



Wandile Sihlobo | Chief Economist | Email: wandile@agbiz.co.za

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The extension of AGOA is a welcome development

- The U.S. authorities' formal extension of the African Growth and Opportunity Act (AGOA) trade preference program through December 31, 2026, is a welcome development. While the Liberation Day tariffs of 30% have distorted the benefits of AGOA to some extent, it remains crucial. In the absence of AGOA, some South African export products to the U.S. would have likely faced around 33% tariffs, including Most Favoured Nation (MFN) tariffs, in addition to Liberation Day Tariffs. Here, we have added an average 3% lower-end MFN tariff, but the rates generally differ by product. Thankfully, we are not at this stage, and South Africa still faces around 30% tariffs on non-exempted products under the Liberation Day tariffs.
- Zooming into South Africa's farming sector alone, the U.S. remains an important market. The U.S. accounted for approximately 4% of South Africa's total agricultural exports in 2024 (overall SA farm product exports were valued at U.S. \$13.7 billion). The exports were also strong in the first two quarters of 2025. Even after the Liberation Day Tariffs were announced, some exporters took advantage of the 90-day pause on the higher tariffs and exported more volume than usual. In fact, in the second quarter of 2025, South Africa's agricultural exports to the U.S. increased by 26% to US\$161 million.
- It was only in the third quarter of 2025 that we saw some cooling in exports. Notably, South Africa's agricultural exports to the U.S. decreased by 11% in the third quarter of 2025, compared to the same period a year ago, at US\$144 million. The composition of the products hasn't changed much; it is mainly citrus, wine, fruit juices, and nuts, amongst other typical agricultural exports to the U.S. We are yet to have the final quarter of 2025 data to have a full-year view. The 4% share of the U.S. in South African agricultural exports is not small, as few specific industries are primarily involved in these exports. These are mainly citrus, table grapes, raisins, nuts, wine, fruit juices, and ostrich products, amongst others.
- It is also worth highlighting that the U.S. has decided to modify its reciprocal tariffs and exempt some food products, thus easing agricultural trade friction, which is costly to both exporting countries and U.S. consumers. The exempted products include coffee and tea, fruit juices, cocoa, and spices, as well as avocados, bananas, coconuts, guavas, limes, oranges, mangoes, plantains, pineapples, various peppers and tomatoes, beef, and additional fertilisers. From a South African perspective, it is oranges, macadamia nuts and fruit juices that benefit from the exemption. The rest of South Africa's agricultural products currently face a 30% import tariff in the U.S. market. With the AGOA extension now official for the year, the tariff remains at 30%. From now on, the key focus for South Africa should be on securing a trade agreement with the U.S., as the current higher tariffs continue to disadvantage South Africa compared to our competitors in the U.S. market.