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Ambassador Schwab Signs Historic Trade Agreement with the Countries of the Southern African Customs Union

WASHINGTON, DC – U.S. Trade Representative Susan C. Schwab today signed the very first Trade, Investment and Development Cooperation Agreement (TIDCA) with the Southern African Customs Union (SACU) in an official ceremony with SACU Trade Ministers from Botswana, Lesotho, Namibia, Swaziland and South Africa.

“This important agreement will provide a framework for the United States and SACU to work together to create the building blocks that strengthen and deepen our trade ties and that could lead to a free trade agreement (FTA) in the long term,” Ambassador Schwab said. “Before we address the issues of an FTA, we are using the new TIDCA to expand market access, strengthen the links between trade and economic development strategies, encourage greater foreign investment, and promote regional economic integration and growth.”

The TIDCA will be a formal mechanism for the United States and SACU to conclude a range of interim trade-related agreements, cooperative work and other trade-enhancing initiatives. It also will allow the United States and SACU to develop work plans on key issues such as sanitary and phytosanitary barriers, technical barriers to trade, trade facilitation and investment promotion that should lead to increased U.S.-SACU trade and investment in the near future.

BACKGROUND:

The United States and SACU launched FTA negotiations in 2003, which were suspended in April 2006, largely due to divergent views on the scope and level of ambition for the agreement. In November 2006, the United States and SACU agreed to pursue a new type of agreement – a TIDCA – that could enhance the U.S.-SACU trade and investment relationship in the short-term and help lead the United States and SACU to a possible FTA in the longer term.

SACU is the United States’ largest non-oil trading partner in Sub-Saharan Africa with bilateral trade valued at \$15.8 billion in 2007. SACU is also the largest beneficiary of the AGOA, with AGOA imports valued at \$2.9 billion, including a wide-range of goods such as automobiles, minerals and metals, diamonds, agricultural products, chemicals, transportation equipment, footwear, textiles, and apparel.