

■ OPINION

PODCAST: South Africa must work to diversify its agricultural export markets

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by WANDILE SIHLOBO



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South Africa was not spared the “Liberation Day” tariffs announced by US President Donald Trump against various countries. South Africa will face tariffs of between 10% and 31% in the US for all products. The specificity of by-products is not yet clear.

We know now that a baseline tariff of 10% will apply to imports from all countries. It remains unclear whether there are differences in the remaining 21% duties levied against South Africa.

It is prudent to assume that South Africa will be out of the African Growth & Opportunity Act (Agoa), which afforded us duty-free access to the US for a range of products, including from the auto industry

We suspect there may be some differences product by product, but that will only become clear when the US authorities release more information. We know that the reciprocal tariffs will generally range from 10% to 60% (and to 31% in the case of South Africa). The exact levy will be based on what the White House Council of Economic Advisers thinks is the sum of tariffs and nontariff barriers on US goods to a specific country.

Indeed, some products face higher tariffs in the South African market, but there are rebates through the International Trade Administration Commission of South Africa to assist any country that requires relief. South Africa is one of the countries with the lowest tariffs, which some local stakeholders have previously argued was a policy mistake when South Africa rejoined the global economy after 1994, following years of isolation.

How the various domestic industries engage with this will also become clearer in the coming days and weeks. But what I must stress regarding agriculture is that the US accounted for 4% of the total \$13.7bn in exports in 2024. While this may seem small, it is significant for specific industries, particularly citrus, grapes, wine and fruit juice. Since the inception of Agoa, South Africa's share of agricultural exports to the US has remained at similar levels.

With a 31% tariff now, while South African agricultural competitors such as Brazil, Chile, and Australia will face tariffs of only 10%, we will surely have a competitiveness problem in the US market. And yes, the tariff is a tax on the US consumer, not South Africa. However, it affects South African products' penetration rate in these markets.

Diverting products to other friendly markets won't be easy, and will take time. Still, this should be the main preoccupation of the department of agriculture, assisted by the department of trade, industry & competition. The Middle East and Asia should be the primary focus for South Africa to build access, mainly in China, India and Saudi Arabia.

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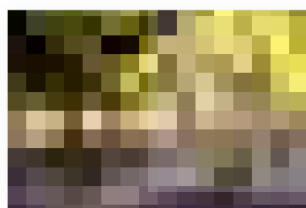
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