Africa’s trade deal with the US was le in limbo: What exporters can do about it

The US-Africa preferential trade deal – in place for a quarter century – expired on 30 September 2025. It’s far from certain if the trade deal will be renewed and, if so, how. Through the African Growth and Opportunity Act (Agoa), roughly 35 sub-Saharan Africa countries could export thousands of products to the American market duty-free.

By Bedassa Tadesse 5 Nov

Source: K. Kendall via Wikimedia Commons | A textile factory in Lesotho.

First signed into law in 2000, it was designed to encourage African exports, create jobs, and deep trade ties. Its usage varied widely: South Africa shipped cars and citrus; Kenya and Ethiopia focus apparel; Lesotho and Eswatini relied heavily on garments; Mauritius sent textiles and seafood.

Those exports support hundreds of thousands of jobs. A sizeable proportion are held by women a young workers, particularly in areas where formal employment is scarce. For African exporters, a without Agoa and with broader US tariffs is a double squeeze on competitiveness.

Will Agoa be revived at all or quickly enough? It rests with the US Congress rather than the White House, which has publicly supported a one-year extension. Transitional deals are being floated, b only an enacted law restores certainty. If the deal remains off – or remains uncertain – the sharpes pain falls on smaller, apparel-focused exporters that employ many low-income workers.

I am a scholar of international trade with an interest in the economic development problems of developing countries. My 2023 analysis of scholarly articles and policy reports examined the impa Agoa on the economic performance of sub-Saharan Africa.

If Congress cannot agree quickly, the lapse continues. Even if a renewal arrives later, some damag such as cancelled orders and lost shifts, will already have occurred, and any retroactive fix will be uneven across sectors and firms. Uncertainty is costly: ambiguity surrounding Agoa's renewal dampens orders and investment, particularly in labour-intensive sectors such as apparel and automotive components.

Amid the present economic uncertainties, Agoa exporters should prioritise three key measures. Fi take steps to redirect vulnerable orders to the EU preference schemes, and regional buyers under African Continental Free Trade Area (AfCFTA). Second, invest in competitiveness through improve ports and predictable customs. Finally, lobby smartly in Washington to argue for a short, retroacti "bridge" renewal.

The high cost of uncertainty for Africa

The duty-free status matters for Africa. Take the case of a basic cotton T-shirt from a country like K or Lesotho that qualifies under Agoa enters the US duty-free. Without Agoa, the standard most-favoured-nation duty is about 16.5% on cotton T-shirts. That swing alone can erase thin margins a redirect orders.

The US imported $791bn worth of goods from 2001 to 2021 from Agoa eligible countries. The corresponding value of US economic assistance to these countries amounted to $145bn from 200 through 2019. The striking difference in magnitude indicates the significance of Agoa in the US-Af economic relationship.

The trade preferences have particularly benefited apparel, textiles, agriculture and light manufactu However, the impact has been uneven. Some countries have used the opportunities more effectiv than others, so the consequences of a lapse will likewise be uneven among exporters.

Apparel hubs hit hardest: Lesotho, Eswatini, Madagascar, Kenya and Mauritius built entire expor bases around Agoa's duty-free access for clothing. Without it, typical US most-favoured-nation tar (usually 10%-20%) apply immediately, razor-thin margins vanish, and orders get pulled. Factory closures and job losses follow quickly.

South Africa's cars and fruit: South Africa's shipments of vehicles, parts, wine, citrus and nuts al face new tariffs. These globally competitive sectors are highly cost-sensitive; the loss of preferenc undercuts auto supply-chain investment and farm incomes.

Oil exporters are less exposed: Crude oil generally faces low US tariffs already, so countries like Nigeria and Angola are less affected than non-oil manufacturers and farmers.

Recent returnees are vulnerable: Countries that only recently regained eligibility – after earlier suspensions over concerns about human rights, governance (including coups), or labour rights – likely to see investors hesitate again amid renewed uncertainty.

What African exporters can do

Given the mix of US statute and presidential practice, there are three realistic paths out of the trad limbo. Congress could pass a multi-year extension in the weeks ahead. That would restore certair for buyers and factories. Another is a short "bridge" renewal in which lawmakers agree to a one- c two-year extension. This scenario averts a cliff but keeps investment on pause: buyers may place smaller, repeat orders, and postpone new lines until the long-term outlook is resolved. The last is continued lapse.

While the uncertainty persists, African exporters can look to other measures to shore up business propose these three:

Plan for uncertainty: Redirect vulnerable orders to the European Union's preference routes. Use tl Generalised Scheme of Preferences and relevant Economic Partnership Agreements where rules c origin are met. Also pivot to regional buyers under the African Continental Free Trade Area. This ca paired with quick logistics wins such as:

- Pre-clearance: allowing customs processing before goods reach port, cutting dwell times
- Single-window customs: a digital portal where all trade documents are submitted once, redu delays and paperwork
- Scheduled sailings: fixed, reliable shipping timetables that shorten delivery cycles and impro buyer confidence.

Together, these steps can improve margins through faster lead times. Countries can also bridge working-capital gaps for exposed firms with trade guarantees or invoice discounting, so confirme orders don't collapse. They should also maintain a standing public–private task force ready to pivo US decisions evolve.

Lobby smartly in Washington: Affected countries should coordinate with embassies and lead exporters. They should present hard evidence, including buyer letters, job counts and likely US pri pass-through, to argue for a short, retroactive "bridge" renewal. They can also stress that predicta access supports US supply-chain diversification away from China and stabilises consumer prices.

These countries could also align their messages across affected sectors, ranging from apparel to autos and agro-processing. The goal is to show a broad economic impact rather than narrow spe pleading. They should also time their outreach to coincide with congressional windows and comn calendars.

Invest in competitiveness: Trade officials should compete on reliability. This is because dependa power, faster ports and predictable customs often matter more to buyers than wages alone. Build regional inputs (yarn-to-garment, packaging, parts) so a shock in one market doesn't halt product and scale testing and certification so one run meets US, EU and UK standards.

They should aim to move up the value chain: from free-on-board/full-package (for example, in app not just cut-make-trim but also sourcing fabric and trims and arranging logistics) to components, branded, and ready-to-eat lines, where margins are stickier. Tie investment incentives to verifiable outcomes: jobs, on-time-in-full delivery, and clean production.

For three decades, African governments were urged to liberalise and build export capacity on the promise of predictable rules. A sudden US pullback moves the goalposts—raising prices at home, cutting jobs abroad, and shrinking the space for rules-based trade. Exporters can buy time with EU routes, regional buyers and logistics fixes. But only Congress can restore certainty: pass a short, retroactive bridge renewal now, then set a clear timeline for a multi-year AGOA update.

ABOUT THE AUTHOR

Bedassa Tadesse, Professor of Economics, University of Minnesota Duluth.