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2025 Updated Report  
**AGOA: An essential lifeline to South Africa**

Theuns du Buisson | Solidarity Research Institute

February 2025

# AGOA: An essential lifeline to South Africa

## Introduction

Since 18 May 2000, the African Growth and Opportunities Act (AGOA) has been in force. It has since been renewed to 2025. The purpose of AGOA is to enhance access to American markets for qualifying Sub-Saharan African countries. Some of the qualification requirements include working to improve the rule of law, human rights, and respect for core labor standards.<sup>1</sup>

As will be discussed later in this report, much of South African exports to the USA enjoy either low tariffs or duty-free status. These benefits were previously available only through the USA's Generalised System of Preferences (GSP). For everything else, general tariffs would apply to exports from countries that are not covered by AGOA or that have trade agreements with the USA.

The aim of this report is to illustrate the positive effect that the AGOA agreement has had on South Africa. For most calculations, the cumulative bilateral trade statistics will be used, as provided by the South African Revenue Service (SARS).<sup>2</sup>

- Exports to the US totaled R156,8 billion in 2024.
- US trade provides jobs to 576164 South Africans.
- Roughly a quarter of a million people rely at least partially on AGOA for their job security.
- AGOA especially benefits the most vulnerable communities in South Africa.
- Almost half of South African exports for 2024 to the US are in categories that at least partially benefit from AGOA
- One out of 30 South African households rely on exports to the US for their livelihood.

## The importance of US trade relations to South Africa

Cumulative exports from South Africa to the USA totaled R156,759,137,850 in 2024, up from R154,977,065,323,724 in 2023. The greater part of this reduction in exports is due to the reduction in exports of precious metals. There was, however, a R9.5 billion increase in the export of vehicles, aircraft and vessels, following a R6 billion increase in the previous year, which is directly impacted by AGOA. The agricultural sector, especially the part referred to as "vegetables" in the SARS table, would also be extremely vulnerable if exports to the US were endangered or reduced in any way. The same applies if less favorable terms accompany trade in such products. Agricultural communities generally have few other economic activities in their immediate surroundings, so although agriculture makes up a fairly small portion of exports to US markets, it is an essential part of the local economies of these communities. The same applies to mining and metal processing, as these industries are generally the core employers in the towns where they exist. Vehicle manufacturing is another sector in which viability would be threatened should the current dispensation come to an end.

These sectors will be discussed in more detail in the following sections of this report.

About 48% of South African exports for 2024 are from sectors that benefit from AGOA benefits, although it is difficult to pinpoint whether the individual items qualified. It is notable that most of the large increases in exports are from sectors that benefit directly from AGOA.

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<sup>1</sup> <https://agoa.info/about-agoa.html>

<sup>2</sup> <https://www.sars.gov.za/customs-and-excise/trade-statistics/reports/>

Section Description	United States
Live animals	R 898 210 573
Vegetables	R 4 935 497 523
Animal or vegetable fats	R 183 330 670
Prepared foodstuffs	R 4 245 920 624
Mineral Products	R 10 254 936 049
Chemicals	R 10 070 200 507
Plastics & Rubber	R 1 091 053 397
Raw hides & leather	R 403 504 797
Wood Products	R 232 521 431
Wood pulp & paper	R 683 614 612
Textiles	R 522 671 512
Footwear	R 120 976 463
Stone & Glass	R 629 404 829
Precious Metal	R 55 023 416 391
Products Iron & Steel	R 21 675 186 022
Machinery	R 9 040 464 584
Vehicles aircraft & vessels	R 34 765 177 922
Photographic & medical equipment	R 771 986 187
Toys & Sport apparel	R 281 027 135
Works of art	R 689 383 490
Other unclassified goods	R 240 518 714
Equipment Components	R 134 418
	<b>R 156 759 137 850</b>

Source: SARS Trade Statistics

When comparing US exports to South Africa's GDP, they make up a fairly large proportion of total added value in certain sectors. In total, exports to the US make up 3.4% of South Africa's GDP. This indicates the importance of continued trade relations, as one out of every 30 units of South African production is destined for the US market. This factor differs from year to year, last year it was one out of 45 and the year before, one out of 37, but has never been something that South Africa would willingly choose to go without.

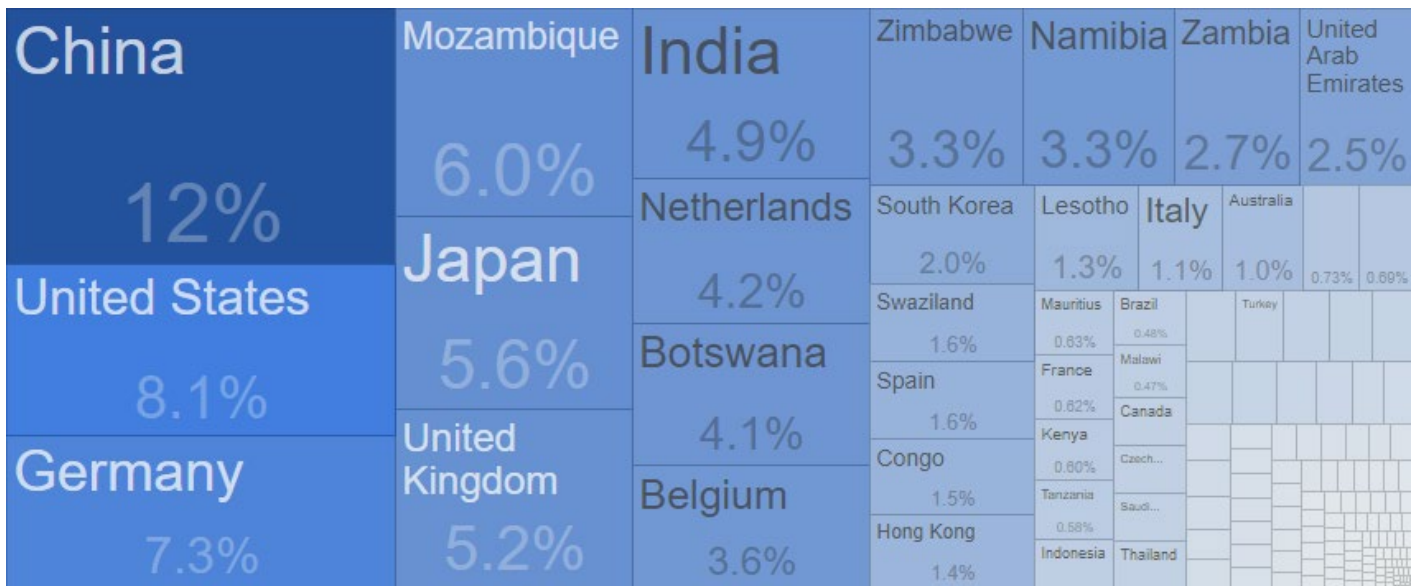
From an American perspective, therefore, imports of \$8.5 billion may seem negligible compared to total US imports of \$4.1 trillion<sup>3</sup>, as South Africa makes up a miniscule part thereof. From a South African perspective, however, the same amount would sustain one out of 30 households.

The US is South Africa's second largest export market<sup>4</sup>, with the US receiving 8,1% of South African exports in 2023. It is important to also consider, from a South African point of view, that unlike with other important trading partners, South Africa maintains a positive balance of trade with the US most of the time. This is especially important to maintain the integrity of the rand, our local currency, whilst having a negligible impact on US currency stability.

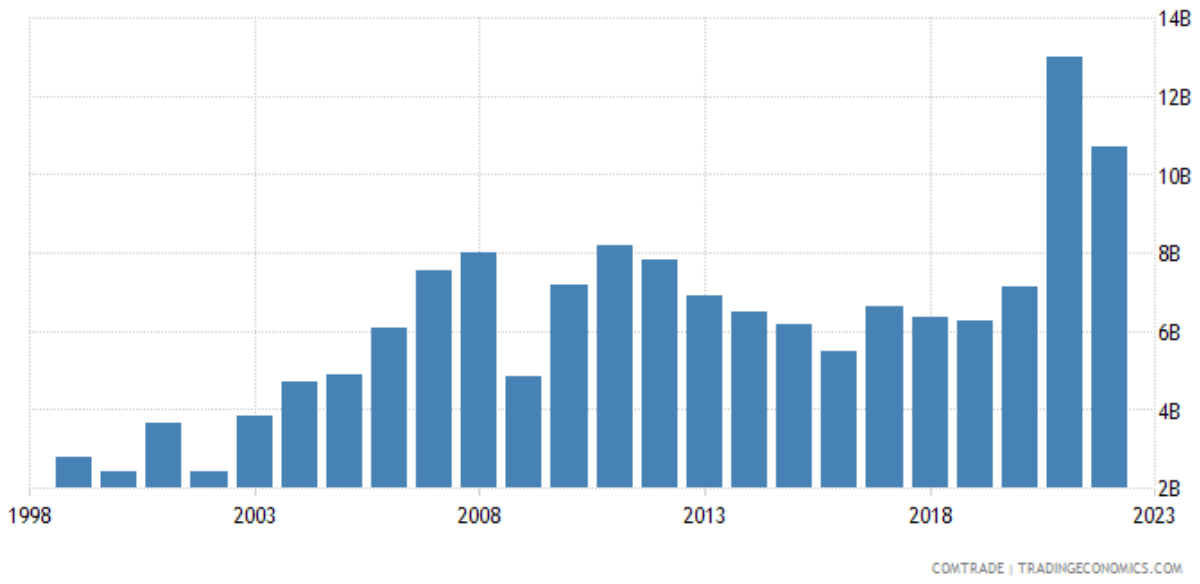
For this reason, the US is one of South Africa's most important trading partners:

<sup>3</sup> [https://www.bea.gov/news/2025/us-international-trade-goods-and-services-december-and-annual-2024#:~:text=For%202024%2C%20the%20goods%20and%20services%20deficit%20was%20\\$918.4%20billion,from%202.8%20per cent%20in%202023.](https://www.bea.gov/news/2025/us-international-trade-goods-and-services-december-and-annual-2024#:~:text=For%202024%2C%20the%20goods%20and%20services%20deficit%20was%20$918.4%20billion,from%202.8%20per cent%20in%202023.)

<sup>4</sup> <https://tradingeconomics.com/south-africa/exports-by-country>

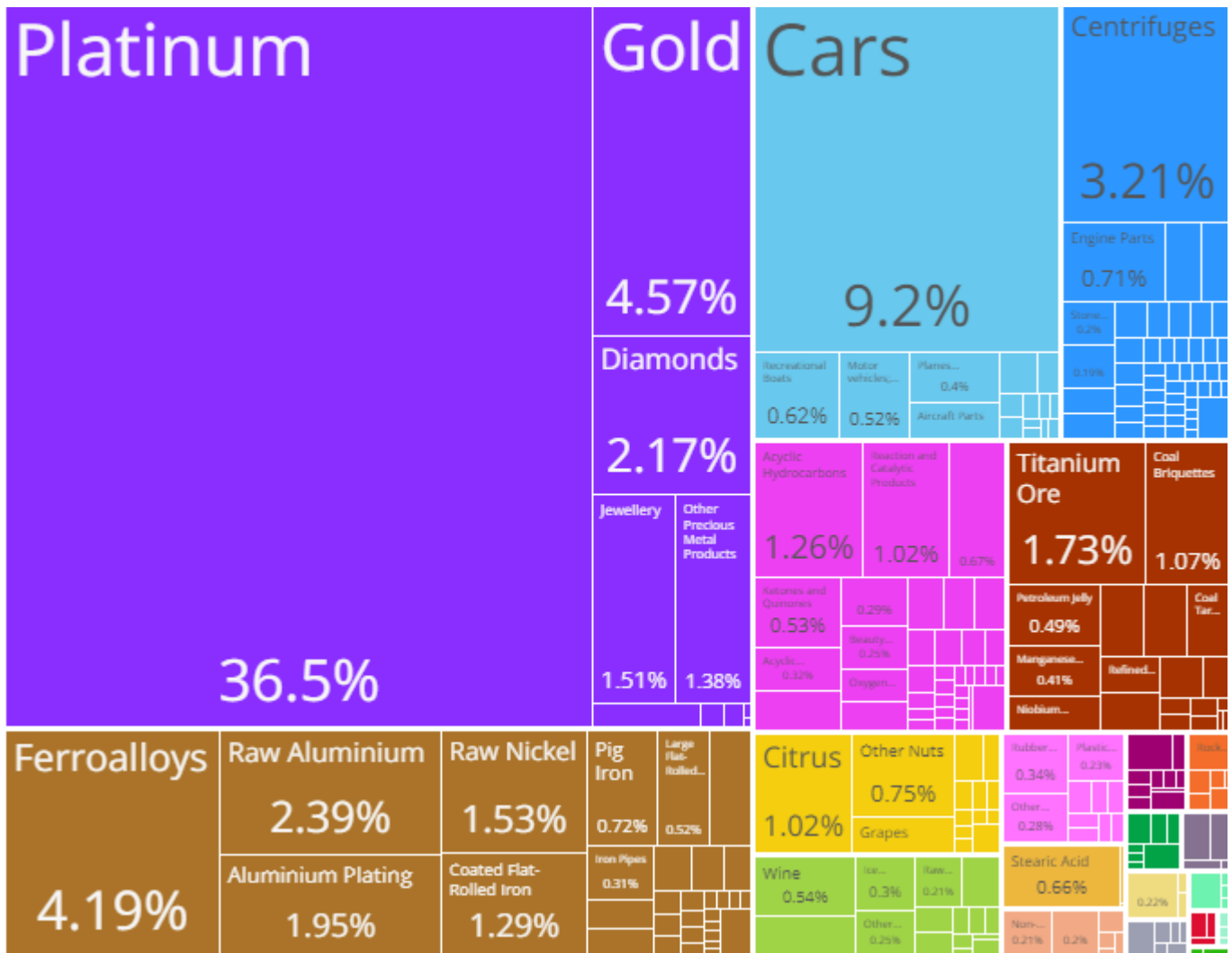


According to the following chart<sup>5</sup>, exports to the US have grown exponentially since the year 2000 when the AGOA agreement came into force. The spike in exports in 2001 clearly illustrates the uptake of the benefits offered by AGOA, as well as changing sentiments towards trade between our two countries.



According to OEC<sup>6</sup> data, South African exports to the US for 2022 could be illustrated by the following chart:

<sup>5</sup> <https://tradingeconomics.com/south-africa/exports/united-states>  
<sup>6</sup> <https://oec.world/en/profile/bilateral-country/usa/partner/zaf#monthly-trade-latest-trends>



By comparing the economically active population to their corresponding portion of GDP, and controlling for labour intensity across sectors, we can estimate that in the fourth quarter of 2023, exports to the US provided jobs to about 576164 South Africans. Since roughly 48% of South Africa's exports are benefited by the AGOA agreement, about a quarter of a million people can ascribe their jobs to this trade agreement in some way or another. This means that in some towns and districts where the entire economy revolves around mining or agriculture, the entire local economy is reliant on sustained trade relations between our two countries. The same principle applies to workers who are skilled in vehicle manufacturing, the chemical industry or other industrial processes, and are reliant on exports to the US for their livelihoods.

The following sections will further examine the agriculture, mining and vehicle manufacturing industries. These industries were selected because of their size in terms of exports to the US, and because of the vulnerability they would suffer, should the AGOA benefits come to an end. This is especially true for agriculture.

## Agriculture

Agricultural products to the value of more than R10 billion were exported to the US in 2024. Agriculture has shown enormous growth in export volumes from 2022 to 2023 and has sustained exports through 2024 and is one example that benefits directly from AGOA. This figure is also set to continue to increase, as it has been reported that some exporters of agricultural products do not yet fully utilize the AGOA provisions. The continued formalization of the agriculture industry will likely increase the number of producers who make use of AGOA benefits. Although this is a fairly small amount in comparison to an industry such as mining, it is still included in this report because of the vulnerability that exists in agricultural communities, where agriculture is often the only economic activity in that area and secondary industries exist only to serve it.

Agricultural exports are often comprised of niche products for which a fairly limited market exists locally, such as for upmarket wines and nuts. Table grapes and citrus are other examples of the local market being saturated. It is, for example, estimated that 33% of one citrus region is reliant on US exports in previous years.<sup>7</sup> The same report also notes the trickle-down effect that a smaller wine market would have, as it would also impact wine tourism. Citrus makes up a large part of South Africa's export value, as this totaled R110 million to the US alone in 2023<sup>8</sup>. Citrus producing areas have become completely reliant on this crop, as tree farming requires a lot of initial capital, which requires that markets remain secure to recover initial costs. Should these become threatened, communities would lose their investments, putting at risk the livelihoods of entire regions.

### **Mining and metal processing**

Mining and processed materials derived from mining make up the bulk of South African exports to the US. Since most of this is in the form of precious metals, which are already zero-rated by US authorities, this sector would not be impacted by changes to the AGOA dispensation. Base metals, however, would be impacted.

One such example is nickel mining, which is concentrated largely in Limpopo and North West provinces.<sup>9</sup> Limpopo<sup>10</sup>, being the second poorest region in South Africa on a per capita basis, would be harshly impacted by any negative impacts on its economy.

### **Vehicle manufacturing**

The US market is the second largest export market for South African vehicles, importing vehicles, aircraft and vessels worth more than R19 billion in 2022 and expanding South African exports to R25.2 billion in 2023. In 2024 exports in this sector took a massive leap to more than R34 billion to the US. In the total vehicle trade, including both exports and imports, the US was South Africa's second largest partner in 2022, after Germany, with which vehicle exports totaled R34 billion.<sup>11</sup> In 2023, South Africa exported 19 590 units to the US.

US motor companies have also made massive investments in South Africa. One example is Ford Motor Company, which has already invested R15.8 billion in South Africa and continues to invest in further developments at its Silverton plant in Pretoria.<sup>12</sup> Apart from Ford, other international vehicle manufacturers also have huge interests in South Africa. As some vehicle models are manufactured mainly for the export market, specifically to the US, these models, as well as the plants that manufacture them, may no longer be viable if the AGOA dispensation were to come to an end. It would not only impact American manufacturers with plants here, but also any future developments where the aim may be to manufacture vehicles for the US market. Therefore, a partial impact on manufacturing could have devastating impacts on the entire industry, should AGOA come to an end and impact sentiments regarding the South African vehicle manufacturing sector.

Apart from the direct economic impact, Ford has also set the tone when it comes to industrial self-reliance in South Africa, by starting to generate 35% of its own electricity in the wake of South Africa's electricity crisis. These innovations by Ford also go a long way in changing sentiments on South African industry in general.

Some familiar vehicle models that are exported from South Africa are the Mercedes-Benz C-Class, the Ford Ranger, BMW X3 and various Toyota models.<sup>13</sup>

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<sup>7</sup> <https://www.iol.co.za/business-report/economy/agriculture-sector-and-jobs-at-serious-risk-if-agoa-is-not-renewed-f0b3736a-8c3e-4d10-a790-2a1d158a798c>

<sup>8</sup> <https://oec.world/en/profile/bilateral-country/usa/partner/zaf?subnationalTimeSelector=timeYear>

<sup>9</sup> <https://www.mining-technology.com/marketdata/five-largest-nickel-mines-south-africa/>

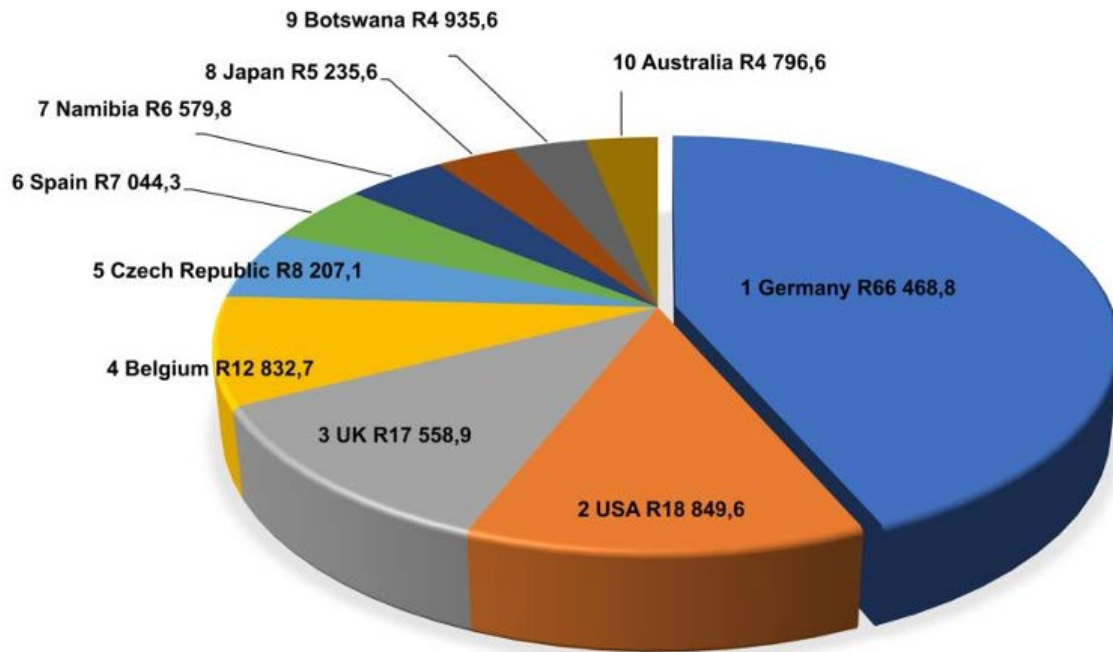
<sup>10</sup> <https://www.statssa.gov.za/?p=12056>

<sup>11</sup> <https://naamsa.net/wp-content/uploads/2022/05/Automotive-Export-Manual-2022.pdf>

<sup>12</sup> <https://www.moneyweb.co.za/news/industry/ford-sa-makes-further-multi-million-rand-investments-in-silverton-plant/>

<sup>13</sup> <https://www.carmag.co.za/news/sa-car-industrys-top-export-destinations/>

## South African automotive industry's top export destinations – 2021 (R million)



Source: AIEC, SARS

### Conclusion

The African Growth and Opportunities Act has gone a long way in contributing to the South African economy and strengthening relations between South Africa, and the African continent in general, and the United States of America. The uptake of favorable trade dispensations offered by AGOA continues to expand and would continue to alleviate poverty in the most vulnerable sectors of our economy.

Other sectors aided by AGOA, such as vehicle manufacturing and manufacturing in general, provide high paying jobs to our developing economy and require continued assistance in the form of a renewal of the AGOA dispensation.

Exports to the US provide jobs to 576 164 South Africans, of whom half work in sectors that are benefited by favorable export terms under AGOA.