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A mild rise in tariffs in the US

- The U.S. government has raised tariffs against several countries under *Section 301 of the Trade Act of 1974, on the Acts, Policies, and Practices of 60 Economies Related to the Failure of Each Economy to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labour*[1]. The South African government, private sector, and organised agriculture made submissions to the U.S. authorities against this rise in tariffs. **But that message and clarification didn't find a fertile ear.**

- A rise in tariffs that South Africa faces in the U.S. from 10% to 12.5% is not ideal, but the agricultural sector could still do better given where we are coming from: a 30% tariff. Importantly, the US has raised the tariffs for a range of countries, including some of South Africa's agricultural competitors, such as Australia, Peru and Chile, who are also at these levels. Notably, oranges, fruit juices, and nuts are still exempt from these tariffs.

- The U.S. remains an important market for South Africa's agriculture, accounting for about 4% of our agricultural exports of US$15.1 billion in 2025. The main exported products include citrus, berries, grapes, wine, fruit juices, apples, pears, apricots, and nuts.

- At the time of the higher "Liberation Day Tariffs", some South African agricultural exporters took advantage of the 90-day pause on the higher tariffs in the second quarter of 2025 and exported more volume than usual during the second quarter. After this pause, we saw some cooling in exports in the third and fourth quarters of 2025. Notably, South Africa's agricultural exports to the U.S. decreased by 11% in the third quarter of 2025, compared to the same period in 2024, at US$144 million. In the last quarter, South Africa's agricultural exports to the U.S. fell sharply by 39% to US$81 million.

- Still, from an annual perspective, South Africa's agricultural exports to the U.S. in 2025 totalled US$504 million, down 3% from the previous year. This slight annual decline doesn't suggest that the previous 30% "Liberation Day tariffs" didn't have a negative impact on our agricultural sector; we benefited from substantial exports in the second quarter.

- We believe that in 2026, we may see better agricultural export activity as tariffs are far lower than the 30% we faced in much of 2025. The new 12.5% tariff is not desirable, but it is still much better and more aligned with some of our competitors.

[1] Actions by the United States in the Investigations under Section 301 of the Trade Act of 1974 of the Acts, Policies, and Practices of 60 Economies Related to the Failure of Each Economy to Impose and Effectively Enforce a Prohibition on the Importation of Goods Produced with Forced Labor – The White House