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# ADVISORY

**South Africa's reliance on  
preferential access to the US  
market and the potential impact of  
an AGOA exit**

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## 1. Introduction

The recent renewal of the African Growth and Opportunity Act (AGOA) until 2028 preserves a vital trade channel for South Africa, underpinning over \$15 billion in bilateral trade and an estimated 100,000 jobs (SA News, 2026). However, this extension belies a deepening crisis in the strategic partnership between South Africa and the US. The United States is increasingly weaponizing trade and employing economic coercion to micromanage South Africa's sovereign policy, a pattern that threatens to make the 2028 renewal a terminal point for the agreement.

This weaponization is multifaceted. Geopolitically, the US has set a stark precedent by imposing 25% tariffs on nations like Turkey for trading with Iran, a direct warning to South Africa over its BRICS engagements. Diplomatically, the appointment of a new US Ambassador coincided with overt pressure on Pretoria to withdraw its International Court of Justice (ICJ) case against Israel, a move widely perceived as bullying. Concurrently, US discourse and investor advisories consistently undermine essential domestic redress policies like land reform and Broad-Based Black Economic Empowerment (BEE), applying indirect economic pressure to alter foundational social compacts (Baskaran & Ramkolowan, 2023). This has been accompanied by disinformation campaigns falsely accusing South Africa of "supporting genocide" to tarnish its moral standing following the ICJ case.

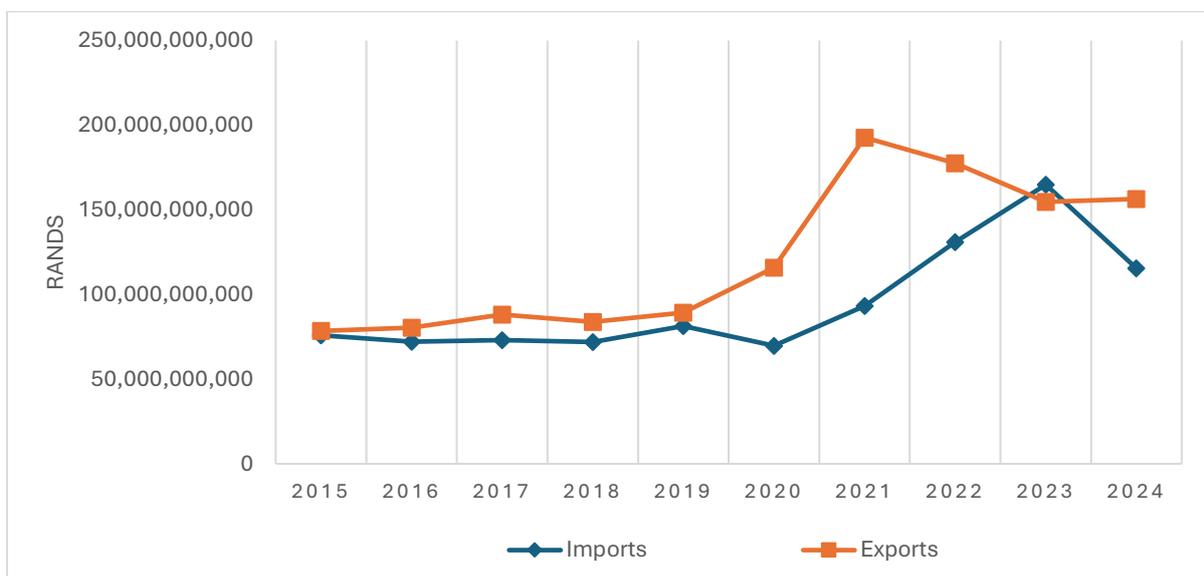
The cumulative effect is a catastrophic erosion of trust. South Africa's \$4.5 billion trade surplus with the US is now shadowed by the explicit risk that this access depends on geopolitical obedience. The three-year renewals are not a reset but a stay of execution. If the current trajectory of coercion targeting foreign policy, legal sovereignty, and domestic transformation continues, the post 2028 collapse of AGOA will become inevitable. The partnership requires a fundamental US shift from weaponization to respectful engagement; without it, the current frost will permanently fracture this critical economic bridge.

## 2. Overview of South Africa and US trade relations

The trade relationship between South Africa and the United States has remained a cornerstone of South Africa's global trade, characterized by robust goods flows, significant sectoral concentration, and a persistent asymmetry influenced by preferential arrangements like the African Growth and Opportunity Act (AGOA). Between 2015 and 2024, bilateral trade experienced significant expansion. South African exports to the US grew sharply post-2020, peaking in 2021 to 2022 before moderating in 2023 to 2024, while imports from the US exhibited a steadier upward trajectory, particularly in capital and technology-intensive goods

(South African Revenue Service, 2025). According to Figure 1, in 2024, South Africa's exports to the United States exceeded R150 billion, while imports were approximately R115 billion, maintaining a trade surplus for South Africa (South African Regional Explorer, 2025). Although export values declined from their 2023 peak, driven largely by softer global demand and price adjustments in key sectors like vehicles and minerals, the US consistently ranked among South Africa's top three export destinations. In contrast, imports from the US remained resilient, underscoring South Africa's structural reliance on American machinery, chemicals, and high-technology inputs for its industrial and developmental needs.

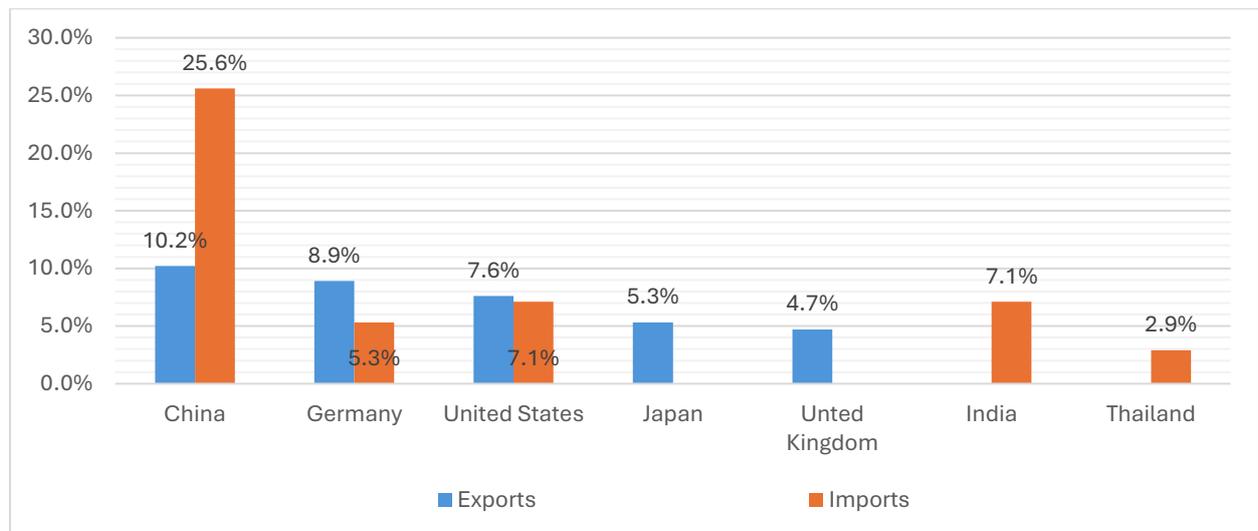
**Figure 1. South Africa's trade with the USA**



Source: Based on data from the South African Regional Explorer

By 2025, the United States accounted for 7.6% of South Africa's total exports, positioning it as the third-largest destination after China (10.2%) and Germany (8.9%), and ahead of Japan (5.3%) and the United Kingdom (4.7%), as illustrated in Figure 2. On the import side, the US was South Africa's second-largest source of imports (7.1%), trailing only China (25.6%) and on par with India (7.1%) (SARS, 2025). This asymmetry highlights a key dynamic in South Africa's trade profile: its exports remain reliant on developed markets, while its imports are heavily dependent on China and advanced industrial economies for manufactured and capital goods.

**Figure 2. South Africa's top five trading partners: exports vs imports in 2025**



Source: Based on data from the South African Revenue Service

A closer analysis of the bilateral trade composition reveals a pattern of high concentration. South Africa's exports to the US are dominated by a few key sectors. Precious metals are the most significant category, growing from R55.0 billion in 2024 to R61.0 billion in 2025, representing 44.7% of total exports to the US in 2025 (SARS, 2025). This surge reflects both high global prices and South Africa's role as a major producer. Vehicles, aircraft, and vessels constituted another major category, although exports declined sharply from R34.8 billion to R20.1 billion in 2025, likely due to post-pandemic demand normalization and global supply chain adjustments. Iron and steel products (13.6%) and chemicals (5.7%) represented stable, high-value export streams, indicative of South Africa's established manufacturing and mineral beneficiation capacity. In contrast, agricultural exports, such as vegetables (3.5%) and prepared foodstuffs (2.7%), while important for diversification and supported by AGOA preferences, remain modest in value relative to primary and manufactured industrial products.

Conversely, South Africa's imports from the United States are overwhelmingly dominated by capital goods and advanced technologies, revealing a critical import dependency for industrial inputs. Machinery is the largest category, exceeding R31 billion in both 2024 and 2025 and comprising 25.8% of imports in 2025 (SARS, 2025). This underscores South Africa's reliance on US capital equipment for production and infrastructure. Vehicles and transport equipment (15.7%), chemicals (12.9%), and mineral products (16.5%) form other critical inputs for local manufacturing, mining, and energy sectors. Furthermore, imports of high-technology goods, such as photographic and medical equipment (6.6%) and equipment components (8.2%),

remained substantial, highlighting a dependence on specialized US technology and intellectual property.

**Table 1. Composition of trade between SA and the US**

<i>Product Label</i>	<i>Exports 2025</i>	<i>Imports 2025</i>
Live animals	0.6%	0.3%
Vegetables	3.5%	2.3%
Animal or vegetable fats	0.0%	0.0%
Prepared foodstuffs	2.7%	1.2%
Mineral Products	5.6%	16.5%
Chemicals	5.7%	12.9%
Plastics & Rubber	0.8%	4.6%
Raw hides & leather	0.2%	0.0%
Wood Products	0.2%	0.2%
Wood pulp & paper	0.6%	1.4%
Textiles	0.3%	0.8%
Footwear	0.1%	0.0%
Stone & Glass	0.4%	0.5%
Precious Metal	44.7%	0.5%
Products Iron & Steel	13.6%	1.5%
Machinery	5.0%	25.8%
Vehicles aircraft & vessels	14.8%	15.7%
Photographic & medical equipment	0.5%	6.6%
Toys & Sport apparel	0.2%	0.6%
Works of art	0.5%	0.0%
Other unclassified goods	0.2%	0.3%
Equipment Components	0.0%	8.2%

Source: Based on data from the South African Revenue Service

In conclusion, up to 2025, the US and South Africa trade relationship remained deep and diversified in terms of goods exchanged but was structurally asymmetric. South Africa primarily exports resource-based and assembly-driven products, while importing high-value capital and technology-intensive goods. While AGOA has been instrumental in supporting export growth and job creation, this concentration poses significant risks. South Africa's trade surplus is vulnerable to commodity price cycles, shifts in US trade policy, and geopolitical tensions. This structural analysis reinforces the imperative for South Africa to pursue industrial strategies that foster deeper value addition, export diversification, and enhanced technological capability to build a more resilient and balanced trade partnership in the medium to long term. South Africa must consider alternative markets as well for future sustainable relationships that will have mutual benefits. Must explore new, high-growth markets such as, Asia and the Middle East, including the UAE, Qatar and Saudi Arabia. Moreover, South Africa must accelerate

implementation of the African Continental Free Trade Area, a pact which aims to create a single market for goods and services across the continent. It seeks to boost intra-African trade, reduce tariffs and non-tariff barriers (Mabasa,2025).

### 3. A Convergence of Trade and Geopolitics

The recent deterioration in USA-South Africa relations, which now threatens the renewal of the African Growth and Opportunity Act (AGOA) for South Africa, is rooted in a complex interplay of long-standing trade disputes and acute geopolitical tensions, South Africa still faces the uncertainty after the US representatives approved a short-term extension of AGOA without explicitly retaining South Africa. While the relationship has faced commercial friction for years notably the protracted "chicken wars" over anti-dumping duties on US poultry that triggered an "out-of-cycle" review of South Africa's AGOA eligibility in 2015 (Naumann, 2016), the current crisis is fundamentally geopolitical. South Africa's non-aligned stance on the Russia-Ukraine war, including joint military exercises and perceived diplomatic support for Moscow, has been interpreted in Washington as undermining US national security interests (SAR Issuer Commentary, 2023). This directly contravenes a core AGOA eligibility criterion requiring beneficiaries not to "engage in activities that undermine United States national security or foreign policy interests". The confluence of these historical market access grievances with contemporary strategic disagreements has created a perfect storm, placing South Africa's continued preferential access at unprecedented risk.

#### 3.1 Implications of AGOA Non-Renewal post 2028, A Multi-Faceted Economic Threat

The potential non-renewal or exclusion from AGOA poses a severe, multi-faceted threat to South Africa's fragile economy, with implications that extend beyond trade statistics to impact the livelihoods, investments and industrial strategy.

**Table 2. Top Traded Products between SA and USA**

Product Label	Export 2025		Import 2025
Precious Metal	44.7%	Raw hides & leather	25.8%
Vehicles, aircraft & vessels	14.8%	Vegetables	16.5%
Products Iron & Steel	13.6%	Wood Products	15.7%
Chemicals	5.7%	Prepared foodstuffs	12.9%
Mineral Products	5.6%	Equipment Components	8.2%
Machinery	5.0%	Toys & Sport apparel	6.6%

Source: South African Revenue Service

The concentration of these trades reveals a deep sectoral vulnerability. When we classify these into sectors (Mining, Automotive, and Agriculture), it becomes clear that the impact of a tariff hike would not be felt equally. Instead, it would hit the very industries that serve as the backbone of South Africa’s industrial output and rural employment.

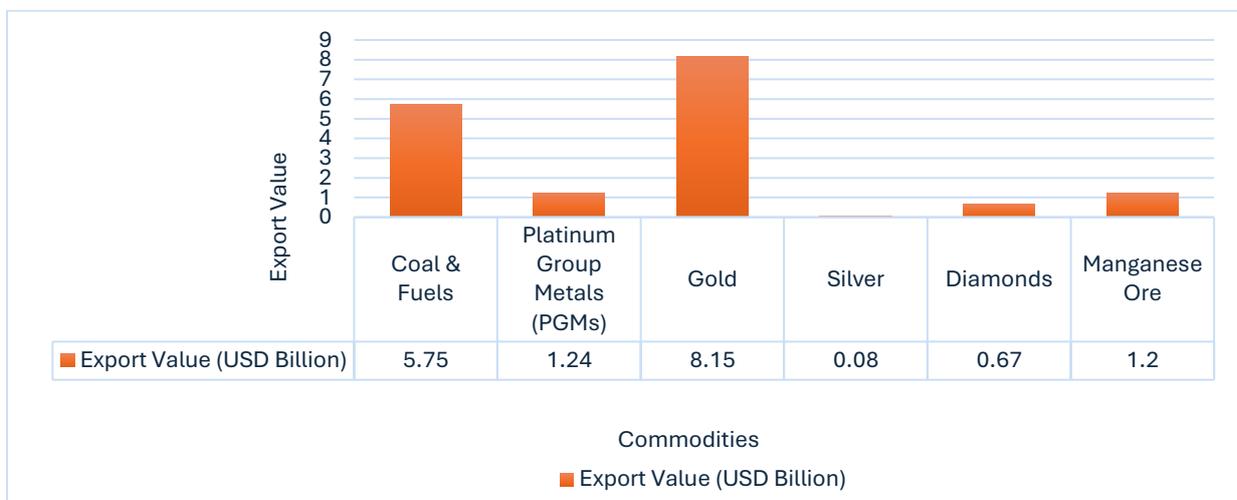
### 3.2 Top Sectoral Vulnerability; Mining, Vehicles, and Agriculture

**Table 3. Composition of trade between SA and the US**

Sectors	Categories from Data
Mining	Precious Metal
	Products Iron & Steel
	Mineral Products
Automotive	Vehicles, aircraft & vessels
Agriculture	Raw hides & leather
	Vegetables
	Wood Products
	Prepared foodstuffs

Source: South African Revenue Service

**Figure 3: South Africa Mining Export Trend (2024)**

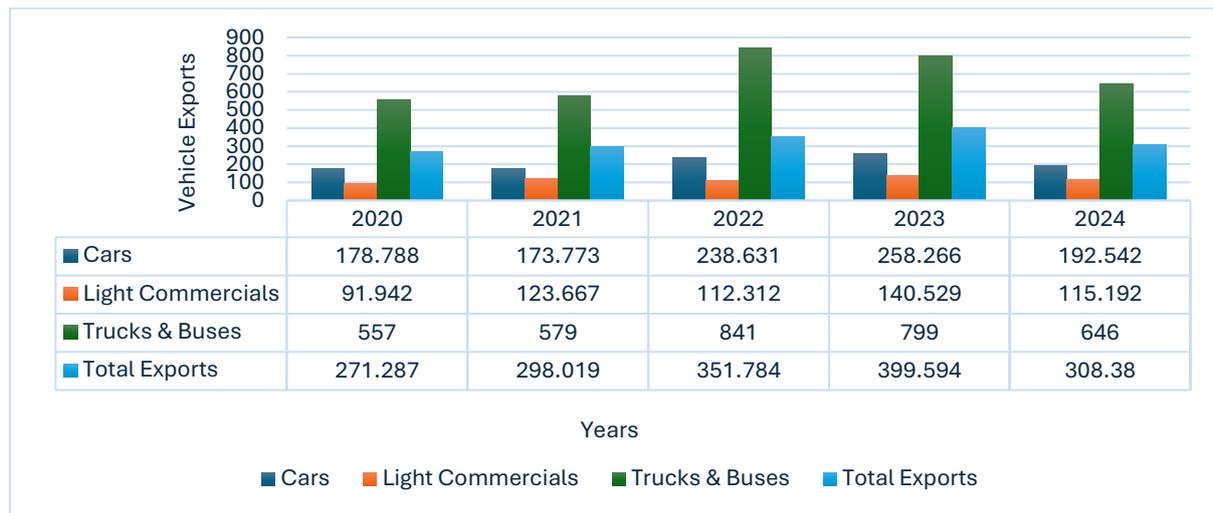


Source: DMRE, 2025

The mining sector remains a cornerstone of South Africa’s export profile, and its performance in the US market during 2024 highlights deep-seated dependencies. Gold continues to dominate the charts, with an export value of \$8.15 billion, serving as a critical pillar for the country’s GDP and the stability of our balance of payments. However, the true strategic vulnerability lies in industrial minerals like Platinum Group Metals (PGMs) (\$1.24 billion) and Manganese Ore (\$1.2 billion). South Africa is the world’s leading manganese exporter, a mineral

essential for global steel production. While many raw minerals might still find buyers if AGOA ends, the loss of preferential status would shrink profit margins in an industry already struggling with high electricity costs and logistical bottlenecks. For coal and fuels, which earned \$5.75 billion in 2024, the US remains a key customer, but one that is increasingly sensitive to both geopolitical shifts and the global transition toward green energy.

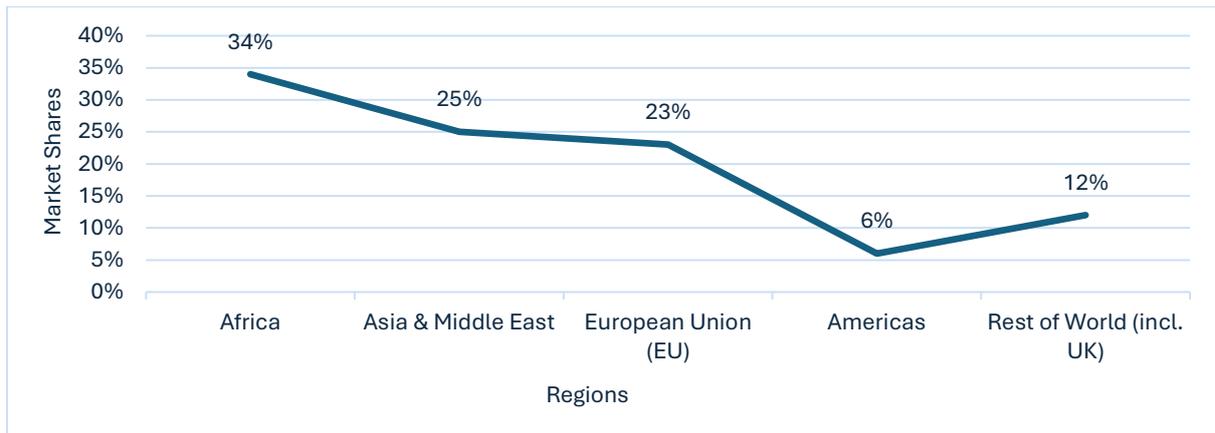
**Figure 4: Number of Vehicles Exported to USA**



Source: Naamsa, 2024

The automotive industry is perhaps the most exposed to a potential AGOA exit. Unlike raw minerals, vehicles are "value-added" products that rely heavily on the price advantage provided by duty-free access. Looking at the export trends from 2020 to 2024, we see a sector that fought hard to recover from the pandemic. Total exports climbed from 271,287 units in 2020 to a peak of nearly 400,000 in 2023. However, the 2024 data shows a noticeable cooling, with total exports dipping to 308,380 units. This decline, particularly in the passenger car segment (which dropped from over 258,000 to roughly 192,542), signals a fragile market. Without the AGOA shield, South African-made cars could face a 25% tariff in the US. This wouldn't just make our cars more expensive for Americans; it could lead global manufacturers to move their factories to countries with better trade deals, threatening the 110,000 jobs directly tied to this sector.

**Figure 5: South Africa Agricultural Exports by Regions (2025) Market Share**



Source: Naamsa, 2024

**Table 4: South Africa Top Agricultural Export Performance to the USA (2024)**

Rank	Product	YoY Growth
1	Fresh grapes	36.8%
2	Maize	-25.7%
3	Apples	18.1%
4	Pears	22.7%
5	Avocados	40.9%
6	Dried grapes	55.0%
7	Lemons	-8.0%
8	Wool	-11.1%
9	Sugar	-24.1%

Source: Trade Map and Agbiz, 2024

Agriculture tells a story of both impressive growth and extreme geographical concentration. In 2024, while Africa remained our largest market (34%), the Americas driven largely by the US accounted for 6% of total agricultural exports. While that percentage seems small, it represents high-value, labour intensive industries like fruit farming. The performance of specific products in the US during 2024 shows massive swings: dried grapes (55%) and avocados (40.9%) saw explosive growth, while staples like maize (-25.7%) and sugar (-24.1%) struggled. For the Western Cape and Limpopo, where citrus, grapes, and nuts are grown, the US market is irreplaceable. If AGOA falls away, South African farmers would face tariffs of up to 33%, while competitors like Chile and Peru continue to enjoy duty-free access. This would effectively price South African produce out of American supermarkets.

## 4. Strategic Alternatives and Lessons Learnt

This crisis forces a strategic reckoning for South Africa, highlighting both the immediate steps needed to protect our economy and the long-term lessons we must take into consideration.

### 4.1 Immediate Imperatives and Alternatives

The immediate path forward for South Africa requires action on three fronts. First and foremost, the country must launch a dedicated high-level diplomatic effort to secure the renewal of AGOA beyond 2028, directly addressing US concerns while underscoring the shared value of the trade relationship. Concurrently, it must aggressively pursue market diversification, particularly through the African Continental Free Trade Area (AfCFTA), where AGOA's existing framework can actually bolster regional supply chains and strengthen South Africa's role as the continent's leading trader. Underpinning both these efforts is the non-negotiable need to resolve deep-rooted domestic challenges in energy, logistics, and bureaucratic efficiency, as reducing these costs is essential for competitiveness in any export market.

### 4.2 Strategic Lessons Learnt

This crisis has imparted several critical strategic lessons. It has starkly demonstrated the direct and powerful link between geopolitics and trade, showing that in a divided world, foreign policy choices carry severe economic costs, especially when they strain relations with a major economic partner. The situation reaffirms the primacy of economic reality, making clear that the livelihoods of millions of citizens whose jobs depend on AGOA must be a foremost concern, requiring foreign policy to prioritize concrete outcomes over ideological stances. Ultimately, the experience warns against over-reliance on one-sided trade benefits and underscores the urgent need to build a more stable, reciprocal partnership one that fully recognizes South Africa's position as a gateway to African markets and a vital supplier of key resources, as evidenced in Table 2: Top South African Export Products and Figure 3: Key Mining Exports to the USA.

## 5 Conclusion and policy recommendations

South Africa is at a defining moment. The threat to AGOA is far more than a simple trade dispute; it is a signal of a strategic misalignment that carries severe risks for our people. The logic is clear: geopolitical friction has created a crisis that threatens our top exports, scares away job-creating investment, and puts hundreds of thousands of jobs at risk. While initiatives like the AfCFTA are vital for our future, they cannot immediately replace the scale and value of the US market. The most important takeaway is that economic prosperity and diplomacy

can no longer exist in separate silos. South Africa must recalibrate its approach to protect AGOA benefits not as a sign of weakness, but as a necessary defense for economic foundation. This moment should spark a dual effort: a diplomatic push to save our trade status and a relentless internal focus on making our industries more competitive. In an interconnected world, the cost of a strategic mistake is measured in lost jobs and diminished opportunities. The time for a clear-eyed reassessment of our position is now.

The recommendations of MKRI are:

- I. South Africa appreciates the renewal of AGOA through 2028, but we seek a longer-term commitment to provide the certainty needed for sustainable economic partnership with the US.
- II. South Africa must implement targeted import substitution policies to strengthen domestic production of critical capital and intermediate goods, leveraging KwaZulu-Natal's manufacturing hubs in Durban and Pietermaritzburg to reduce structural import dependence and support industrial development.
- III. South Africa must design trade-linked investment incentives that convert high-value imports into opportunities for industrial upgrading, R&D, and skills development, with KwaZulu-Natal acting as a strategic gateway to facilitate technology transfer and enhance provincial and national competitiveness.
- IV. South Africa must explore the African Continental Free Trade Area (AfCFTA) to anchor regional value chains, using KwaZulu-Natal's ports and logistics infrastructure to integrate South African and provincial intermediate goods into finished products exported across Africa, thereby diversifying markets and strengthening regional industrialisation.

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