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Agoa exclusion puts South African exporters under pressure

South Africa's planned removal from the African Growth and Opportunity Act (Agoa) from 1 January 2027 has put established export relationships with the United States under renewed pressure, with businesses across several industries assessing the potential cost of losing preferential tariff treatment.

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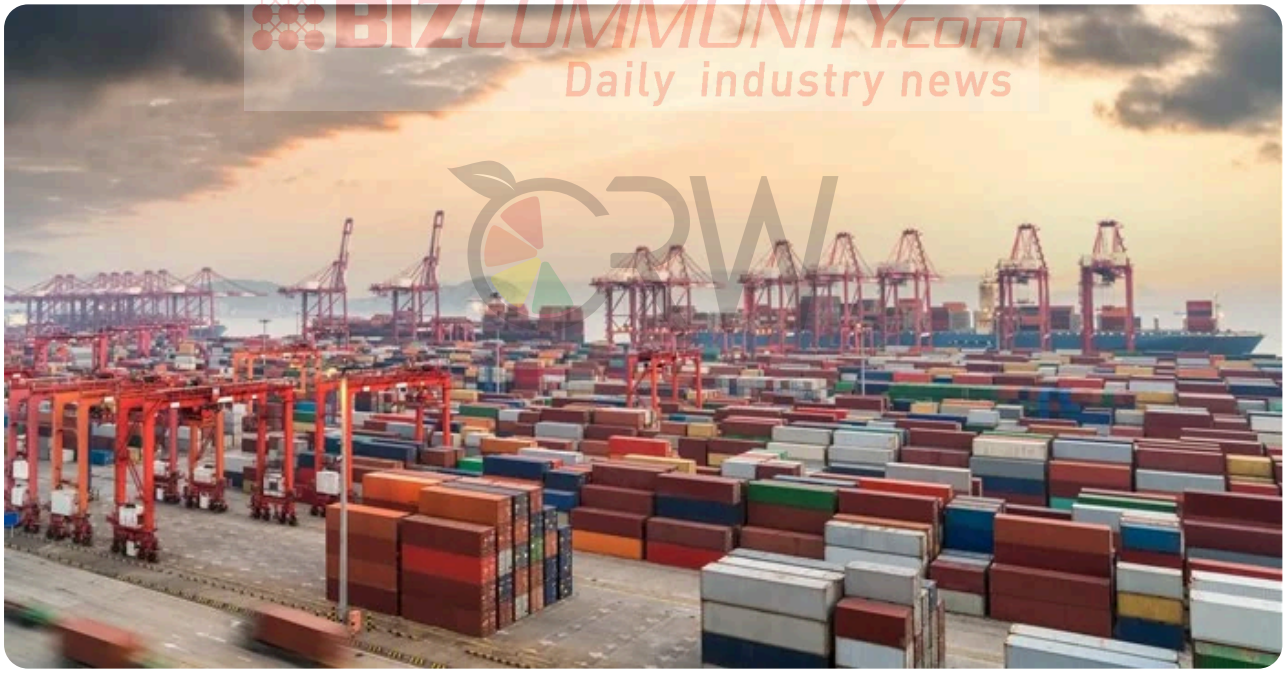


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The concerns range from the additional duties facing citrus and wine exporters to the potential impact on jobs, investment and businesses supplying American customers. Exporters Western Cape has also highlighted the scale of the province's existing trade exposure, while AgriSA has cautioned against confusing the loss of preferential tariffs with a loss of access to the US market.

The impact will vary between products, depending on their tariff classifications, existing exemptions and reliance on Agoa preferences. But the responses point to a

shared concern: businesses that have spent years building relationships with American buyers may find it harder to remain competitive if the cost of supplying that market increases.

Western Cape exports decline

Exporters Western Cape says the province's exports to the US fell 41%, from R16.89bn between August 2024 and July 2025 to R10.02bn between August 2025 and July 2026.

The decline affected several export categories. Fruit juice exports fell 86%, from R952.9m to R136.7m, while grape exports declined 79%, from R444.2m to R91.1m. Yacht exports dropped 55%, from R1.4bn to R627.6m, and wine exports fell 38%, from R603.1m to R371.5m. Citrus exports declined 17%, from R2.19bn to R1.82bn.

EWC estimates that exports from the Western Cape to the US support about R12.98bn in provincial GDP, 11,914 direct jobs and 35,467 indirect jobs.

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EWC chairman Terry Gale said the loss of Agoa preferences would add pressure to exporters already dealing with weaker sales.

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"The time to do anything about this has passed. This is going to have a negative impact on our exporters and South Africa can ill afford it. Our economy needs every export market and every job it can hold on to," said Gale.

He said the priority should now be to help businesses retain their American customers, while government works with affected industries to establish their exposure and provide clarity on the changes.

"We can't afford to see our trading relationships weakened, least of all with the US. Businesses have spent years building relationships with American customers and investing in the capacity to supply them. Losing preferential access puts those investments under pressure.

"Government needs to work with affected industries to establish where the greatest exposure lies and how businesses can be helped to retain their customers. Exporters need to understand what this means for their products while they still have time to discuss arrangements with their buyers."

Gale also cautioned against treating market diversification as an immediate replacement for established US business. Developing new customer relationships takes time, while regulatory requirements can present additional barriers, particularly for smaller exporters.

Citrus growers warn of job losses

The Citrus Growers' Association of Southern Africa (CGA) describes the intended exclusion as a serious setback for an industry whose trade with the US has developed over decades.

CEO Dr Boitshoko Ntshabele said South African citrus complements domestic US production by supplying fruit during the American off-season.

"This will be a loss not just for us, but the US consumer will lose too. Citrus trade between SA and the US has always been mutually beneficial. Our citrus is complementary to their production. Our fruit helps keep American consumers in the citrus category during the US off-season. Seasonal fresh produce does not threaten US jobs. It helps keep America healthy, and also helps contain food inflation," he said.

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The CGA highlighted the importance of the US market to growers in the Western and Northern Cape, pointing to Citrusdal as an example of a town whose economy is closely connected to competitive access to American buyers.

CGA chairman Gerrit van der Merwe said growers could not simply redirect fruit to other destinations, as markets have different phytosanitary requirements and consumer preferences. Some orchards had also been planted specifically to supply the US market.

He warned that losing preferential access could result in job losses in the two provinces, although the association said it was too early to estimate how many positions could be affected.

The tariff implications will depend on the citrus product. According to the CGA, losing Agoa would expose South African citrus exports to the applicable US duty, generally between 1.5 and 2.5 US cents per kilogram, depending on the product and timing.

This would be in addition to the 12.5% Section 301 tariff, which the association says applies to all citrus varieties except oranges. Oranges have been exempt from the Section 301 tariff since November 2025, but would still face the applicable ordinary US rate of duty without Agoa preferences.

Mandarins, lemons and grapefruit would face both the Section 301 tariff and the ordinary rate of duty, placing them at a disadvantage against competitors such as Peru and Chile, which benefit from trade agreements and shorter transit times, the CGA said.

The association also pointed to the wider commercial relationships supported by the trade, including employment in the US in importing, handling, distribution and retail.

Wine exporters face uncertainty

South Africa Wine said the proposed withdrawal would add to the pressure on producers and exporters already dealing with changing tariffs, rising costs and weaker demand.

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The organisation said South African wine exporters previously benefited from duty-free access under Agoa. Since then, they have had to adjust to tariffs of 30%, followed by 10% and 12.5%. If Agoa preferences fall away, the potential combined tariff could approach 16%.

It said the concern was not limited to the additional duty of approximately three percentage points. Repeated changes have made it harder for businesses to plan, negotiate prices and maintain commercially viable relationships with US importers.

Although the US accounts for relatively modest volumes of South African wine exports, South Africa Wine said it remains strategically important because of the value it offers for packaged wine.



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Before the introduction of tariffs, the US was South Africa's third-largest export market for packaged wine by value. It has since fallen to seventh place, but remains among the country's top ten markets.

The organisation said the US market also offers opportunities to build premium brand positioning and grow higher-value packaged wine exports. Establishing a presence takes years of investment in importer and distributor relationships, promotion and consumer awareness, making sudden changes to trade conditions particularly disruptive.

The impact has been especially pronounced in bulk wine. In 2025, the value of South African bulk wine exports to the US fell 79% to R13m, according to South Africa Wine.

Exporters have responded by sharing some of the additional costs with US importers, adjusting shipments or reconsidering their market plans. However, the organisation said businesses could not continue absorbing higher costs indefinitely.

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Additional duties may be carried by importers, producers or consumers, or shared across the supply chain. If South African wines become more expensive than comparable products from competing countries, importers and retailers may turn to alternative suppliers.

South Africa Wine said the consequences could extend beyond wine exporters to employment and economic activity in farming, packaging, manufacturing, transport and tourism.

It has called on government to intensify high-level diplomatic engagement with the US while developing an alternative trade proposal that could provide a basis for negotiations. The organisation also wants affected industries consulted and Southern African Customs Union partners involved where appropriate.

Losing preferences does not close US market

AgriSA said the loss of Agoa preferences would not amount to a ban on South African agricultural exports to the US. Businesses would remain able to supply American customers, subject to applicable tariffs and other import requirements.

The organisation said the consequences needed to be assessed product by product. Ordinary US most-favoured-nation duties would apply where Agoa currently provides an exemption, alongside any separate additional tariffs that remain applicable. Products already free of ordinary duty would face a different outcome.

AgriSA said South African agricultural exports to the US were estimated at US$504m in 2025, down approximately 3% from the previous year. However, it cautioned that annual figures could conceal differences between products and trading periods. Some exporters accelerated shipments during a temporary tariff reprieve in 2025, while trade weakened later in the year.

The US is a relatively small destination for South Africa's agricultural exports overall, but remains important for particular products and regions. AgriSA said the country accounted for 28.85% of South African litchi exports in the 2025/26 season. Certain citrus-growing regions also have established American customer relationships, while specialised seed, ostrich-product and processing businesses form part of the broader trade relationship.

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AgriSA said even a modest additional duty could affect exporters operating on narrow margins or competing against suppliers with more favourable market access. The consequences could include pressure on earnings, orders and investment, with knock-on effects for packhouses, transport operators, workers and local suppliers.

Its proposed response includes continued diplomatic engagement with the US, clear product-specific guidance for exporters and buyers, and faster diversification into other markets. It also identified domestic reforms, including sanitary approvals, port reliability, biosecurity and more efficient certification, as areas that could help maintain agricultural competitiveness.

The organisation acknowledged the engagements led by Trade, Industry and Competition Minister Parks Tau, and called for a more predictable long-term trading framework with the US, involving SACU partners where appropriate.

FairPlay raises poultry concerns

The FairPlay movement's founder, Francois Baird, said South Africa's exclusion from Agoa would have consequences for industries including automotive and

agriculture, with the potential for lower profits and job losses.

His statement also raised concerns about poultry trade arrangements linked to South Africa's continued Agoa benefits.

Baird said South African poultry producers had faced a substantial annual quota of US chicken since 2016, which he described as a condition imposed by the US for the continuation of trade benefits for other South African industries. He argued that the arrangement had allowed US chicken portions to enter South Africa without the anti-dumping duties that would otherwise apply.

Baird said the quota should have been cancelled a year ago under Agoa rules, following the introduction of new US tariffs that he said had negated South Africa's benefits. He also argued that it should now be ended following the intended withdrawal of Agoa eligibility.

His statement further referred to reports that South African trade negotiators had offered the US an annual quota of 72,000 tonnes of duty-free chicken as part of efforts to secure a new trade deal. Baird said details had not been published and no agreement had been finalised.

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He warned that making such a quota permanent could put pressure on South Africa's poultry industry and the rural jobs it supports.

Calls for trade clarity

Across the industry responses, the immediate concern is how the proposed change will affect individual products, contracts and customer relationships when the intended termination date arrives.

EWC said exporters with orders extending into 2027 need clear guidance on the tariffs that will apply and the implications for pricing. It also called for improvements to domestic logistics, arguing that avoidable costs and delays make it harder for South African suppliers to compete.

Gale said retaining existing customers should remain a priority alongside efforts to develop new markets.

“Finding another market is not something an exporter can do overnight. Building relationships with new buyers takes time. There may also be regulatory requirements that cannot be met immediately, particularly by smaller businesses with limited resources.

“We should pursue new opportunities with urgency while working to retain our American customers. We cannot afford to write off established trading relationships simply because the terms of access are becoming more difficult.”

South Africa Wine has called for a negotiated way forward, while the CGA hopes a future bilateral agreement will recognise the role of seasonal fresh produce in international trade. AgriSA has urged government and exporters to focus on retaining customers, managing additional costs and protecting investment and rural employment.

The impact of the proposed withdrawal will differ across products and industries, but the immediate challenge is the same: exporters need to know what duties they will face from January and whether a negotiated arrangement can preserve their competitiveness in the US market.

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