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An exclusive client update from the CRA

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## Early Trump signal for US-SA trade

Amongst a raft of executive orders signed by **United States (US) President Donald Trump** on his first day in office, was the America First Trade Policy (hereafter referred to as 'the Policy'). At its core, the Policy sets up a wide-ranging review of most areas of US trade policy. Under section 2 of the Policy, 'Addressing Unfair and Unbalanced Trade,' two directives are of greatest importance for South Africa-US trade agreements and relations — with the Africa Growth and Opportunity Act (AGOA) foremost among the arrangements that could be affected.

Section 2 (f) states: "The United States Trade Representative shall **review existing United States trade agreements** and sectoral trade agreements and recommend any revisions that may be necessary or appropriate to achieve or maintain the general level of reciprocal and mutually advantageous concessions with respect to free trade agreement partner countries."

Additionally, section 2 (g) states: "The United States Trade Representative shall identify countries with which the United States can negotiate agreements on a bilateral or sector-specific basis to obtain export market access for American workers, farmers, ranchers, service providers, and other businesses and shall make recommendations regarding such potential agreements." This section could open **opportunities for South Africa** to benefit from increased US-origin trade.

These instructions firmly open the door to a **review of AGOA** — including the terms and conditions, provisions therein, and whether (in the Trump administration's assessment) African countries in the AGOA arrangement should continue to benefit therefrom.

In addition to these new trade review instructions implemented by Mr Trump, the bipartisan **US-SA Bilateral Review Act**, passed by the House of Representatives in May 2024, could be revived and if passed by the Senate, place more pressure on US-SA trade and diplomatic relations. The Act **cited concerns** on the part of US lawmakers that South Africa had sided "with malign actors, including Hamas, a US-designated foreign terrorist organisation and a proxy of the Iranian regime while continuing to pursue closer ties with the People's Republic of China and the Russian Federation."

The current version of AGOA, and South Africa's benefitting therefrom, is set to expire by September 2025. The agreement can be renewed before that date. One possible change could be the length of the agreement, should it be renewed. Select African governments and businesses have requested that the ten-year period be increased to fifteen or more years. For its part, the outgoing Biden administration endorsed a sixteen-year extension.

Should AGOA be renewed but South Africa not form part of the new version, this would not mean the end of all US-SA trade, diplomatic, and other relations. Select sectors in the country, specifically **agriculture, automotive, mining, and manufacturing**, will be those hurt most.

However, the greatest harm will be to South Africa's trade and doing-business reputation. The current US administration will be sending a **clear signal** that it wants to change its trade, investment, and possibly diplomatic relationships with South Africa. US companies operating in the country may also be advised or pressured accordingly. For an economy that needs to attract more foreign investment, such a development would greatly hobble those efforts. For the Government of National Unity (GNU), this would be a potentially disastrous development, causing **friction between GNU members** over relations with the US, and making it harder to secure foreign capital and finance needed for growth.

The US Secretary of Commerce, Secretary of the Treasury, and Trade Representative have the task of delivering respective reports on the various items set forth in the America First Trade Policy by 1 April 2025.

-Chris Hattingh

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Contact: Sherwin van Blerk

TEL: +27 82 851 5680

Email: [sherwin@cra-sa.com](mailto:sherwin@cra-sa.com)