

How to make a fine line even finer – the SA-US relationship and AGOA

A Resolution recently proposed to the US House Committee on Foreign Affairs, that opposes South Africa's hosting of military exercises with the People's Republic of China and the Russian Federation, particularly close to the anniversary of the start of the Ukrainian conflict. The Resolution calls on the Biden administration to conduct a thorough review of the United States-South Africa relationship, has led some to speculate that this could endanger South Africa's place in any renewal of the African Growth and Opportunity Act (AGOA). This US Trade Act, was enacted on 18 May 2000 and was subsequently renewed to 2025. The legislation provides for enhanced market access to the US for Sub-Saharan African (SSA) countries that meet the criteria spelt out in the Act, principally that beneficiary countries must be working to improve the rule of law, human rights, and respect for core labor standards. AGOA is a unilateral dispensation, meaning the SSA beneficiaries do not have to open their markets in return.

The Act has been very beneficial to African exporters who have had the capacity to utilise the preferences granted. The duty waivers cover the great majority of goods traded by African nations to the US.

AGOA beneficiary exports were valued at over \$27.4 billion in 2021. South Africa's exports comprised \$2.7 billion of this. Within this are fruit and nuts worth \$173m and beverages and spirits worth \$74m, so protecting this access is key for South Africa's agricultural and overall trade balance. For fruit, negotiations are ongoing to increase this figure by resolving outstanding sanitary and phytosanitary issues.

The Act is up for renewal in 2025, and so commentators are concerned that South Africa's close partnership with its BRICS allies, and in particular Russia at this time, as reflected in its UN positions as well, will trigger calls for it to be removed from a renewed Act. It can be noted that the AGOA renewal itself occurs a year after the next US Presidential election in 2024, so it is further not certain which party's candidate will occupy the Presidency at that time.

However recent geo-political factors could offset such calls. Institutionally, SA is a member of BRICS, and thus by default has a close existing relationship with both China and Russia as members. Secondly, SA is the BRICS host in 2023, and as such is playing a larger role in the grouping in 2023. SA is also hosting the AGOA Forum in 2023, which to a certain extent insulates it from harsher criticism, in that the US and SA need to work together to ensure a successful Forum. Lastly, as US Senator Lindsay Graham pointed out, the Resolution in question was put forward by more junior Congressmen, and will likely not make it to Congress, let alone pass through the Senate. Geo-politically, a key concern of the US with regard to Africa is the successful relationships and alliances that Russia and China have built in Africa over the last decade. They have outpaced US ties and links to Africa, and have successfully deployed this capital in the UN as well. This is reflected in the trade figures as well. In 2021 China-Africa trade comprised \$254-billion as against US-Africa trade of \$64.3-billion. In turn EU-Africa trade exceeds the US figure, at €288-billion in 2021.

We are essentially in the early stages of a significant global geopolitical polarisation between the US, China and Russia. South Africa is a key element of any African strategy for all three power and a key prize. Therefore, although the US appears increasingly unhappy with positions adopted by the SA government with regard to Russia, it is unlikely to take significant action that will further alienate SA, such as supporting SA's removal from AGOA. South Africa is further a major player in Africa and AU relations, and thus aggressive action against South Africa could damage US prospects within Africa to a certain extent. So although there will be calls by US politicians for SA to be removed, they could likely come to nought. The window between now and 2025 will remain a sensitive one though, where the value of the economic benefits should seen as the real prize.