

TRADE/INVESTMENT

US House passes Agoa extension to 2028

Yesterday



Source: Daily Investor



The US House of Representatives has passed the Agoa Extension Act by a vote of 340 to 54, renewing the African Growth and Opportunity Act (Agoa) for three years until December 31, 2028.

The bipartisan-supported Bill, passed under suspension of the rules requiring a two-thirds majority in the early hours of Tuesday morning, provides retroactive duty-free access to the US market for eligible sub-Saharan African exports following the programme's lapse in September last year.

South Africa, the largest non-oil beneficiary, exported USD 3.6 billion (R66 billion) worth of goods under Agoa in 2023, primarily vehicles, steel additives, jewellery and citrus fruit.

The renewal offers temporary certainty for SA exporters, but the Bill now heads to the Senate, where opposition to South Africa's continued inclusion could jeopardise the final outcome.

House Ways and Means Committee chairman, Republican Jason Smith, said the three-year renewal provided certainty and stability.

He warned that without the renewal there would be a “party in Moscow and a party in Beijing”, highlighting Agoa’s role in countering Chinese and Russian influence in Africa and securing US access to critical minerals.

Democrat Terri Sewell described the Bill as mutually beneficial as it promoted US influence and democratic values while strengthening its supply chains.

The House Bill, sponsored by Smith and introduced in December 2025, contains no country-specific provisions and does not mention South Africa. It focuses on broad renewal of duty-free preferences for over 1 800 goods from eligible sub-Saharan African nations, including apparel and third-country fabric provisions.

However, getting the Bill passed by the Senate may prove challenging for South Africa as Republican Senator John Kennedy has already criticised its eligibility, labelling the country as a “unique problem for America”.

“They are our enemy right now. They are buddies with all of our enemies,” Kennedy told a committee hearing in December.

Kennedy introduced a competing Bill extending Agoa to end-2027, which includes a “full review” of US-SA bilateral relations – conditions absent from the lower House version.

His proposal requires certification from President Donald Trump on whether South Africa has undermined US national security interests, plus a classified report on potential targeted sanctions against senior government officials and ANC leaders.

The Bill requires Senate approval and Trump’s signature to become law. Even if renewed, Agoa’s value for South Africa remains uncertain due to Trump’s reciprocal tariff regime and Section 232 tariffs on vehicles and components. The US Supreme Court is expected to rule on the legality of Trump’s tariffs on Wednesday, which could affect their application.

South Africa’s efforts to maintain eligibility under Agoa partly influenced its request for Iran to withdraw from the Brics Plus ‘Will for Peace’ naval exercise off the coast and to take observer status during the programme this week.