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Op-ed

DEFEND AGOA, BUT RESIST THE ALARMISM

By Daryl Swanepoel

South Africa should do everything reasonably within its power to retain the benefits of the African Growth and Opportunity Act (AGOA) and repair its strained relationship with the United States. Our economy needs stronger growth, investment and employment. We should expand trade with America while growing our other markets.

With an AGOA eligibility announcement expected by early November, however, we must also consider what happens if diplomacy fails. Preparing for that possibility is responsible economic management. It requires neither indifference towards AGOA nor an invitation to Washington to withdraw it. It requires an honest assessment of the consequences.

That assessment is becoming obscured by alarmist rhetoric. Of late, a number of organisations have portrayed the situation as an emergency, citing up to 250,000 jobs partially or fully dependent on AGOA and more than 500,000 associated with US trade. Their policy proposals have reinforced the sense of urgency surrounding the approaching decision.www.polity.org.za

Concern for those workers is legitimate. But employment associated with trade is not the same as employment that would disappear if a particular preference were withdrawn. The distinction is fundamental. Without it, large employment figures can create an impression of impending national economic disaster without establishing the likelihood or scale of the losses.

We should ask what exclusion would change. Which products would attract additional duties? How much would those duties rise? Which exports would remain competitive? What could be sold elsewhere? These questions matter more than the repeated presentation of the entire trading relationship as though it were about to vanish.

Our preliminary analysis of a SARS extract places South African merchandise exports to the United States in 2025 at approximately R148 billion. Matching identifiable mineral products against the September 2025 reciprocal-tariff exemption schedule accounts for approximately R76 billion. Complete motor vehicles account for another R17 billion. Deducting these categories leaves approximately R55 billion.

For perspective, that remainder represents about 2.7% of South Africa's global merchandise exports and 0.73% of nominal GDP in 2025. SARS reported preliminary global merchandise exports of approximately R2.08 trillion, while Statistics South Africa placed nominal GDP at approximately R7.6 trillion. www.sars.gov.za

A fuller reconciliation with US import statistics, particularly the classification of additional gold-related imports, could reveal a smaller remaining share of exports after these deductions. The preliminary calculation may therefore overstate that share, although this requires confirmation.

These are measures of scale, not estimates of economic loss. Nor is the remainder a definitive measure of AGOA exposure. Exemption from reciprocal tariffs and exemption from ordinary customs duties under AGOA are different arrangements. Some product classifications require further examination. The calculation nevertheless illustrates why the composition of our exports deserves attention.

Motor vehicles provide a useful example. Covered passenger cars already face an additional 25% automotive tariff. Losing an AGOA preference could add the ordinary passenger-car duty of 2.5%, taking the combined rate to 27.5%. That additional cost matters, but exclusion would not suddenly create the entire new tariff burden confronting the industry. Other vehicle classifications carry different ordinary duties.

Critical minerals must also be considered within America's strategic interests. Washington explicitly seeks diversified supplies and reduced dependence on adversarial countries, as its 14 January 2026 White House fact sheet confirms. Continued access to important South African minerals serves that objective. There are therefore sound reasons to expect favourable treatment for key mineral products to remain attractive to the United States, despite diplomatic tensions.

This is an expectation, not an assurance. American policy also seeks to strengthen domestic production and leaves room for tariffs and minimum import prices. South Africa should negotiate actively around these shared supply interests, rather than assume either permanent protection or inevitable exclusion. www.whitehouse.gov

Even where additional duties arise, exports do not automatically cease. Buyers may continue purchasing South African products. Costs may be shared through lower exporter margins, importer adjustments and higher consumer prices. Some businesses will find alternative customers. Others will struggle. The outcome depends on competitiveness and commercial responses, rather than simply equal the value of the exports concerned.

Agriculture demonstrates the importance of this distinction. Global agricultural exports increased from approximately US$13.7 billion in 2024 to US$15.1 billion in 2025. Agricultural exports to the United States were US$504 million in 2025, down approximately 3%. This modest decline occurred despite the additional 30% reciprocal tariff imposed on non-exempt South African products from 7 August 2025, including those qualifying for duty-free access under AGOA. However, the annual figures capture only about five months of exposure to that higher tariff.

Calculated from these rounded figures, the increase in agricultural exports to markets outside the US was approximately US$1.42 billion - about 2.7 times the previous year's entire agricultural exports to America. The Department of Agriculture reported that growth elsewhere more than offset the US losses. www.gov.za

That does not mean every affected farmer found an equally profitable replacement market, or that all the growth resulted from redirecting American orders. It does show that diversification can cushion losses. For producers facing a largely fixed harvest in the short term, access to alternative buyers can preserve sales, although prices and margins may differ.

Our objective should be to grow both American and other markets. Agricultural resilience is evidence of our capacity to adapt, not a reason to relinquish valuable customers.

Independent research corroborates the case for proportion. A November 2023 Brookings study estimated that losing AGOA alone would reduce South Africa's exports to the US by approximately 2.7% and its GDP by approximately 0.06%. Its model allowed for some trade diversion towards other destinations. www.brookings.edu

The study predates the additional US automotive tariffs introduced in April 2025. Those tariffs already form part of the trading environment, and their effects should be incorporated into forecasts that account for the current tariff regime. The relevant question is therefore the further impact of losing AGOA preferences, without counting the existing automotive tariff shock again. Brookings' estimates cannot be applied mechanically to today's circumstances, but they provide corroborating evidence that the loss of AGOA alone need not produce dramatic immediate economy-wide consequences. The study does not, however, capture potential investment and confidence effects.

The longer-term question also deserves attention. AGOA is a unilateral preference requiring renewal and continued eligibility. South Africa cannot confidently build its economic future around its indefinite continuation.

In my discussions with US policymakers and lawmakers since 2015, possible "graduation" was already a recurring theme. Contemporary reporting confirms that some congressional factions regarded South Africa as sufficiently developed to move towards more reciprocal trading arrangements. Upper-middle-income status did not legally disqualify us, but our relative development supplied a political argument for graduation. The uncertainty therefore predates today's diplomatic dispute. mg.co.za

Preserving AGOA and preparing for life beyond it are compatible responsibilities. We should pursue constructive diplomacy, protect existing commercial relationships, develop more durable trade arrangements and assist businesses most exposed to additional duties.

None of this discounts the workers and communities for whom even a modest national loss could be devastating. Targeted support requires identifying those risks accurately. Alarmism offers little help in doing so.

South Africa should defend AGOA because it is valuable. We should also assess possible exclusion with evidence and proportion. A clear understanding of our vulnerabilities and capacity to adapt will strengthen our decisions while we continue working for the outcome we want: a healthier relationship with the United States and expanding trade with it.

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