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MEDIA STATEMENT

FOR IMMEDIATE RELEASE

AIDC-EC CALLS FOR STRENGTHENED EASTERN CAPE AUTOMOTIVE COMPETITIVENESS AMID US AGOA DEVELOPMENTS

GQEBERHA, SOUTH AFRICA - The Automotive Industry Development Centre Eastern Cape (AIDC-EC) has noted with concern the announcement by the United States Government of its intention to terminate South Africa's eligibility under the African Growth and Opportunity Act (AGOA), effective 1 January 2027.

Established in 2000, AGOA has been an important instrument in promoting trade, investment and economic development between the United States and eligible sub-Saharan African countries. Over the years, the programme has supported South African exports, facilitated industrial investment and contributed to employment creation across several sectors, including the automotive industry.

The announcement comes against the backdrop of an increasingly challenging global trade environment, characterised by rising protectionism, shifting international trade relationships, intensified competition and significant changes in global automotive manufacturing and supply chains.

South Africa's automotive industry has already experienced the effects of additional United States trade measures, including the introduction of Section 232 tariffs of 25% on imported vehicles and certain automotive components in April and May 2025, respectively. While these measures have already reduced the benefits of preferential market access for affected automotive products, the potential withdrawal of AGOA eligibility introduces further uncertainty for exporters and investors.

For the Eastern Cape, these developments reinforce both the urgency and the strategic opportunity to strengthen the province's position as a competitive, resilient and globally integrated automotive manufacturing hub.

The Eastern Cape is home to one of South Africa's most established automotive manufacturing ecosystems, supported by vehicle assembly operations, component manufacturers, industrial suppliers, logistics infrastructure and a skilled workforce. The sector remains a critical contributor to the provincial economy, industrial development, exports and employment.

AIDC-EC believes that the evolving global trade environment presents an important opportunity for the province to accelerate efforts aimed at improving manufacturing competitiveness, strengthening local supply chains, expanding industrial capabilities and diversifying export markets.

Chairperson: P Silinga, D Coffey, M Mabasa, M Tyamzashe, Revd NV Madyibi, NP Ngonyama, Acting CEO L Mbobo-Vava

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Particular attention should be directed towards improving logistics efficiency, advancing supplier development and localisation, supporting technology adoption, strengthening workforce capabilities and creating an investment environment that enables the province to compete successfully for future automotive manufacturing programmes.

Existing trade arrangements, including the European Union–Southern African Development Community Economic Partnership Agreement (EU-SADC EPA), the Southern African Customs Union and Mozambique–United Kingdom Economic Partnership Agreement (SACUM-UK EPA), and the African Continental Free Trade Area (AfCFTA), provide important platforms through which South African manufacturers can explore additional market opportunities.

However, successful export diversification will require more than preferential trade agreements. It will depend on the ability of manufacturers and suppliers to meet international competitiveness requirements, develop market-appropriate products, strengthen production capabilities and establish commercially sustainable relationships in new markets.

AIDC-EC believes that the Eastern Cape must position itself not merely to respond to changes in international trade policy, but to compete proactively for the next generation of automotive investment, production opportunities and industrial technologies.

This imperative is particularly relevant as South Africa reviews its Automotive Masterplan 2035 and the Automotive Production and Development Programme (APDP2). These policy processes present an opportunity to reinforce the competitiveness of established manufacturing regions, safeguard existing industrial capabilities and support the transition towards emerging automotive technologies and markets.

Working within its industrial development mandate, AIDC-EC will continue engaging provincial and national government, industry stakeholders and development partners to identify practical interventions that strengthen the Eastern Cape automotive ecosystem, support investment retention and attraction, advance supplier competitiveness and contribute to sustainable employment.

The agency remains committed to supporting a competitive, diversified and future-ready automotive industry that strengthens the Eastern Cape's contribution to South Africa's industrial development and economic growth.

– ENDS –

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