

Trump's tariff hikes and South Africa: Hunt for new agricultural markets must begin now

The South African government has underscored the urgent need to diversify the country's agricultural exports in the wake of the [US decision to increase tariffs](#) on its trading partners.

By [Wandile Sihlobo](#)

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Source: [123RF](#)

The progress of South Africa's agricultural sector has relied partly on exports, which now account [roughly half of the production in value terms](#). South Africa's agricultural exports reached a new record of US\$13.7 billion in 2024, [up 3% from the previous year](#), according to data from Trade Map. South Africa also imports various agricultural products. In 2024, South Africa's agricultural imports amounted to \$7.6bn.

The US accounts [for 4% of South Africa's agricultural exports](#). The biggest agricultural exports to the US are citrus, wine, grapes and nuts. These typically entered the US market duty free, and now fall under the tariff level of between [10% and 31% which Washington has levied on South Africa](#).

The ministers of International Relations and Cooperation and of Trade, Industry and Competition issued a [statement](#) after Washington's move:

“ Efforts will intensify to diversify export destinations, targeting markets across Africa, as well in Asia, Europe, the Middle East, and the Americas. Moreover, where deemed appropriate, such efforts will also involve bilateral arrangements that allow for the pursuance of our national interest. ”

As a medium to longer term strategy this makes sense in the context of the trade friction with the and the overall growth of South Africa's agricultural sector. But export diversification will take time achieve. New markets take time to open up because negotiations with countries, especially in agricultural products, are complex. For example, [it took 16 years](#) for South Africa to reopen Thailand for apple exports.

Moreover, trade agreements typically [take a minimum of five years](#) to conclude.

This means that, in the short term, the South African government will urgently be seeking to engage with Washington to maintain critical access to the US market. In their joint statement, the two departments managing the fallout said they would be seeking "additional exemptions and favourable quota agreements".

So what does the long-term strategy look like? And what are the building blocks that need to be in place to secure diversified destinations for South Africa's agricultural products in the future?

As an agricultural economist who has [looked at these issues for some time](#), I would recommend three areas of focus.<

Firstly, South Africa trade authorities should put resources into understanding the opportunities in dynamic markets in the Gulf and Asia. Saudi Arabia, the United Arab Emirates and Qatar are some of the key markets in the Gulf. In Asia, China, India and Vietnam should remain priorities.

Secondly, the agricultural sector and government need to develop better ways of working together. This will help ensure business relationships are cultivated in the countries that the government is engaging, and that there's alignment between the commercial and political interests of the country.

Thirdly, South Africa's agricultural sector – government and organised agriculture – must get its house in order. For example, promoting livestock products won't work unless the necessary disease control measures are in place.

Opportunities

The African continent accounts for the biggest share of South African exports at [38%. The EU accounted for a 19% share in 2023](#). Asia and the Middle East accounted for [a quarter of South Africa's agricultural exports in the same year](#).

Asia and the Far East, in particular China, have already been identified as key growth areas. Even though Asia and the Middle East are strong destination points, huge pockets of opportunity remain in terms of products and countries.

The Brics grouping remains crucial in this endeavour. Here, the South African government must have a sharper focus on lowering import tariffs and phytosanitary barriers in countries such as China, India and Saudi Arabia.

China is the biggest opportunity, largely because of its population and economic size. China, the world's second largest economy after the US, must feed 1.4 billion people. To do this, China is a heavy importer, resulting in an agricultural trade deficit with the rest of the world of about \$117bn. This suggests there's a gap for countries with good agricultural offerings.

Vietnam and India also have [sizeable populations](#). Importantly, South Africa remains a [small participant in their agricultural markets](#).



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The sectors worth targeting include horticulture and wine producers. Expanding exports in these sectors has been a long-running talking point. Now, there's a need for renewed energy and urgency from the government officials' side.

The livestock industry is also geared to promote its exports.

In the short term

Agricultural stakeholders can play a constructive role in supporting the government's efforts to engage the US. Stakeholders can assess the impact of the increased US tariff on their exports, mainly citrus, grapes, wine, and nuts, among other products, as well as the impact on jobs in their regions.

There is also scope to provide more flexibility for American products in the South African market to ease current trade tensions. For example, South Africa currently allows US exporters to sell [over 70,000 tonnes of poultry products](#) into the country without any tariff. However, US poultry products have only used [less than 60% of this quota](#). One reason for this is the low-quality products that have not met the South African specifications. Hence the need to seek negotiating points.

Next steps

Trade is about trade-offs and backing the correct winners.

Both organised agriculture – commodity associations – and business must work together to define new priorities for the country and how these can be pursued internationally.

Negotiating free trade agreements should be the mainstay of trade policy. South Africa has excelled at opening up new markets in the past 20 years, by [concluding several free trade agreements with countries in regional and international markets](#). These include deals with the Southern African Development Community countries as well as the region's agreement with the European Union and the African Continental Free Trade Area.

It needs to expand this list.

But free trade agreements require hard choices over which industries a country is prepared to place on the table for possible trade-offs while building long-term competitiveness in sectors that can be net drivers for growth.

Government must engage the various agricultural sectors about their key priorities and what trade-offs they're prepared to consider.

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