

Chile may benefit from U.S. tariff on South African exports

Agricultural exports from Chile might see benefits due to a potential 30% tariff on South African fruit and wine exports to the United States. This tariff increase, announced by the Trump Administration, is contingent on South Africa's response by August 1.

The situation was highlighted during a tariff briefing by XA Global Trade Advisors. Professor Lawrence Edwards from the University of Cape Town stated, "A key danger to South African exports is not only the tariffs that the U.S. imposes on South African goods, but also the size of the tariffs imposed on South Africa's competitors."

The tariffs, first announced on April 2 and paused for a brief period, have now been reconfirmed, placing South Africa at a potential competitive disadvantage. Professor Edwards noted that the "30% reciprocal tariff places us on the upper end of the countries."

The focus now is on how these tariffs might lead to increased competitiveness for other countries' exports, particularly from Chile and Peru. Professor Edwards explained the implications, saying, "That amplifies the negative effect of the tariffs on South African goods. If the competitors get lower tariffs compared to us, we could find that the export losses are accentuated."

Both Chile and Peru currently face 10% tariffs on their agricultural exports to the U.S., a part of a larger trade policy affecting multiple countries. Should the 30% tariff take effect, Chile's exports, including grapes, citrus fruits, and wine, could undercut South African exports in the U.S. market.

Source: Freight News (<https://www.freightnews.co.za/article/chilean-agri-exports-sas-biggest-us-tariff-competitor>)

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