the **dtic**

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1477

Ms H S Boshoff (Mpumalanga: DA) to ask the Minister of Trade, Industry and Competition:

What is his sector-by-sector contingency plan to safeguard jobs in the (a) automotive, (b) agricultural and (c) apparel sectors if (i) the African Growth and Opportunity Act (AGOA) lapses and/or (ii) tariff preferences are withdrawn as South Africa's trade with the United States under the AGOA currently faces uncertainty after the recent one-year extension that is coupled with the United States imposing 10% to 30% additional tariffs on certain imports? CO1481E

REPLY:

The agricultural sector is among the most vulnerable should the African Growth and Opportunity Act (AGOA) lapse, or should the United States withdraw tariff preferences and impose additional duties. South Africa's agriculture and agro-processing sectors are critical contributors to exports, rural development, food security, and employment face significant risks under such a scenario. Key export commodities, including citrus, wine, table grapes, avocados, macadamia nuts, and various processed food products, which have historically benefitted from duty-free access to the US market under AGOA, are now subject to additional tariffs ranging from 10% to 30%. This development poses a serious threat to the competitiveness and profitability of producers and processors alike.

In response to this uncertainty, the South African government has undertaken several measures. The Department of Trade, Industry and Competition (**the dtic**) has actively engaged in diplomatic lobbying with United States counterparts, including through AGOA forums, to highlight the potential socioeconomic consequences of South Africa's exclusion from the agreement. In parallel, industry associations such as Agbiz, Fruit SA, and the Citrus Growers' Association have collaborated with government to underscore AGOA's role in supporting rural employment and export-led growth.

Concurrently, South Africa has begun to diversify its export destinations, focusing on markets in the European Union, the Middle East, and Asia, while also increasingly leveraging opportunities within the African Continental Free Trade Area (AfCFTA) to establish new regional value chains. On the agro-processing side, **the dtic**'s Agro-processing Support Scheme (APSS), along with other industrial incentive programmes, continues to provide critical support to firms investing in value addition and job retention, including those targeting international markets.

(a) **The automotive industry:** It is important to note that the automotive industry operates on long-term production cycles of approximately 7–10 years, and Original Equipment Manufacturer (OEM) planning aligns with this horizon. Consequently, while geopolitical shifts may be dynamic, industrial responses are structured and phased.

(i) The IDC's most significant long-term intervention is focused on attracting and developing international OEMs not currently producing locally, to establish Completely Knocked Down (CKD) vehicle assembly plants in South Africa. This is aligned with the South African Automotive Masterplan and aims to boost local production volumes to withstand economic and political shocks. Key projects include Stellantis (a European OEM), which has signed a Cooperation Agreement with the IDC to explore setting up a CKD plant in the Coega SEZ (Eastern Cape), and Mahindra (an Indian OEM), which signed an MoU with the IDC in early 2025 to investigate a similar investment, with location still under review. These projects typically require 24 months or more to reach operational status. In addition to these strategic developments, the IDC continues to engage with industry stakeholders to offer funding support where necessary. The sector is also leveraging the African Continental Free Trade Area (AfCFTA) to diversify export markets and strengthen regional-trade.

(b) **Agricultural sector:** The plan focuses on localisation, diversification, and regional integration. Key interventions include expanding domestic agro-processing capacity, particularly in vulnerable sub-sectors such as dairy, dried vegetables, and cocoa-based products, which are exposed to 10–30% tariff hikes under current US trade adjustments. The IDC is actively supporting agri-SMEs through blended finance, targeted subsidies, and infrastructure investment to reduce reliance on US markets. Coordination with the Department of Agriculture, Land Reform and Rural Development and private sector associations is central to opening new export markets and managing trade shocks. These efforts are complemented by strategic planning to mitigate climate-related risks and policy uncertainty, which have impacted agricultural GDP and investment confidence. The overarching goal is to build a more inclusive, competitive, and shock-resilient agricultural sector.

(c) **Apparel sectors**: South African apparel manufacturing entities are geared towards supplying the South African and regional demand for clothing, footwear, home furnishings and accessories. Supporting the on-going demand for these products is the Retail-Clothing Textile Footwear and Leather “R-CTFL” Masterplan which creates a local value chain demand pull for products and the supports the sustaining and growth of jobs. Exposure to the United States Market is limited to niche manufacturing products that include leather shoes, handbags and accessories; high performance apparel such as socks and leggings; and animal fibre products such as mohair-based products. Support to these entities is provided via access to funding to fund the cash shortfalls and supplement the additional charges imposed by export partners.

(i) The impact of tariffs imposed in the region could impact the supply chain with apparel that was destined for the USA markets from neighbouring countries such as eSwatini, Lesotho and Mauritius now being redirected to the South African market. To address this, engagements are being held with regional partners to develop and strengthen regional value chains across key product lines like denim and other cotton-based garments.

(ii) The clothing and textile sector (including labour, manufacturing bodies and retail) is focusing on setting up networks and collaborations with stakeholders across the continent to gear up for the implementation of the AfCFTA which is where growth is expected to come from.

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