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THE IJR WEEKLY LENS

09 April 2025 Column

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IS IT TIME FOR SOUTH AFRICA TO KISS THE AFRICA GROWTH AND OPPORTUNITY ACT (AGOA) GOODBYE?

The political dynamics of US-South Africa relations have become increasingly complex, particularly amid the shifting political landscape shaped by President Donald Trump and influential South African figures, including Elon Musk. While Trump's administration favours a transactional approach to international partnerships, it has become increasingly clear that deep-rooted historical ties and mutual interests are no longer of interest.

From abruptly cancelling millions of Rands' worth of aid projects to signing executive granting White Afrikaners

refugee status, to expelling the South African ambassador to the US, relations between South Africa (SA) and the US have reached an all-time low. However, the author posits that there are more challenges to come, with the free trade pact, the African Growth and Opportunity Act (AGOA), being the next item on the agenda. South Africa needs to face the reality that the free trade deal is going to be cancelled when it comes up for renewal in September, and it should use this time to find alternative markets and strengthen regional and continental trade. The urgency for strategic market diversification is becoming increasingly urgent.

“AS US-SOUTH AFRICA TENSIONS ESCALATE, THE FUTURE OF AGOA HANGS IN THE BALANCE—WILL THE NATION PIVOT OR PAY THE PRICE?”

With the former South African ambassador to the US, Ebrahim Rasool, returning to Cape Town following his sudden departure after less than three months in Washington, President Cyril Ramaphosa says he is in no rush to appoint a new envoy for one of the country’s biggest trading partners. The president has repeatedly stated that he will take his time in selecting a ‘top representation’ for the country and told journalists in Johannesburg on March 26 that ‘the president appoints ambassadors and it’s within his sole right to appoint them.’

Rasool addressed a Mapubungwe webinar on the future US-SA relations in mid-March, where he analysed the future political and economic relations between the two countries. Rasool stated during the webinar that he had been developing ‘alternative’

engagement channels with various legislators and had held nearly 20 meetings with senators and members of Congress. However, his efforts proved futile when, just a few hours later, US Secretary of State Marco Rubio took to the social media platform X and declared Rasool a persona non grata, giving him less than a week to leave the US.

US/SA relations at an all time low

Relations between the US and SA have been at an all-time low since Donald Trump took office in January. The unelected, South African-born businessman, Elon Musk took to X to peddle unverified claims of so-called ‘horrible things’, including ‘white genocide,’ allegedly occurring in South Africa. Trump’s appointment of Leo Brent Bozell III as ambassador is a worrying sign, and it’s clear that the US administration is not backing down in its criticism against Pretoria.

Rasool, who was in Washington during the Barack Obama era (2010-2015), was a regular speaker on the diplomatic scene. He played a pivotal role in the renegotiation of free trade deal, the Africa Growth and Opportunity Act (AGOA), during his tenure. However, this time around he admitted he could hardly get appointments with any insiders on Capitol Hill despite several Afrikaner groupings, including Afriforum, gaining access.

He addressed hundreds of supporters who welcomed him home at Cape Town International Airport and said that Ramaphosa must be given the opportunity to restore the over 50-year relationship between the US and SA. However, Rasool added that South Africa urgently needs a representative in Washington, but not at the expense of the country’s dignity, ‘and not to confirm that only a white ambassador, devoid of our values, can speak to a white president.’

Ramaphosa’s decision to delay the appointment of a new envoy reflects not only his efforts to reinforce control over foreign appointments, despite the Government of National Unity (GNU), but raised the question of whether this measured stance is an

indication of the complexities in navigating the new world and economic order under Trump, including the future of AGOA. The potential isolation of South Africa from AGOA and trade deals could have significant economic implications for the country.

AGOA worries

Many senior ANC members, including Supra Mahupelo, Chairperson of the International Relations Committee at Parliament, have said since the Rasool fallout that the government won't overreact, will remain calm, and is committed to maintaining the relationship that spans over 50 years. However, many in the business sector are deeply concerned about the renewal of AGOA, with many arguing that South Africa is likely to be excluded from the trade pact.

Former president Joe Biden extended the deal until September, and with the deteriorating relationship under Trump, it's just a matter of time before it's cancelled. South Africa is the US's largest trading partner in Africa, with more than \$20 billion in two-way trade volume, according to US Census Bureau data from 2020. Only a third of the country's exports to the US benefit from AGOA. The country exports cars, fruits, wine, textiles, and citrus to the US.

Introduced in 2000, AGOA allows duty-free access to certain products in the US, including 1600 products to be imported into the US without any duties for more than 30 African states. Last year, several US legislators called for a review of SA's AGOA access, citing its close relationship with Russia and China. A cancellation could have significant economic implications for the country as it relies on AGOA for benefits from automobiles to the export of certain agricultural products.

Additionally, there are close to 600 US companies in the country that employ roughly 200,000 people. The country's exports fruit and automobiles only accounts for a mere 1% of all imports to the US. As an anti-tariff man, Trump is likely to scrap the trade pact. The US Congress approved the ACT, but Trump's America First policy and the slapping of tariffs on products from steel to aluminium and cars, it is unlikely that SA's AGOA access will remain.

New Markets

The Congress of South Africa Trade Unions (COSATU), a significant ANC ally, asserted that AGOA holds significant importance, not only for local industrial development, but also for other African states such as Botswana and Lesotho, whose direct exports to the US are insignificant in comparison to their value-added exports to South Africa's auto-manufacturing sector, which subsequently contributes to vehicle exports to the US.

COSATU also stated that the departure of South Africa from AGOA would significantly impact job opportunities both within the country and throughout the region. The ramifications of South Africa's potential exit from AGOA will extend far beyond mere trade statistics. With the auto-manufacturing sector serving as a cornerstone for value-added exports, a withdrawal from AGOA would not only jeopardise thousands of jobs but also exacerbate unemployment in the region.

What does it all mean for South Africa? The country needs to find new markets to sell its goods, like the Middle East and Asia. The coming months remain uncertain, but they also present an opportunity for the country to expand its trade relationships with new partners and to be resilient amid ever-changing global politics.



As South Africa navigates the complex landscape, it faces significant —but not insurmountable—challenges. However, this underscores the urgency for the country to pivot toward new markets. By strategically expanding new economic partnerships, the country can lower the risks that come with AGOA's unknowns and become a stronger player in regional and global trade. This will, in turn, provide its workers and economy with a much-needed boost in the long run.

South Africa is likely to seek a reciprocal trade and tariff deal with the US, but for this to happen, whoever Ramaphosa appoints as the new US ambassador will need to

understand the power brokers in the US and have access to the new political elites in Washington to stand a fighting chance at securing any future trade deal.

Despite the high stakes, the country can transform this challenge into a driving force for growth and development through proactive measures and innovative trade strategies. As the continent's most industrialised economy, South Africa cannot simply be ignored.

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