

South Africa braces for post-Agoa era as tariffs hit exporters

South Africa's Agriculture Ministry has warned the sector to prepare for a "post-Agoa world" — a future that now seems increasingly likely, as duty-free access to the US appears poised to expire.



Source: [Pexels](#)

"I think that we can probably safely work on the fact that Agoa will not be in place for us later this year," [said](#) Agricultural Minister John Steenhuisen.

While political leaders are sounding the alarm, economists and market analysts are already seeing fallout from US tariffs.

"The US trade tariffs have created significant uncertainty in global markets, and the fallout continues to impact indexes and currencies the world over," Harry Scherzer, actuary and Future Forex CEO said.

"Market indices have taken a hit. Meanwhile, US high-yield credit spreads, which had previously been resilient to the initial equity pullback, have now seen their largest moves since the 2020 pandemic shock."

Steenhuisen explains that this instability in major economies creates a ripple effect that is already hitting South African exporters, especially those reliant on access to US markets under the African Growth and Opportunity Act (AGOA).

Growth and Opportunity Act (AGOA). While South Africa remains a beneficiary for now, shifting political rhetoric and tariff actions point to a more precarious future.

“Our exports to the US account for around 6% of our international market access, but they include some particularly important products — especially citrus, wine, and nut products. Losing duty-free access would pose a significant problem,” he said.

For the businesses behind these key exports — particularly in agriculture — the financial implications of losing AGOA benefits are already starting to bite.

A price too high

“As of 9 April, a 30% tariff was imposed on South African products, in line with Trump’s broader strategy to reduce trade deficits,” Scherzer explained.

That means a previously viable export deal is now significantly less profitable — or, in some cases, entirely unworkable. “Effectively, this now means, for example, that a \$1m shipment would incur \$300,000 in import tariffs.”

Such margins are unsustainable for many sectors, particularly agriculture and manufacturing, where input costs are already high and global competition is fierce.

In response, the Ministers of International Relations and Cooperation, and of Trade, Industry and Competition [said](#) that efforts would be intensified to diversify South Africa’s export markets, with a particular focus on expanding trade across Africa, as well as into Asia, Europe, the Middle East and the Americas. They added that, where appropriate, these efforts would include pursuing bilateral agreements aimed at advancing the country’s national interests.

The caveat, however, is that export diversification is a slow process, especially for agricultural products, as market negotiations are complex — it [took 16 years](#) to reopen apple exports to Thailand, for example, and trade agreements typically [take at least five years](#).

In the meantime, South Africa will urgently engage Washington to secure market access, exemptions and favourable quota agreements, officials said.

Currency and compliance pressures

The pain of tariffs isn’t limited to exports, however. “The impact extends beyond exports, as reduced trade revenues and uncertain investment could weaken the rand, putting pressure on emerging market currencies,” Scherzer added. A weaker rand increases the cost of imported goods and services, especially in sectors reliant on technology, pharmaceuticals, or machinery.



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For companies with international operations or obligations, the pressure is compounded. "This depreciation would increase costs for businesses involved in cross-border payments, as intermediary fees could spike due to higher payment volumes and currency hedging demands," Scherzer noted.

Businesses must also grapple with rising banking costs. "Businesses would likely face steeper charges for wire transfers, currency conversions, and compliance checks."

A glimmer of relief

While many sectors face mounting pressure, not all industries are equally affected.

Scherzer reminds us, "There is a silver lining: a number of South African commodities have been exempted from the tariffs." Among the biggest beneficiaries are mining and metals, where price surges — especially in gold — have brought relief. "Mining stocks have seen record performance, boosted by a surge in gold prices — up 19% since the beginning of the year," he noted.

Yet these gains are unlikely to fully counterbalance the wider economic drag caused by tariff-related losses in other sectors. Commodity cycles are also notoriously volatile, meaning businesses cannot bank on long-term insulation.

Strategic responses

To survive this environment, South African businesses must focus on resilience and adaptability. Exporters should explore alternative markets within Africa, Asia, and South America, where trade relations may be more stable. Risk management strategies—including forward contracts, diversifying banking partners, and digital payment platforms—can help reduce exposure to currency shocks and intermediary fees.

"We're working to fully leverage the range of goods available — especially those that may face curtailment in the US — and identify alternative markets for them," Steenhuisen said.

He remains solution-focused. "What we are doing is taking existing agreements with partners like the European Union, Japan, China, and others, and exploring how we can deepen and broaden market access.

He confirmed meetings with a Russian delegation to explore new export routes, and noted the reappointment of an agricultural attaché in Washington — the first in years — as a signal of South Africa's commitment to maintaining strong reciprocal trade ties.

At the same time, businesses must remain alert to opportunities to reduce unnecessary costs. Explained Scherzer, “Businesses must remain vigilant, regularly assessing their international money transfer providers to ensure they’re getting the best possible deal amid shifting economic conditions.”

As South Africa confronts the reality of a “post-Agoa world”, the road ahead demands more than hunkering down. Tariffs, currency volatility, and rising compliance burdens are converging into a complex challenge for local businesses. Those that adapt quickly—diversifying markets, tightening costs, and planning for uncertainty—stand the best chance of emerging stronger.

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