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**FAPISA**

**SA and US Trade Performance under  
AGOA in the Sectors of Apparel  
Automotive and Iron and Steel, 2012-  
2016**

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## Table of Contents

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1. Introduction .....	3
2. Hypothesis .....	3
3. Policy and Theoretical Framework .....	3
4. Research Design and Methodology .....	4
5. Findings .....	5
6. Conclusion.....	15
<i>Bibliography</i> .....	16



## 1. Introduction<sup>1</sup>

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This study seeks to assess the impact that the Africa Growth Opportunity Act (AGOA) – a preferential trade agreement designed to facilitate trade and investor relations between eligible Sub-Saharan Africa countries and the United States (US) – has on beneficiary countries. This is done by using South Africa (SA), a country which in many respects is an outlier on the African continent from an economic perspective, but which nonetheless maintains many socio-economic similarities to other developing countries on the continent such as poverty and unemployment, and significant inequality as a case study. The primary research question explored by the study is whether SA benefits from its trade relationship with the United States (US) under AGOA within sectors of apparel, automotive and iron and steel and if so, the study asks if the quantitative impact in terms of SA exports to the US is tangible.

Conversely, the primary research question concurrently answers the sub-question of the study which is whether AGOA benefits the US more than SA and if so, to what degree? This will help the study gauge the extent of the loss

(if any) that SA accumulates in its trade relationship with the US. Additionally, given that AGOA also seeks to facilitate investor relations between itself and SSA, the study assesses the extent to which the trade agreement has facilitated foreign direct investment (FDI) flows and multi-national enterprise (MNE) employment between the two countries and whether the benefits within the aforementioned are tangible. The time period of analysis is from 2012 to 2016.

## 2. Hypothesis

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The study has two hypotheses. The first hypothesis is that AGOA benefits the US more than it does SA due to its deep capital ties and developed economy which enables it to import more products into SA than the latter can export to the US. The second hypothesis is consequently a trickle-down effect of the former hypothesis as it posits that the aforementioned deep capital ties and the developed nature of the US economy enable it to invest and employ more people in SA than the latter can invest in the US.

## 3. Policy and Theoretical Framework

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Black economic empowerment (BEE) and trade liberalisation theory where used as both a

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policy and theoretical framework respectively as they complement AGOA's policy aim of deepening and expanding trade and investor relations between the US and SSA through a special product category (SPC) free trade agreement (FTA) in their own respects.

### 3.1 BEE

BEE is a policy framework that has its foundations in transforming and structuring the SA economy in such a way that enables previously disadvantaged racial groups most of whom are predominantly black to participate meaningfully in the economy by facilitating their access to economic opportunities. In the context of this study, this would be through enterprise development. These enterprises are afforded the opportunity to export their respective products to the US under the thousands of tariff lines offered under AGOA, resulting in trade growth for SA coinciding with AGOA's policy aim of stimulating economic growth and transformation in the SSA region as well as facilitating its integration into international economy while simultaneously deepening and expanding trade relations between the two regions.

### 3.2 TRADE LIBERALIZATION THEORY

For the purposes of this study, trade liberalization is defined as the removal or

minimization of protectionist policies that restrict the movement of goods such as tariffs and import quotas in international trade. It forms the foundation of all FTAs and comes with the possible debilitation of domestic markets/sectors in the presence of fierce international competition resulting in net losses for domestic players. Equally, it affords participants the opportunity to export to new markets under favourable trade conditions which could result in trade induced economic growth. It is in this context that trade liberalization theory was selected as a theoretical framework as it complements AGOA in that the trade agreement has its underpinnings in trade liberalization as it promotes liberalized trade between SSA countries and the US on a SPC basis.

## 4. Research Design and Methodology

The study utilized case study methodologies, documentary analysis and descriptive trade data analysis (DTDA) in the conduction of this research. Case study methodologies were used as they are a pivotal research tool in social sciences due to their ability to investigate an issue, event or phenomena in-depth and gain a multi-faceted understanding of the subject being analysed. They also enable one to carry out a qualitative and quantitative analysis of data which complements the nature of this study. In addition, documentary analysis was



utilized in this study in attempt to find, select, appraise and synthesise data contained in documents. Additionally, it was selected due to its complementary nature as it can be used with a combination of other methodologies as a means of triangulation that is an amalgamation of methodologies within the analysis of a phenomenon. Through the triangulation of data, the study was able to provide a confluence of evidence to breed credibility for this research.

To access and critically analyse the data, the study used descriptive trade data analysis (DTDA) which in essence refers to the analysis of past/historical trade data in an attempt to understand trade trends over time with regards to the quantity of trade a country engages in, the category of products traded and trade partners which in the context of this study would be SA and the US. The analysis involves “obtaining raw data and examining it in order to identify patterns and draw conclusions” (Keyes 2015, 3). The data mentioned herein is incorporated into descriptive data tools such as graphs, tables for relatively easy interpretation. From, DTDA one can almost immediately garner an understanding of the nature of trade relationships that countries have with each other. It constitutes itself as the core methodology of this study due to its quantitative approach.

The data analysed herein was obtained from the United Nations Commodity Trade Statistics

Database (UN Comtrade) and the Bureau of Economic Analysis (BEA). Furthermore, the sectorial data is categorized according to the Harmonized System (HS) which is a multipurpose goods nomenclature used by over 200 countries and Customs as the basis or compilation of international trade statistics (WCO 2013, 1). All statistics presented herein where rounded-off to the second decimal place and (-) refers to the decline of either exports, imports, FDI and MNE employment as indicated.

## 5. Findings

### 5.1. APPAREL

**Table 1: SA-US Apparel Trade Data (Aggregate of HS61 and HS62: Articles of apparel, accessories, knit or crochet & Articles of apparel, accessories, not knit or crochet)**

SA (Years)	Exports to the US (Millions of USD)	Imports from the US (Millions of USD)	Balance of Trade (Millions of USD)
2012	7.25	7.32	-0.07
2013	5.74	9.25	-3.51
2014	5.88	7.04	-1.16
2015	10.14	5.58	4.56
2016	8.68	5.32	3.36
<b>Aggregate</b>	37.69	34.51	3.18
<b>Cumulative Average</b>	7.54	6.90	0.64

*Source: UN Comtrade*

Table 1 shows apparel bilateral trade data of SA and the US from 2012 to 2016. The aggregated value of goods traded over the period of analysis for SA apparel exports to the US is



\$37.69 million while that of US imports into SA is \$34.51 million, resulting in a BoT of \$3.18 million in favor of SA. The cumulative average of SA exports stands at \$7.54 million while that of US imports stands at \$6.90 million, resulting in a BoT of \$640 thousand in favor of SA. On an annual analysis level, SA's BoTs with the US are in favor of the US from 2012 to 2014 with BoTs of -\$70 thousand, -\$3.51 million and -\$1.16 million respectively. Subsequent years see SA recover its competitive advantage over the US with BoTs of \$4.56 million and \$3.36 million in 2015 and 2016 respectively in favor of SA.

**Table 2: Apparel sector trade growth rates (%)**

SA (Years)	Export growth to the US	Import growth rate from the US
2012	0	0
2013	-21	26
2014	2	-24
2015	72	-21
2016	-14	-5

*Source: Author's own calculations*

The data in Table 2 shows SA export growth rates of apparel products being exported to the US and US import growth rates into SA. The data shows fluctuations in SA export growth rates while import growth rates from the US reflect a more or less similar trend. The year 2012 marked the base year of SA's export growth rate to the US hence the 0 value in SA's apparel export growth rate. In 2013, SA experienced a 21 percent decline in apparel

exports to the US subsequently recovering in 2014 and 2015 with export growth rates of 2 percent and 72 percent respectively. In 2016, SA's apparel export growth rate declined by 14 percent.

In contrast, the US experienced a 26 percent increase in apparel imports in 2013 followed by a downward import growth rate trend of 24 percent, 21 percent and 5 percent in 2014, 2015 and 2016 respectively.

This is depicted in the bilateral trade growth rate line graph below:

**Figure 1: SA-US Apparel trade growth rates (%)**



*Source: Author*

SA's trade victory over the US and overall improved export performance rejects the study's first hypothesis which posited that the US would import goods into SA than the latter can export to the US due to its deep capital ties and developed economy. This can be attributed



to government intervention in the sector which has seen massive infrastructural development and technological innovation projects roll out in an attempt to increase the sector's competitive advantage over competitors such as China and other Asian states that almost rendered SA's domestic market obsolete with cheap imports that resulted in a decline of domestic clothing and textile producers (Roelf 2015). Examples of such government interventions are the Clothing and Textile Competitiveness Improvement Programme (CTCIP), the Production Incentive Programme (PIP) and the Sector Specific Assistance Scheme (SSAS)

The CTCIP seeks to build capacity not only in the textile sector but within areas of apparel manufacturing to facilitate effective supply and global competitiveness. It touches on issues of cost, adaptability and innovative capacity among other things to ensure that the sector does not retract on its performance in the presence of tight competition hence the resurgence of the export growth in SA's apparel trade relationship with the US (DTI 2012, 4). The PIP seeks to aid the textile/apparel sector

by enhancing its industrial processes, products and building the capacity of its personnel. SSAS is a non-specific sector assistance programme that grants financial support to organizations that contribute towards the

development of domestic sectors and those that contribute to the growth of SA exports (DTI 2013, 3). Firms operating within SA's clothing and textile sectors benefit from this scheme as well as the aforementioned incentives and undoubtedly utilized them to improve their competitive advantage over the US.

## 5.2. AUTOMOTIVE

**Table 3: SA's Automotive Trade Data with the US (HS87: Vehicles other than railway or tramway rolling stock, and parts and accessories thereof)**

<b>Years</b>	<b>Exports to the US (Billions of USD)</b>	<b>Imports from the US (Billions of USD)</b>	<b>Balance of Trade (Billions of USD)</b>
<b>2012</b>	2.25	1.38	0.87
<b>2013</b>	1.70	1.04	0.66
<b>2014</b>	1.21	1.11	0.10
<b>2015</b>	0.73	0.65	0.08
<b>2016</b>	1.16	0.45	0.71
<b>Aggregate</b>	7.05	4.63	2.42
<b>Cumulative Average</b>	1.41	0.93	0.48

*Source: UN Comtrade*

Table 3 shows bilateral automotive trade data of SA and the US from 2012 to 2016. The aggregated value of goods traded over the period of analysis for SA exports to the US is 7.05 billion while that of US imports to SA is

\$4.63 billion, resulting in a BoT of \$2.42 billion also in favor of SA. Moreover, annual BoT throughout the period of analysis was in favor of SA. The cumulative average of SA exports to the US is \$1.41 billion while the cumulative



average of US imports to SA is \$930 million, resulting in BoT of \$480 million in favor of SA.

**Table 4: Automotive sector growth rates (%)**

SA (Years)	Export growth to the US	Import growth rate from US
2012	0	0
2013	-24	-25
2014	-29	7
2015	-40	-41
2016	59	-31

*Source: Author's own calculations*

Table 4 shows SA export growth rates for automotive products being exported into the US and US import growth rates for automotive products being imported into SA. The data shows fluctuations in SA export growth rates while import growth rates from the US reflect a similar trend. In 2013, SA experienced a 24 percent decline in automotive exports to the US.

Thereafter, annual export growth rates reflected a similar trend with declines of 29 percent and 40 percent in 2014 and 2015 respectively. In 2016, SA recovered from its downward export growth rate trend with a 59 percent increase in exports.

Conversely, in 2013, the US experienced a 25 percent decline in automotive imports to SA and recovered in the subsequent year with a positive growth rate of 7 percent. Subsequent years saw the aforementioned import growth

rates decline by 41 percent and 31 percent in 2015 and 2016 respectively.

**Figure 2: SA-US Automotive trade growth rates (%)**



*Source: Author*

Figure 2 shows that SA overall performed better than the US over the time period of analysis in as far as trade growth rates were concerned. In 2013, SA performed better than the US with an export growth rate higher than the US' import growth rate. In 2014, the US performed better than SA with an import growth rate higher than SA's export growth rate. A possible explanation to this export decline of SA automotive exports to the US is a string of strikes that transpired between 2013 and 2014 when the National Union of Metal

Workers of South Africa mobilized workers in the auto-components sector for higher wages resulting low production output and subsequently exports (Herskovitz 2013).



However, subsequent years saw a trade growth rate in favor of SA.

From the above, it is clear that SA is the overall winner of the SA-US automotive trade relationship. This was clearly illustrated by the aggregates, cumulative averages and BoTs presented in Table 3 rejecting the study's first hypothesis. SA's automotive trade victory over the US can be attributed to the government's automotive development initiative designed to improve competitiveness and production output in the sector.

The aforementioned initiative is called the Automotive Investment Scheme (AIS) and constitutes of two sub-scheme programmes namely; the People-carrier Automotive Investment Scheme and the Medium and Heavy Commercial Vehicles Automotive Investment Scheme. AIS seeks to develop the sector by investing in new plant technologies to increase the production outputs of manufacturing plants, sustain employment and improve the sector's value chain hence its undeniable contribution to SA's automotive trade success (DTI 2015, 1).

### 5.3. IRON AND STEEL SECTOR ANALYSIS

This section serves to present and analyze automotive trade data between SA and the US in an attempt to assess which of the two countries benefited the most from the trade

agreement over the time period of analysis and pull any significant insights thereof.

**Table 5: SA's Iron and Steel Trade Data with the US (HS72)**

SA (Years)	Exports to the US (Millions of USD)	Imports from the US (Millions of USD)	Balance of Trade (Millions of USD)
<b>2012</b>	822.50	11.74	810.76
<b>2013</b>	679.94	10.78	669.16
<b>2014</b>	854.49	4.80	849.69
<b>2015</b>	497.94	5.59	492.35
<b>2016</b>	568.25	8.87	559.38
<b>Aggregate</b>	3423.12	41.78	3381.34
<b>Cumulative Average</b>	684.62	8.36	676.26

*Source: UN Comtrade*

Table 5 shows bilateral iron and steel trade data of SA and the US from 2012 to 2016. The aggregate of SA exports to the US over the period of analysis is \$3.42 billion while that of US imports to SA is \$41.78 million, resulting in a BoT of \$3.38 billion also in favor of SA. Moreover, annual BoT throughout the time period of analysis was in favor of SA. The cumulative average of SA exports to the US is \$684.62 million while the cumulative average of US imports to SA is \$8.36 million, resulting in BoT of \$676.26 million in favor of SA.

**Table 6: Iron and Steel sector growth rates (%)**

SA (Years)	Export growth to the US	Import growth rate from US
2012	0	0
2013	-17	-8
2014	26	-55
2015	-42	16
2016	14	59

*Source: Author's own calculations*



Table 6 shows SA export growth rates for automotive products being exported into the US and that of US import growth rates into SA. The data shows fluctuations in SA export growth rates while import growth rates from the US reflect a similar trend. In 2013, SA experienced a 17 percent decline in iron and steel exports to the US. In 2014, it recovered with an export growth of 26 percent subsequently declining by 42 percent in 2015. However, it recovered with an export growth rate of 14 percent in 2016. In contrast, the US experienced an 8 percent import growth decline in 2013 and continued to do so in 2014 with a decline of 55 percent. Subsequent years saw a positive trend in US import growth rates with growth rates of 16 percent and 59 percent in 2015 and 2016 respectively.

**Figure 3: SA-US Iron and Steel trade growth rates (%)**



*Source: Author*

Figure 3 shows trade growth trends between SA and the US. According to the graph, the US overall improved its import growth rates to SA

more than its counterpart making it the most improved trade performer of the two countries. In 2013, the US' iron and steel import growth rate was higher than that of SA's export growth rate to the US. In 2014, SA's export growth rate penetration into the US was higher than that of the US' import growth rate to SA. Subsequent years saw iron and steel trade growth rate trends turn in favor of the US throughout the remainder of the time period of analysis.

In sum, it is clear from the above bilateral iron and steel sector trade analysis between SA and the US, that SA is the winner of trade which rejects the study's first hypothesis. This was clearly illustrated in the aggregates, cumulative averages and BoTs presented in Table 5 and other visual illustrations provided in the

section. The overall outcome of the results is not surprising as SA has an abundant supply of iron and steel due to its copious iron ore reserves. Moreover, the sector is a beneficiary of the Manufacturing Competitive Enhancement Programme (MCEP) a government incentive that seeks to enhance competitiveness in a global environment with uncertain export demands and competition which in part contributed to SA's trade victory over its American counterpart (Hollington 2018, 55).

#### 5.4. SA-US BILATERAL FDI FLOWS



This section serves to present and explain bilateral FDI flows between SA and the US so as to gauge the amount of FDI that AGOA facilitated during the time period of analysis.

**Table 7: Bilateral FDI data between SA and the US**

SA (Years)	SA FDI in the US (Billions of USD)	US (Years)	US FDI in SA (Billions of USD)
2012	0.76	2012	5.47
2013	0.11	2013	6.46
2014	0.33	2014	5.92
2015	2.94	2015	5.34
2016	3.11	2016	5.06
<b>Aggregate</b>	7.25	N/A	28.25
<b>Cumulative Average</b>	1.45	N/A	5.65

Source: BEA

Table 7 shows the bilateral FDI data between SA and the US over the time period of analysis. The aggregate of SA FDI in the US is \$7.25 billion while that of the US in SA is \$28.25 billion. The cumulative average of SA FDI in the US is \$1.45 billion while that of the US is \$5.65 billion.

**Figure 4: SA FDI position with the US (Billions of USD)**

Source: BEA

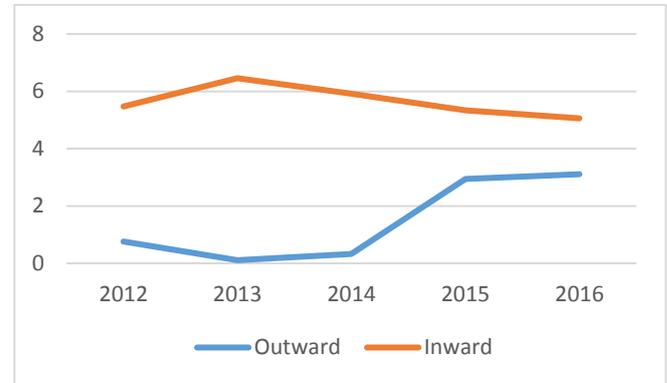


Figure 4 shows SA's FDI position with the US over the period of analysis. In 2012, SA's FDI position with the US (outward) was \$760 million while that of the US with SA (inward) was \$5.47 billion. In 2013, SA's FDI position with the US was \$110 million while that of the US with SA was \$5.46 billion. In 2014, SA's FDI position with the US was \$330 million while that of the US with SA was \$5.92 billion. In 2015, SA's FDI position with the US was \$2.94 billion while that of the US with SA was \$5.34 billion. In 2016, SA's FDI position with the US was \$3.11 billion while that of the US with SA was \$5.06 billion. In sum, it is clear from the graph that the US invested more in SA throughout the period of analysis more than SA invested in the US.



**Table 8: SA FDI growth rate position with the US (%)**

SA (Years)	SA FDI growth in the US	US (Years)	US FDI growth in SA
2012	0	2012	0
2013	-86	2013	18
2014	2	2014	-8
2015	791	2015	-10
2016	6	2016	-5

*Source: Author's own calculations*

Table 8 shows SA FDI growth rates in the US and US FDI growth rates in SA during the time period of analysis. The data shows fluctuations in SA FDI growth rates to the US while US FDI growth rates to SA reflect a similar trend. In 2013, SA FDI in the US declined by 86 percent and increased by 2 percent in 2014. Subsequent years saw SA FDI in the US increased by 791 percent and 6 percent in 2015 and 2016 respectively.

This upward FDI growth trajectory from SA in the US suggests a change in SA FDI policy with the US. Possibly driving this upward trend of SA FDI in the US are financial incentives that facilitate the establishment of SA owned companies in the US and the growth potential they enjoy in the country (Moudry 2013). According to Huebsch (n.d.), the US government grants foreign enterprises tax breaks as an incentive to attract FDI into the country. Additionally, contributing to SA's FDI increase in the US is its relative ease of doing business as it has maintained a top 10 ranking in the World Bank's Ease of Doing

Business Report for the past 7 years (World Bank 2012, 6; World Bank 2013, 3; World Bank 2014, 4; World Bank 2015, 7; World Bank 2016, 7; World Bank 2017, 8; World Bank 2018, 6).

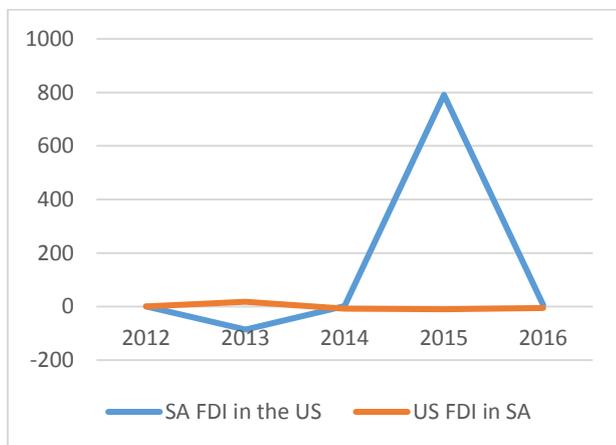
Conversely, US FDI in SA increased by 18 percent in 2013 and declined by 8 percent in 2014. Subsequent years illustrated a similar trend with declines of 10 percent and 5 percent in 2015 and 2016 respectively. This can be attributed to restrictive business regulations that curb FDI growth in the country. In 2016, when US FDI in SA was at its record lowest in 5 years, SA ranked number 73 on the World Bank's Ease of Doing Business Report behind the likes of Rwanda and Botswana suggesting that business regulations in the country are not friendly, thus the record decline in US FDI (World Bank 2016, 5). Another factor inhibiting FDI from the US is the presence of BEE which the American Chamber of Commerce in SA (home to over 600 US companies operating in SA) has argued against the ownership clause of the policy which posits that foreign firms are mandatorily required to transfer a certain ownership percentage of their companies to black South Africans (Hazelhurst 2013, DTI n.d., 23-24, Quinot 2017).

The argument made herein is that most US firms operating in SA are either private corporations or subsidiaries of US companies which makes it difficult for them to comply with ownership transfer. One could argue that



it is this restrictive business regulation in the form of policy that curbs US FDI in SA as it makes it difficult for US firms investing in SA to profit as they not only pay tax in SA but have to transfer ownership of a certain proportion of their companies to black South Africans. Such a policy framework creates a bilateral FDI relationship that is non-reciprocal as it benefits SA more than it does the US.

**Figure 5: SA and US bilateral FDI growth rates (%)**



*Source: Author*

Figure 5 shows bilateral FDI flows between SA and the US over the period of analysis. According to the graph, SA FDI flows to the US enjoyed a consistent upward FDI growth rate trend from 2013 to 2015 subsequently slowing down in 2016 illustrating an overall improvement in SA FDI penetration into the US.

In contrast, US FDI flows into SA illustrate an upward FDI growth trend in 2013. Thereafter, they embark on a downward trend from 2014 to 2015 subsequently slowing down the negative

FDI growth trend in 2016 illustrating an overall deteriorating US FDI penetration trend in SA. The findings affirm the second hypothesis of this study as the US invested more in SA than the latter due its deep capital ties and developed economy.

### 5.5. SA AND US BILATERAL MNE EMPLOYMENT

This section serves to present and explain bilateral MNE employment data between SA and the US under AGOA from 2012 to 2015. The BEA currently does not have any SA-US MNE employment data for 2016.

**Table 9: SA and US MNE employment**

SA (Years)	SA MNE employment in the US (Thousands of employees)	US (Years)	US MNE employment in SA (Thousands of employees)
<b>2012</b>	4	2012	98
<b>2013</b>	4	2013	97
<b>2014</b>	4	2014	108
<b>2015</b>	6	2015	109

*Source: BEA*

Table 9 shows bilateral MNE employment levels between SA MNEs and US MNEs from 2012 to 2015. The data shows that between 2012 and 2014, SA MNE employment levels in the US remained constant at 4 thousand, and increased to 6 thousand in 2015. In contrast, US



MNE employment levels in SA declined from 98 thousand employees in 2012 to 97 thousand employees in 2013. Subsequent years saw US MNE employment levels in SA increase to 108 thousand and 109 thousand respectively in 2014 and 2015 respectively.

The data suggests that SA benefited more from its bilateral MNE employment relationship with the US than the US due to the fact that US MNEs created more employment in SA than SA MNEs did in the US. Moreover, the data shows that though US MNE's created more employment in SA than SA MNEs did in the US, SA MNEs managed to create an additional 2 thousand jobs in the US in 2015 from 4 thousand in the previous year. This illustrates gradual SA MNE employment growth in the US.

**Figure 5: SA-US bilateral MNE employment levels (Thousands of employees)**



*Source: BEA*

Figure 5 reiterates the aforementioned by clearly showing how the US created more employment in SA than SA did in the US.

**Table 10: SA-US bilateral employment growth (%)**

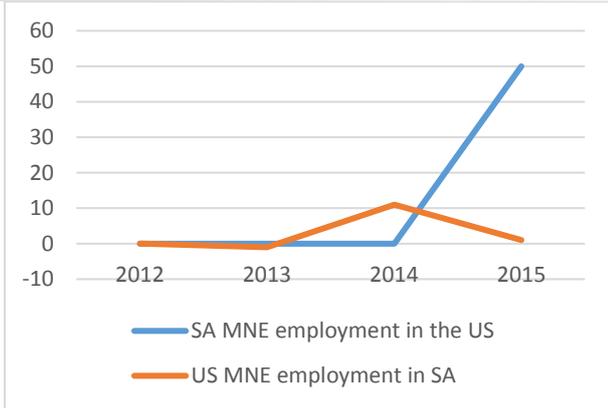
SA (Years)	SA MNE employment growth in the US	US (Years)	US MNE employment growth in SA
2012	0	2012	0
2013	0	2013	-1
2014	0	2014	11
2015	50	2015	1

*Source: Authors own calculations*

Table 10 shows bilateral SA-US MNE employment levels. Between 2013 and 2014, SA MNE employment growth levels in the US remained stagnant and increased by 50 percent in 2015. In contrast, US MNE employment in SA declined by 1 percent in 2013 and increased by 11 percent in 2014. In 2015, US MNE employment in SA increased by 1 percent.

This is further illustrated by the SA and US bilateral MNE employment growth bar graph below.

**Figure 6: SA-US bilateral MNE employment growth (%)**



*Source: Author*

Figure 6 shows SA MNE employment growth levels in the US and US MNE employment growth levels in SA from 2012 to 2015.

The findings are not surprising and correlate with that of the aforementioned discussion on the bilateral FDI relationship between SA and the US which showed that the US invested more in SA than SA did in the US due to its deep capital ties and as such the aforementioned findings affirm the second hypothesis of this study. Moreover, similar to the discussion on bilateral FDI flows between SA and the US, though SA MNEs employ fewer people in the US than US MNEs do in SA they have made an effort to increase their employment footprint in the US suggesting an attempt by SA MNEs to bridge the gap between the two countries bilateral MNE employment levels which are currently in favour of SA to make the relationship somewhat reciprocal.

## 6. Conclusion

The data presented in this study showed a correlation between the policy aim of AGOA

which is to deepen and expand trade and investor relations between the US and SA as well as the quantitative outcome of the trade agreement on the trade performance of beneficiaries and its impact on FDI bilateral flows and MNE employment which all constitute as benefits of AGOA. In this context, the study found that SA overall benefited more from the AGOA trade agreement than the US did in the study's sectors of analysis namely; apparel, automotive and iron and steel sectors over a 5-year period from 2012 to 2016 rejecting the first hypothesis of the study which posited that the US would import more goods

into SA than the latter could export to the US due to the former's deep capital ties and developed economy. However, the US overall performed better than SA with import growth rate percentages higher than that of SA's export growth rate percentage to the US within the automotive and iron and steel sectors suggesting efforts by the US to increase its imports in SA.

Contributing to SA's trade victory over the US within the aforementioned sectors are government incentives such as the CTCIP, PIP, SSAS, AIS and the MCEP designed to enhance capacity, processes and overall competitiveness to make domestic firms operating within the aforementioned sectors fare better in the presence of international



competition. Bilateral FDI trade data showed that though the US overall invested more in SA than the latter in the US, SA FDI in the US illustrated an upward trend from 2013 to 2016 suggesting a change in SA FDI policy in the US while US FDI in SA illustrated a downward trend during the same time period. Lastly, US MNEs in SA employed more people in the country than SA did in the US throughout the period of analysis. However, SA MNEs in the US increased their employment footprint in 2015 coinciding with the increase of SA FDI in the US.

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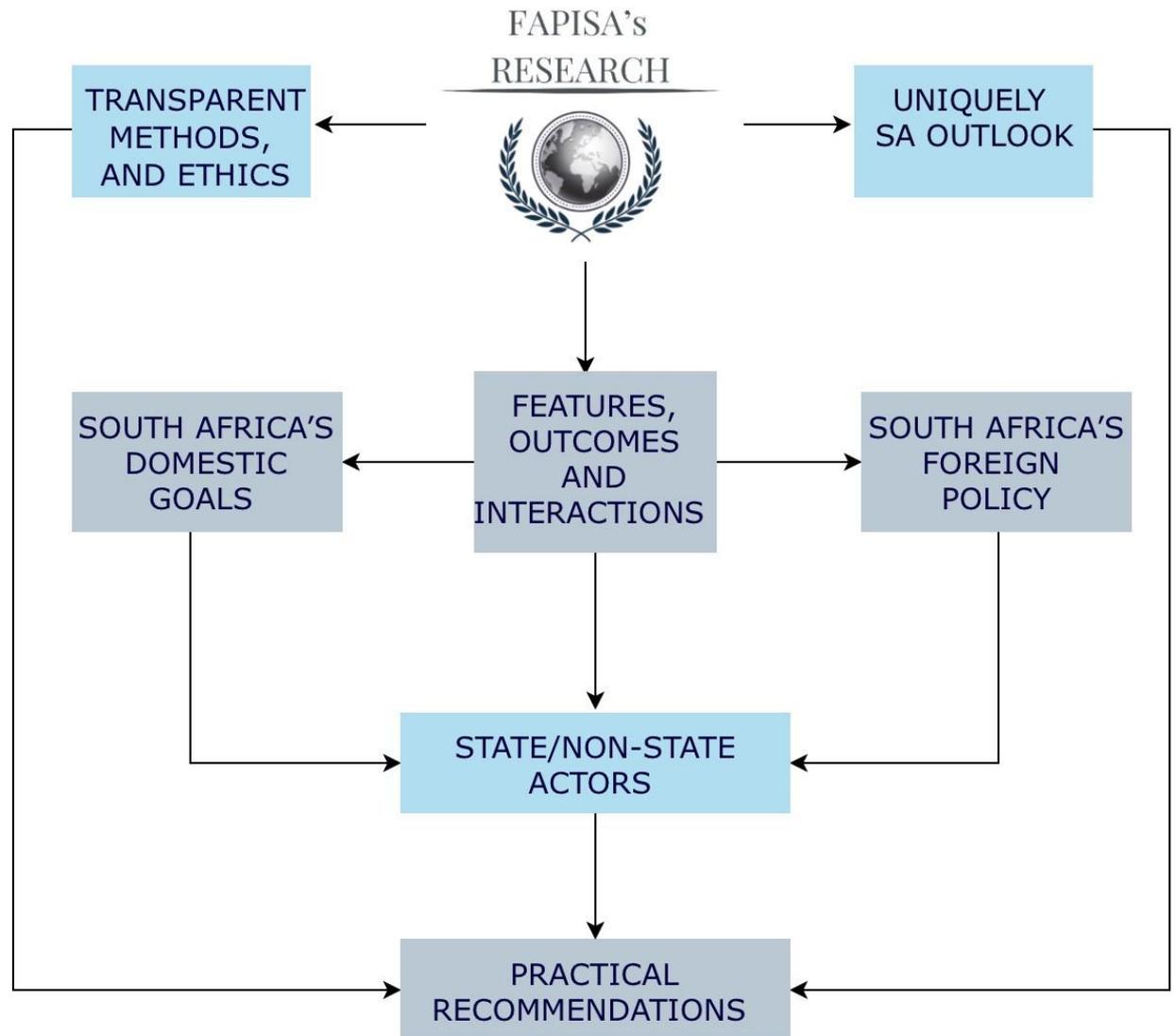
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