
62045220	Women's or girls' skirts and divided skirts, not knitted or crocheted, of cotton, nesoi	4	8.2			1,070	0
62046240	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesoi	1,241	16.6			63,808	0
62092030	Babies' trousers, breeches and shorts, except those imported as parts of sets, not knitted or crocheted, of cotton	36	14.9			782	0

## Notes:

(a) On the value of exports shown in the MFN column.

(b) An entry in this column denotes that a preference is available under the scheme.

Sources: USITC Interactive Tariff and Trade DataWeb ([http://dataweb.usitc.gov/scripts/user\\_set.asp](http://dataweb.usitc.gov/scripts/user_set.asp)); UNCTAD TRAINS (<http://wits.worldbank.org>) – both accessed May 2005.

Table A4. Namibia: breakdown of export items for which some consignments paid a tariff<sup>a</sup> (2004)

Code	Description	MFN		GSP		AGOA	
		Value (\$000)	Tariff (%)	Value (\$000)	Tariff (%) <sup>b</sup>	Value (\$000)	Tariff (%) <sup>b</sup>
<b>No preference available</b>		<b>162</b>					
52051210	Single cotton yarn, 85% or more cotton, of uncombed fibers, over 14 but n/o 43 nm, unbleached, not mercerized, not put up for retail sale	110	5.2				
52051310	Single cotton yarn, 85% or more cotton, of uncombed fibers, over 43 but n/o 52 nm, unbleached, not mercerized, not put up for retail sale	36	6.5				
57024920	Carpets & other textile floor coverings of pile construction, woven, not tufted or flocked, made up, of other textile materials nesoi	2	4				
57025140	Carpets & other textile floor coverings, not of pile construction, woven, not made up, of wool or fine animal hair, nesoi	14	6.3				
<b>Preference available but not claimed</b>		<b>56</b>	<b>-</b>	<b>-</b>			
13021940	Ginseng; substances having anesthetic, prophylactic or therapeutic properties, other than poppy straw extract	8	1		0		
42031040	Articles of apparel, of leather or of composition leather, nesii	4	6				0
43031000	Articles of apparel and clothing accessories, of furskins	1	4		0		
44140000	Wooden frames for paintings, photographs, mirrors or similar objects	2	3.9		0		
62142000	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of wool or fine animal hair	0	6.7				0
84221100	Dishwashing machines of the household type	6	2.4		0		

84818090	Taps, cocks, valves & similar appliances for pipes, boiler shells, tanks, vats or the like, other than hand operated, nesoi	17	2		0		
85365090	Switches nesoi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V	3	2.7		0		
85371090	Boards, panels, consoles, desks, cabinets, etc., equipped with apparatus for electric control, for a voltage not exceeding 1,000, nesoi	13	2.7		0		
90319090	Parts and accessories of measuring or checking instruments, appliances and machines, nesoi	3	1.7		0		
<b>Preference available but only partially claimed</b>		<b>3,012</b>	<b>96</b>		<b>66,745</b>		
39239000	Articles nesoi, for the conveyance or packing of goods, of plastics	261	3	87	0		
61046220	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of cotton	603	14.9			10,253	0
61051000	Men's or boys' shirts, knitted or crocheted, of cotton	67	19.7			3,747	0
61061000	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	1,254	19.7			7,719	0
61102020	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi	825	16.5			45,026	0
71179090	Imitation jewelry not of base metal or plastics, nesoi, over 20 cents/dozen pcs or pts	2	11	10	0		

**Notes:**

(a) On the value of exports shown in the MFN column.

(b) An entry in this column denotes that a preference is available under the scheme.

Sources: USITC *Interactive Tariff and Trade DataWeb* ([http://dataweb.usitc.gov/scripts/user\\_set.asp](http://dataweb.usitc.gov/scripts/user_set.asp)); UNCTAD TRAINS (<http://wits.worldbank.org>) – both accessed May 2005.

**Table A5: Swaziland: breakdown of export items for which some consignments paid a tariff<sup>a</sup> (2004)**

Code	Description	MFN		GSP		AGOA	
		Value (\$000)	Tariff <sup>b</sup>	Value (\$000)	Tariff (%) <sup>c</sup>	Value (\$000)	Tariff (%) <sup>c</sup>
<b>No preference available</b>		<b>14,235</b>					
17011150	Cane sugar, raw solid form, w/o flavoring or coloring, nesoi, not subject to gen. note 15 or add. US 5 to Ch.17	25	33.87 cents/kg				
17019950	Cane/beet sugar & pure sucrose, refined, solid, w/o added coloring or flavoring, not subject to gen. note 15 or add. US 5 to Ch.17	33	35.74 cents/kg				
42029230	Travel, sports and similar bags with outer surface of textile materials other than of vegetable fibers	16	17.6				
50079060	Other silk woven fabrics, containing less than 85 percent by weight of silk or silk waste, nesoi	1	3.9				
51111910	Tapestry and upholstery fabrics, woven, 85% or more by weight of carded wool/fine animal hair, weight over 300 g/m2	37	7				
57050020	Carpets and other textile floor coverings, whether or not made up, nesoi	2	3.3				
72029200	Ferrovandium			14,121	4.2		
<b>Preference available but not claimed</b>		<b>507</b>	-		-		
20079935	Peach jam			3	7		
39173900	Flexible plastic tubes, pipes and hoses, nesoi		29	3.1		0	
39174000	Fittings of plastics, for plastic tubes, pipes and hoses, nesoi	3	5.3		0		

39191020	Self-adhesive plates, sheets, other flat shapes, of plastics, in rolls n/o 20 cm wide, not having a light-reflecting glass grain surface	1	5.8		0		
40169960	Articles of noncellular vulcanized synthetic rubber other than hard rubber	2	2.5		0		
42031040	Articles of apparel, of leather or of composition leather, nesi	2	6				0
46021029	Luggage, handbags and flat goods, whether or not lined, made from plaiting materials nesi	1	5.3				0
61171020	Shawls, scarves, mufflers, mantillas, veils and the like, knitted or crocheted, of man-made fibers	49	11.3				0
62142000	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of wool or fine animal hair	13	6.7				0
62143000	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of synthetic fibers	1	5.3				0
62171095	Made up clothing accessories (excl of heading 6212 or headbands, ponytail holders & like), containing < 70% wgt of silk, not knit/crochet	9	14.6				0
65059060	Hats and headgear, of mmf, knitted or crocheted or made up from knitted or crocheted fabrics, not in part of braid	2	20 cents/kg + 7%				0
70099250	Glass mirrors (o/than rearview mirrors), framed, over 929 cm2 in reflecting area	4	6.5		0		



**Table A5: Swaziland: breakdown of export items for which some consignments paid a tariff (2004)**  
**(Continued)**

82072000	Interchangeable dies for drawing or extruding metal, and base metal parts thereof	2	3.9		0		
84199095	Parts of machinery, plant or laboratory equipment for the treatment of materials by a process involving a change of temperature, nesoi	8	4		0		
84213100	Intake air filters for internal combustion engines	2	2.5		0		
84633000	Machines for working wire of metal or cermets, without removing material	3	4.4		0		
84669395	Other parts and accessories for machines of heading 8456 to 8461, nesoi	5	4.7		0		
84773000	Blow-molding machines for working rubber or plastics or for the manufacture of products from these materials	211	3.1		0		
84779085	Parts of machinery for working rubber or plastics or for the manufacture of products from these materials, nesoi	17	3.1		0		
84818050	Taps, cocks, valves & similar appliances for pipes, boiler shells, tanks, vats or the like, hand operated, not copper, iron or steel, nesoi	8	3		0		
85023900	Electric generating sets, nesoi			3	2.5		0
85094000	Electromechanical food grinders, processors, mixers, fruit or vegetable juice extractors, w self-contained electric motor, for domestic uses	7	4.2		0		
85351000	Fuses, for a voltage exceeding 1,000 V		18	2.7		0	

85365090	Switches nesoi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V	3	2.7		0		
85371090	Boards, panels, consoles, desks, cabinets, etc., equipped with apparatus for electric control, for a voltage not exceeding 1,000, nesoi	9	2.7		0		
90271020	Electrical gas or smoke analysis apparatus		59	1.7		0	
90279058	Parts and accessories of other electrical instruments and apparatus of heading 9027, nesoi	11	1.7		0		
90321000	Automatic thermostats			10	1.7		0
90328100	Hydraulic and pneumatic automatic regulating or controlling instruments and apparatus	8	1.6		0		
91021125	Wrist watches nesoi, electrically operated, mechanical display only, 0-1 jewel, case nesoi, with band of textile material or base metal	2	40 cents each + 8.5% on the case + 14% on the strap, band or bracelet +5.3% on the battery				0
91022910	Wrist watches nesoi, not electrically operated, not automatic winding, 0-1 jewel, with strap/band/bracelet of material nesoi	2	40 cents each + 6% on the case + 2.8% on the strap, band or bracelet		0		
<b>Preference available but only partially claimed</b>		<b>3,069</b>	<b>789</b>		<b>142,429</b>		
20083070	Grapefruit (other than peel or pulp), otherwise prepared or preserved, nesoi	100	1.1 cents/kg			253	0
39239000	Articles nesoi, for the conveyance or packing of goods, of plastics	19	3	29	0		
39249055	Household articles and toilet articles, nesoi, of plastics	1	3.4	170	0		

**Table A5. Swaziland: breakdown of export items for which some consignments paid a tariff<sup>a</sup> (2004)**  
**(Continued)**

39262090	Articles of apparel & clothing accessories, of plastic, nesoi	26	5	35	0		
39269098	Other articles of plastic, nesoi			21	5.3	533	0
46021018	Baskets and bags of vegetable material, nesoi	9	4.5	19	0		
46021080	Basketwork and other articles, nesoi, of vegetables materials, nesoi	10	2.3	3	0		
61034315	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, nesoi	125	28.2			10,112	0
61046220	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of cotton	2	14.9			4,376	0
61046320	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, nesoi	5	28.2			6,554	0
61051000	Men's or boys' shirts, knitted or crocheted, of cotton	501	19.7			254	0
61052020	Men's or boys' shirts, knitted or crocheted, of manmade fibers, nesoi	0	32			2,509	0
61061000	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	257	19.7			5,530	0
61079200	Men's or boys' bathrobes, dressing gowns and similar articles, knitted or crocheted, of man-made fibers	322	14.9			183	0
61099010	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	20	32			3,922	0
61102020	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi	776	16.5			38,513	0

61103030	Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, nesoi	308	32			17,152	0
61112010	Babies' blouses and shirts, except those imported as parts of sets, knitted or crocheted, of cotton	42	19.7			166	0
61112020	Babies' T-shirts, singlets and similar garments, except those imported as parts of sets, of cotton	97	14.9			292	0
61142000	Garments nesoi, knitted or crocheted, of cotton	0	10.8			568	0
62011340	Men's or boys' overcoats, carcoats, capes, cloaks and similar coats, not knitted or crocheted, of manmade fibers, nesoi	50	27.7			101	0
62034240	Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc	108	16.6			18,659	0
62034340	Men's or boys' trousers, breeches & shorts, of synthetic fibers, con under 15% wt down etc, cont under 36% wt wool, n/water resist, not k/c	64	27.9			1,260	0
62046240	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesoi	78	16.6			19,434	0
62046335	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of synthetic fibers, nesoi	128	28.6			12,591	0

## Notes:

(a) On the value of exports shown in the MFN column.

(b) % unless stated otherwise.

(c) An entry in this column denotes that a preference is available under the scheme.

Sources: USITC Interactive Tariff and Trade DataWeb ([http://dataweb.usitc.gov/scripts/user\\_set.asp](http://dataweb.usitc.gov/scripts/user_set.asp)); UNCTAD TRAINS (<http://wits.worldbank.org>) – both accessed May 2005.

**Table A6: South Africa: breakdown of export items for which some consignments paid a tariff<sup>a, b</sup> (2004)**

Code	Description	MFN	GSP	AGOA			
		Value (\$000)	Tariff <sup>c</sup>	Value (\$000)	Tariff (%) <sup>d</sup>	Value (\$000)	Tariff (%) <sup>d</sup>
<b>No preference available</b>		<b>47,768</b>					
20087020	Peaches (excluding nectarines), otherwise prepared or preserved, not elsewhere specified or included	1,717	17				
28046950	Silicon, containing by weight less than 99 percent of silicon	3,339	5.5				
51013040	Wool, excluding unimproved, finer than 46s, carbonized, not further processed, not carded or combed	1,162	24.4 cents/kg				
51052900	Wool tops and other combed wool, except in fragments	2,213	3.9 cents/kg + 3.1%				
51071060	Yarn of combed wool, containing 85% or more by weight of wool, not put up for retail sale, nesoi	694	6				
51121995	Woven fabrics of combed wool/fine animal hair, over 85% wool or fine animal hair, weight over 200 g/m <sup>2</sup> , nesoi	517	25				
54021030	Single high tenacity yarn of nylon or polyamides, not put up for retail sale	1,692	8.8				
54022030	Single high tenacity yarn of polyesters, not put up for retail sale	4,751	8.8				
54071000	Woven fabrics obtained from high tenacity yarn of nylon or other polyamides or of polyesters	607	13.6				
54076199	Woven fab, of 85%+ non-text. polyester filaments, nesoi (not wholly polyester single yarns, 75-80 dtx, 24 fil/yarn & twist 900+ turns/m)	511	14.9				

56075040	Twine, cordage, rope and cables of synthetic fibers, other than of polyethylene or polypropylene, nesoi	691	3.6				
56090030	Articles of yarn, strip, twine, cordage, rope or cables nesoi, of man-made fibers	1,280	4.5				
58063220	Narrow woven fabrics (other than ribbons), not pile, of man-made fibers, not cont by wt 5% or more of elastomeric yarn or rubber	805	6.2				
58081070	Braids in the piece, not suitable for making or ornamenting headwear, of cotton or man-made fibers	512	7.4				
58089000	Ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompons and similar articles	7,104	3.9				
60053200	Dyed warp knit fabrics (including those made on galloon knitting machines) of synthetic fibers, other than those of headings 6001 to 6004	1,262	10				
63022170	Bed linen, not knit or crocheted, printed, of cotton, not cont any embroidery, lace, braid, edging, trimming, piping or applique work, napped	1,374	2.5				
81110049	UNWROUGHT MANGANESE, NESOI	10,776	14				
<b>Preference available but not claimed</b>		<b>14,565</b>					
37013000	Photographic plates and film nesoi, with any side 255 mm, in the flat, sensitized, unexposed, not of paper, paperboard, or textiles	4,516	3.7		0		
44182040	French doors of wood	849	4.8		0		
87081060	Pts. & access. of mtr. vehicles of headings 8701 to 8705, parts of bumpers	1,821	2.5		0		
<b>Preference available but only partially claimed</b>		<b>99,682</b>	<b>795,791</b>		<b>785,694</b>		
08029098	Nuts nesoi, fresh or dried, shelled	2,010	5 cents/kg			16,428	0

**Table A6. South Africa: breakdown of export items for which some consignments paid a tariff <sup>a, b</sup> (2004)**  
(Continued)

08062010	Raisins, made from dried seedless grapes	1,279	1.8 cents/ kg			730	0
22042150	Wine other than Tokay (not carbonated), not over 14% alcohol, in containers not over 2 liters	10,556	6.3 cents/ liter			18,209	0
22042180	Grape wine, other than "Marsala", not sparkling or effervescent, over 14% vol. alcohol, in containers holding 2 liters or less	799	16.9 cents/ liter	2,897	0		
25169000	Porphyry, basalt and other monument. or build. stone (except granite/sandstone), crude or roughly trimmed or cut into rect. blocks/slabs	891	3	312	0		
28046910	Silicon, containing by weight less than 99.99 percent but not less than 99 percent of silicon	3,922	5.3	41,376	0		
28121050	Chlorides and chloride oxides other than phosphorus pentachloride	587	3.7	783	0		
29336960	Other compounds containing an unfused triazine ring (whether or not hydrogenated) in the structure	1,942	3.5	6,416	0		
32061100	Pigments & preparations based on titanium dioxide containing 80 percent or more by weight of titanium dioxide calculated on the dry weight	600	6	4,703	0		
38249091	Chemical products, preparations, and residual products of the chemical or allied products industries, nesoi	590	5			649	0
40111010	New pneumatic radial tires, of rubber, of a kind used on motor cars (including station wagons and racing cars)	1,730	4	5,955	0		
41139060	Leather of animals nesoi, without hair on, fancy, further prepared after tanning or crusting, other than leather of heading 4114	627	1.6	17,452	0		

61012000	Men's or boys' overcoats, carcoats, capes, cloaks, anoraks, windbreakers and similar articles, knitted or crocheted, of cotton	1,020	15.9			277	0
61034210	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of cotton	2,202	16.1			2,638	0
61091000	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	768	16.5			9,911	0
61102020	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi	4,650	16.5			26,759	0
62033990	Men's or boys' suit-type jackets and blazers, of text materials(except wool, cotton or mmf), containing under 70% by weight of silk, not k/c	516	6.5			13	0
62034240	Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc	3,174	16.6			32,127	0
62046240	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesoi	2,957	16.6			6,136	0
62046335	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of synthetic fibers, nesoi	949	28.6			6,869	0
62063030	Women's or girls' blouses and shirts, not knitted or crocheted, of cotton, nesoi	824	15.4			139	0
72023000	Ferrosilicon manganese	1,426	3.9	146,216	0		
72024100	Ferrochromium containing by weight more than 4 percent of carbon	1,397	1.9	143,101	0		
72024950	Ferrochromium containing by weight 3 percent or less of carbon	1,111	3.1	4,938	0		
84159080	Parts for air conditioning machines, nesi	1,515	1.4	256	0		
84213100	Intake air filters for internal combustion engines	892	2.5	919	0		



**Table A6. South Africa: breakdown of export items for which some consignments paid a tariff<sup>a,b</sup> (2004)**  
(Continued)

84822000	Tapered roller bearings, including cone and tapered roller assemblies	2,074	5.8			54	0
84834050	Fixed, multiple and variable ratio speed changers, not imported for use with machines for making cellulosic pulp, paper or paperboard	594	2.5	304	0		
85311000	Electric burglar or fire alarms and similar apparatus	516	1.3	3,929	0		
87082915	Pts. & access. of bodies for mtr. vehicles of headings 8701 to 8705, door assemblies	887	2.5	71	0		
87082950	Pts. & access. of bodies for mtr. vehicles of headings 8701 to 8705, nesoi	2,605	2.5	7,639	0		
87089150	Pts. & access. of mtr. vehic. of 8701, nesoi, and 8702-8705, radiators	1,491	2.5	6,751	0		
87089250	Pts. & access. of mtr. vehic. of 8701, nesoi, and 8702-8705, mufflers & exhaust pipes	2,758	2.5			3,879	0
87089967	Pts. & access. of motor vehicles of 8701, nesoi, and 8702-8705, pts. for power trains nesoi	882	2.5	592	0		
87089980	Pts. & access., nesoi, of motor vehicles of 8701, nesoi, and 8702-8705	8,604	2.5	13,804	0		
89039100	Vessels, sailboats, with or without auxiliary motor, for pleasure or sports	3,144	1.5	2,444	0		

**Notes:**

- (a) Only items exported to a value of \$500,000 or more are shown – but the section totals are for all relevant exports, regardless of value.  
 (b) On the value of exports shown in the MFN column.  
 (c) % unless stated otherwise.  
 (d) An entry in this column denotes that a preference is available under the scheme.

Sources: USITC *Interactive Tariff and Trade DataWeb* ([http://dataweb.usitc.gov/scripts/user\\_set.asp](http://dataweb.usitc.gov/scripts/user_set.asp)); UNCTAD TRAINS (<http://wits.worldbank.org>) – both accessed May 2005.

## Endnotes

<sup>1</sup> An earlier version of this paper was submitted to the National Treasury. The views expressed in this paper are those of the authors and should not be attributed to the IDC or IDS.

<sup>2</sup> Business Day, *Cosatu calls for audit of trade pacts*, 27 August 2004, <http://www.businessday.co.za>

<sup>3</sup> Unless otherwise stated, all the data used in this paper is sourced from USITC website <http://dataweb.usitc.gov>

<sup>4</sup> Stern M and N Netshitomboni, *AGOA: Hot Air or Hot Stuff?*, TIPS Occasional paper, Johannesburg, 2002.

<sup>5</sup> See Flatters F, 2002, *From import substitution to export promotion: Driving the South African motor industry*, available at: [http://qed.econ.queensu.ca/faculty/flatters/writings/ff\\_driving\\_the\\_motor\\_industry.pdf](http://qed.econ.queensu.ca/faculty/flatters/writings/ff_driving_the_motor_industry.pdf).

<sup>6</sup> A full breakdown of manufactured US imports from SACU is included in the appendix.

<sup>7</sup> Business Day online <http://www.bday.co.za>, *US producers seek 54% duty on SA steel*, 17 November 2000, and *Storm clouds brew for steel exports*, 19 April 2001. South African exporters made an effort to keep their exports below 3%, the level which allows the US to impose countervailing duties.

<sup>8</sup> Stern M and N Netshitomboni, 2004, *AGOA, Africa and Agriculture: South Africa's Experience*, SAIIA Trade Policy Report No.3.

<sup>9</sup> In the agreement between the US and Australia the change in tariff heading at HS4 which, in this case, constitutes the 'fibre forward rule' is needed to qualify for the FTA.

<sup>10</sup> Mauritius, which relies on fabric imported from the East, managed to export 57% of its apparel to the US under AGOA. This suggests the growing utilisation of domestic or regional fabric by the island nation, which, prior to 2004, did not qualify under the lesser-developed country provision.

<sup>11</sup> Chinese apparel exports to the US grew by 81% in the first half of 2005 relative to the same period in 2004: an increase of about \$3.7 billion.

<sup>12</sup> According to South African trade data available from TIPS ([www.tips.org.za](http://www.tips.org.za)).

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**SAIIA's Development Through Trade Programme  
is funded by SIDA and AusAid.**



ISBN: 1-19969-52-7

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