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Higher US tariffs take effect, but negotiations continue

- **The global trading system remains in a state of profound uncertainty. South Africa now faces a 30% tariff on its exports to the US. The higher tariffs put South African agricultural products at a disadvantage relative to those of competitor countries, such as Peru and Chile, that pay a much lower tariff of around 10%. The most exposed agricultural industries include ostrich products, table grapes, citrus, nuts and wines, amongst others.**
- But this is not the end of the road. The South African government continues to negotiate. The senior officials - Department of Trade, Industry and Competition (DTIC), Department of Agriculture, Department of International Relations and Cooperation (DIRCO), and The Presidency – is likely to go to the US soon further to persuade the US administration for much favourable tariff levels.
- But these negotiations, as we see in so many countries, are proving to be challenging. For example, the US has placed significantly higher tariff rates on several countries, such as the EU and Japan, which face tariffs of between 15% and 20% even after the “new deals.” These higher tariffs illustrate that the path ahead will be challenging for South Africa as the country negotiates while it is still in the process of mending its relations.
- It also remains unclear if Peru and Chile will see any change in their tariff regimes. But at the current levels, they have a far bigger advantage over South Africa, putting our exports at a slight disadvantage.
- **We continue to work in support of the South African government to refine its offering as the US market remains vital to South Africa’s agricultural sector, and many sectors of our economy.** The possible economic fallout on our various industries has been well communicated to the government for consideration and urgency as the process continues. Currently, we remain in a state of profound uncertainty, which is costly to businesses.
- Again, the announcement of the current tariffs does not signal the end of the road. **The negotiations continue, and the South African authorities are working on refining the offer.**