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Fact sheet: Implications of US tariffs for South Africa

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The new 30% US tariff on South African exports to the US makes no economic sense. To start with, far from being reciprocal, it is six times as high as the weighted average tariff that South Africa imposes on US imports. Furthermore, it exempts platinum, titanium and other raw materials that account for a third of South African exports to the US. These minerals exports are responsible, however, for the trade surplus with the US. The tariffs will instead fall heavily on manufactured goods, especially auto, metals, and other exports, that have a higher value added. In short, they are effectively designed to block countries in the global South, including South Africa, from exporting manufactures as part of a pathway to industrialisation.

This fact sheet reviews the pattern of trade between South Africa and the US, the tariffs imposed historically by the two countries on each others' imports, and the peculiar methodology used by the US government to arrive at the 30% tariff.

While the 30% tariff is both unfair and unfounded, South Africa's has virtually no capacity to respond in kind because it accounts for only around a quarter of a percent of all US trade. By extension, the only realistic short-term response is to step up collaborative efforts to enable South African exporters of manufacturers to find alternative markets. The South African government, industry associations, oversight committees for the master plans, and other institutions with relevant capacity should urgently come together to develop programmes to assist the affected companies to identify and access new markets. An intergovernmental task team should prioritise the agreements and protocols needed to facilitate new market development. South African trade missions need to support the impacted firms both with finding new customers and where necessary to establish new supply chains.

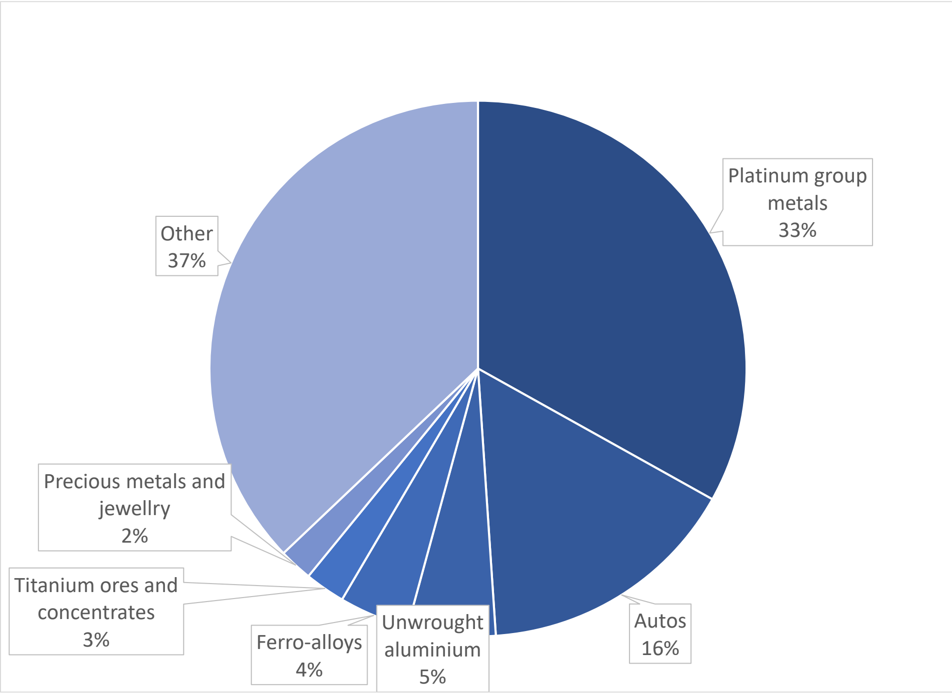
The US government periodically dangles the chance to renegotiate tariffs based on unspecified concessions. Because South Africa already has only very low or no tariffs on most imports from the US, as detailed below, it has very little scope to meet these demands. In any case, renegotiating the tariffs will likely take months or years, unless there is a strong backlash within the US against the entire programme. Even if the US government were genuinely prepared to negotiate the exorbitant tariffs it has imposed on South Africa, it does not have capacity to engage with all of the countries that it has penalised. South Africa is unlikely to be high on its priority list for the negotiations process.

A third option is to impose tariffs on US imports in a tit-for-tat move. Because many of the products imported form the US by South Africa firms are intermediate goods used in local production, imposing tariffs on them would only harm the South African economy further. Ultimately, the solution lies in market diversification and finding willing partners to trade with.

What do the trade data show?

South Africa sends 7% of its exports to the USA, accounting for 0.25% (a quarter of a percent) of all US imports. Some three quarters of South African exports to the US comprise mining products, including steel and catalytic converters using platinum. A seventh is autos. Graph 1 shows major South African exports to the US. Platinum group metals, titanium and some ferro alloys are exempt from the tariffs. As a result, around 37% of all South African exports to the US are not covered by the tariffs. Iron and steel are exempt from the specific tariffs on South Africa, but faces a 25% tariff on all US iron and steel imports.

Graph 1. Major South African exports to the US

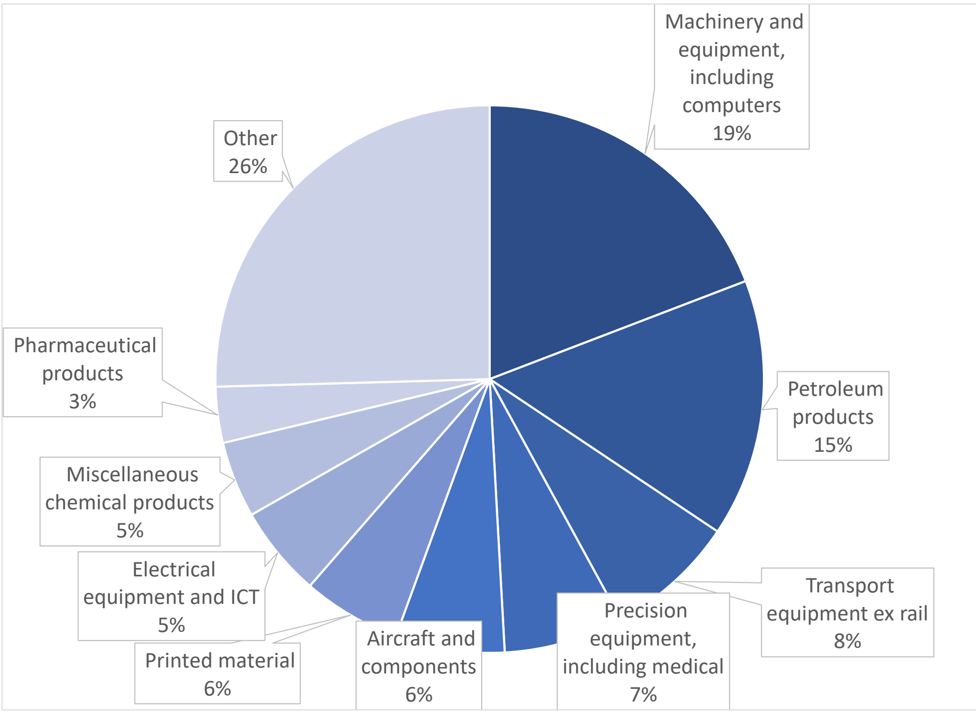


Source: Calculated from TradeMap. Downloaded from https://www.trademap.org *in March 2025*

While the industries affected by the US tariffs are not major employers, they are important sources of export revenues for South Africa. Moreover, the auto industry is South Africa's only major exporter of manufactured products. In 2024, the US bought around a quarter of South African exports of autos and unwrought aluminium, and almost 90% of South African exports of gold and jewellery. It also imported around a quarter of South African exports of platinum group metals and titanium. In contrast, it accounted for under a tenth of South Africa's exports of ferro alloys.

South African imports from the US are spread across a wide range of products, largely petrol, cars, aircraft and aircraft components, computers, and other machinery and equipment. (Graph 2) The US supplies half of South Africa's imports of aircraft and components; a fifth of precision equipment; a seventh of chemical products; and a tenth each of pharmaceuticals and machinery and equipment, which includes computers. It supplies less than 10% of South Africa's imports of ICT, autos and petroleum products. Printed material is also reported as a major import. It comprises primarily paper money and stamps, which appear to be mostly re-exported.

Graph 2. Major South African exports to the US



Source: Calculated from TradeMap. Downloaded from https://www.trademap.org *in March 2025*

The tariff balance

Data from the World Development Indicators show a downward trend in South Africa's weighted mean tariff[1] between 2005 and 2022, from just below 6% to less than 5%.

Table 1 shows the duties on the top 10 imports from the US by tariff line. Only auto equipment faces a nominal 20% tariff. In practice, almost all auto imports enjoy a complete rebate from tariffs under the Automotive Production Development Programme. The other ten products are not tariffed at all. In fact, of South Africa's top ten imports that face a duty, which include refrigerators and air conditioners, China is the top import source, and not the US.

Table 1: Top 10 imports from the US and applicable general duty, 2025

HS code	Product description	General duty
98010040	Original equipment components: for goods vehicles	20%
88024000	Aeroplanes and other powered aircraft of an of an unladen weight > 15000 kg (excluding helicopters and dirigibles)	Free
27111200	Propane, liquefied	Free
27111390	Butanes, liquefied (excluding of a purity of >= 95% of n-butane or isobutane): other	Free
38221900	Prepared diagnostic or laboratory reagents whether or not on a backing(a)	Free
98010030	For motor cars (including station wagons) of heading 87.03	20%
88073000	Parts of aeroplanes, helicopters or unmanned aircraft, n.e.s. (excl. those for gliders) (b)	Free

[1] Defined by the as "the average of effectively applied rates weighted by the product import shares corresponding to each partner country." https://data.worldbank.org/indicator/

HS code	Product description	General duty
84715000	Processing units for automatic data-processing machines	Free
84111200	Turbojets of a thrust > 25 kn	Free
90189000	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	Free

Source: Calculated from TradeMap. Downloaded from https://www.trademap.org *in March 2025; and General duty data from SARS tariff book downloaded from* https://www.sars.gov.za/ *in April 2025.*

As Table 2 shows, most of South Africa's exports to the US have historically been duty free. Raw materials have not faced any tariffs. South Africa's exports of manufactures to the US – led by autos, refined aluminium and jewellery - were duty free under the African Growth and Opportunities Act (AGOA). The new tariffs appear to supersede the Act, effectively negating a law passed by Congress. The tariffs that would have applied absent AGOA ranged from 1.9% to 7%, far below the 30% level imposed by the Trump regime. In addition to the general tariffs imposed on South Africa, the US has set a tariff of 25% on all aluminium imports.

Table 2: Top 10 exports to the US, AGOA eligibility and MNF tariff as of April 3rd, 2025

HS code	Product description	AGOA status	MNF tariff
87032390	Motor cars and other motor vehicles principally designed for the transport of persons: other	D-AGOA	2.5%
71102100	Palladium, unwrought or in powder form	N/A	Free
71101100	Platinum, unwrought or in powder form	N/A	Free
71103100	Rhodium, unwrought or in powder form	N/A	Free
76011000	Aluminium, not alloyed, unwrought	D-AGOA	2.6%
71103900	Rhodium in semi-manufactured forms	N/A	Free
71101900	Platinum, in semi-manufactured forms	N/A	Free
72024100	Ferrochromium, containing by weight > 4% of carbon	D-AGOA	1.9%
26140000	Titanium ores and concentrates	N/A	Free
71131900	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not plated or clad with precious metal (excluding articles > 100 years old)	D-AGOA	5.5% - 7%

Source: Calculated from ITC Trade Map data. Downloaded from https://www.trademap.org in March 2025. AGOA status and MNF tariff data downloaded from https://agoa.info/ in April 2025.

The origins of the 30% tariff

The US arrived at the 30% figure without any investigation into South Africa's actual trade policies. Instead, according to the office of the US Trade Representative (USTR), it designed the tariffs on each US trade partner, including South Africa, by calculating the US deficit in goods trade with the country as a percentage of the country's goods exports to the US. It then set the tariff at half of the resulting percentage, apparently because the tariffs implied by its actual methodology would in many cases exceed 50%. For South Africa, the figure would be 60%.

The US justified this peculiar methodology, which it applied to all of its trading partners, primarily by making three unrealistic assumptions.

- First, it argued that if any trade deficit between two countries must result from tariffs or non-tariff barriers. In the real world, countries run surpluses and deficits with different countries based on their market demand and their ability to supply particular goods, not because of trade barriers.

South Africa has a surplus with the US and most southern African countries, but a deficit with China, the EU and various petroleum exporting countries.

US demand for minerals accounts for most of South Africa's deficit with the US. If the raw materials exempted from the new tariffs are excluded from South African trade with the US, its surplus with the US would shrink by a third. That means the USTR formula would suggest a tariff of around 20%.

Similarly, most lower income countries in southern Africa run deficits with the US because they export raw materials or low-cost manufactures but cannot afford many US products. That is why the USTR formula imposes even higher tariffs on Lesotho and Madagascar, which rank respectively as the 22nd and fourth poorest countries in the world (measured by GDP per person according to the World Bank).

- Second, the USTR formula assumes that the percentage increase in tariffs will translate precisely into the resulting percentage decline in US imports. It provides no evidence at all to support this assumption. Instead, it derives its formula from very broad and entirely unsubstantiated estimates for the price elasticity of demand for imports in the US and the share of the tariff passed on to US consumers.
- Finally, the USTR simply ignores services, looking only at goods trade. South Africa has a deficit on services trade with the US. If services were included in the USTR formula, the tariff on South Africa would come to 21%.

Previous American administrations encouraged exports from African countries through the Africa Growth and Opportunities Act (AGOA) as a means to support economic development in Africa. In addition, many African countries export their minerals and oil to the USA. The recent measure by the current USA administration is well in excess of any reciprocal tariff, and impacts on economic development in Africa.