

Soapbox 

# Tariffs and turbulence: How to navigate the coming storm

It's time to focus on practical resilience and proactive risk management.

By Harry Scherzer · 10 Aug 2025 ⌚ 04:00

**ARCMITTAL** R0.91 -1.09% **JSE** R133.90 -0.07% **KAL GROUP** R38.61 0.03%

8/11/2025, 9:58 AM

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US President Donald Trump speaks during a tariff announcement in the Rose Garden of the White House in Washington, DC on Wednesday, 2 April 2025. Image: Bloomberg

Markets don't like surprises – and Donald Trump's sweeping tariffs, including a 30% blanket duty on South African imports from 1 August, are fuelling fears of broader global instability.

combined with Deutsche Banks warning of a looming financial shock, rising trade tensions, and eurozone climate disruptions, volatility is building, with the potential to tip economies around the world closer to recession.

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Lesotho, heavily reliant on African Growth and Opportunity Act (Agoa) exports, has already warned of an economic crisis.

**South Africa has not been spared. Market benefits from Agoa, set to expire at the end of September 2025, are now effectively superseded by the latest tariffs.**

Relations with the US have also cooled under the Trump administration, marked by denied visas for envoys, missed G20 meetings, and criticism of Pretoria's positions on Israel, Iran, and domestic policy.

The focus now shifts to how South African businesses and investors can adapt and remain resilient amid shifting global sands.

#### **No sugar-coating**



Trump's import tariffs, first announced on 2 April 2025, are part of a broader "reciprocal trade" strategy affecting 190 countries, with country-specific rates ranging from 11% to 50% for 57 countries.

The announcement of these tariffs triggered immediate global shock and stock market crashes. Initially, the JSE and South African rand buckled under the pressure. The uncertainty has already influenced operational decisions, as seen when Petra Diamonds delayed a tender for gems from its Cullinan Mine due to ambiguity over the US tariffs. The expected decline in vehicle production and sales due to the car industry tariffs could also reduce demand for platinum group metals, potentially lowering prices and increasing volatility in that sector.

Besides the direct tariffs, several global risk factors exacerbate market uncertainty. The ongoing US-China trade war, though not directly targeting Africa, has already created economic distress in sub-Saharan Africa, contributing to drops in commodity prices and local currencies.

Reduced Chinese demand for raw materials due to slowing production also threatens African exports. Other factors include global protectionist policies, Brexit, and the inherent vulnerabilities of many African economies that rely on the export of a few commodities, coupled with weak manufacturing sectors and infrastructure gaps.

#### **Any silver linings?**

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While the South African rand has been subdued, buoyed by strong gold and platinum prices, currency volatility remains a significant concern – already evidenced by the dramatic plummet of car exports to the US (about 80% in H1) – underscoring the urgency for businesses to preemptively manage their exposure to future currency swings. Downstream, that could affect platinum group metal demand and add fresh pressure to commodity prices, which have long been a cornerstone of rand stability.

At stake are about 100 000 jobs, particularly in the agriculture (citrus fruit, table grapes, wines, macadamia nuts, fruit juices, ostrich leather) and automotive sectors, coupled with the effective nullification of Agoa's long-standing trade preference. With that access now hanging in the balance, and limited scope for South Africa to retaliate without self-inflicted damage, the focus must shift to practical alternatives: strengthening trade links elsewhere, addressing operational bottlenecks, and restoring investor confidence before more ground is lost.

This means urgent cooperation between the South African government, industry associations, and other relevant institutions to identify and access alternative markets.

With little room for retaliatory measures, the emphasis must shift from reaction to adaptation. That includes strengthening trade links in other markets – and ensuring that businesses aren't caught out by sudden swings in exchange rates that can wipe out margins overnight.

With tariffs set to take effect in August, a smart foreign exchange approach is essential – protecting the value of your export revenue, keeping cross-border payments cost-effective, and helping you plan ahead in a market that offers few guarantees.

That said, currency tools aren't a silver bullet, but they can cushion the imminent blow.

### Open new doors

Over the long run, expanding into new markets and building fresh trade partnerships will determine how we survive and succeed. This period of uncertainty is also a chance to rethink our trade relations, strengthen our position as a strategic partner, and push ahead with deeper regional economic integration on the continent. A coordinated regional negotiation effort, potentially led by the African Union and leveraging initiatives like the African Continental Free Trade Area Agreement, could help bolster individual market sizes and establish robust regional value chains.

At the same time, growing trade ties with China may invite pushback from the US, making it essential for African countries to expand partnerships without stoking existing tensions.

While US policy uncertainty brings real challenges, it also creates space for South Africa to strengthen its economic foundations, diversify trade relationships, and reduce reliance on any one partner. By focusing on regional cooperation, smarter market access, and practical resilience, South Africa can face the turbulence ahead with greater confidence and control.

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