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MEDIA STATEMENT

NAACAM statement on the planned withdrawal of South Africa's AGOA eligibility

Johannesburg, 3 November 2026

The National Association of Automotive Component and Allied Manufacturers (NAACAM) notes the announcement by the United States government regarding its intention to end South Africa's preferential access to the US market under the African Growth and Opportunity Act (AGOA) from 01 January 2027.

"South Africa's automotive industry has been AGOA's largest user, but for the sector the preference has already been largely overridden by the 25% Section 232 tariffs applied on vehicles and components," said NAACAM CEO Renai Moothilal. "Losing AGOA adds a further cost to an industry that has already absorbed a significant shock."

Following the introduction of Section 232 tariffs, South Africa's automotive exports to the US fell by 29% from R28.67bn in 2024, to R20.43bn in 2025. Direct component exports deteriorated by 12.8% to R3.86bn. Light vehicle exports fell by 31.7% to R16.57 billion, impacting not only domestic OEMs, but the entirety of their domestic supply chain too. From January, these products will also pay the standard US import duty, typically around 2.5% for automotive products. This widens the gap with competing producers in the UK, EU, Japan and Korea, which have negotiated lower automotive tariffs.

"The direct cost of losing AGOA is modest next to existing tariff measures, but in a globally competitive industry every percentage point counts," said Moothilal."

The loss of AGOA comes on top of existing pressures on the component sector. NAACAM has recorded 15 company closures and more than 7,500 gross job losses among component manufacturers over the past three years. These were driven in part by declining local content, production cuts at some vehicle manufacturers, falling exports, including to the US, and rising operational costs. AGOA is one more factor weighing on the competitiveness of a sector that is already under strain.

NAACAM believes the strongest buffer against external trade shocks lies in South Africa's own market. The South African Automotive Masterplan (SAAM) 2035 set a goal of 48.2% local content by 2025, worth around R101bn. Instead, local content stood at 39% in 2025, about the same as the 38.7% recorded in 2015, when local content was worth R53bn.

"South Africa cannot control the trade policies of export markets, but it can take decisive action to strengthen its own automotive manufacturing base. Growing domestically produced vehicle sales to South African consumers and significantly increasing local content are essential to supporting component manufacturers, protecting employment and reducing our vulnerability to external trade shocks," said Moothilal. "The current policy review is an opportunity to put in place defined localisation measures that deliver this, and support manufacturers seeking to diversify their export markets."

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NAACAM urges the respective governments to continue engagements and has long called for a mutually beneficial trade agreement that covers trade, investment, skills and technology transfer. Such an agreement should address the Section 232 tariffs on vehicles and components, and it is now more urgent than ever.

The commercial ties between the two automotive industries remain relevant and run in both directions. The US is South Africa's fourth-largest automotive trading partner, with two-way trade of R44 billion in 2025. South Africa imported R20.6 billion of US-made components in 2025, more than five times what it exported to the US, and several US-headquartered companies manufacture components in South Africa.

"South African components help keep US manufacturers competitive, and US components go into vehicles built here," said Moothilal. "That symbiotic relationship was built over decades by companies on both sides and authorities should look to protect it and grow it."

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Approved image of Renai Moothilal for use in any media reporting

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