

# Press Release

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## Driving Trade Forward: AfCFTA, AGOA, BRICS and the Tariffs - All On The Menu At Automechanika CEO Breakfast

On Thursday, 8 May, leading figures in the automotive industry met at the Centurion Country Club for another Automechanika CEO breakfast event - "The African Connection" -, hosted by Messe Frankfurt South Africa.

"As we navigate shifting trade agreements, tariffs, and international relations, South African automotive businesses are actively seeking new partnerships and market opportunities," said Michael Dehn, Managing Director at Messe Frankfurt. "The discussions taking place at these events reflect the current trends in the industry. Companies are adapting to rapid change and repositioning themselves within evolving trade frameworks, such as the African Continental Free Trade Area (AfCFTA), African Growth and Opportunity Act (AGOA) and among Brazil, Russia, India, China and South Africa (BRICS) countries," added Dehn.

### Key Components

Recent US tariff impositions have had a significant impact on the automotive sector, with 25% tariffs now applied to vehicles and vehicle components (implemented in March and May 2025, respectively), alongside a 10% baseline tariff on all imports.

Prior to the implementation of the new regulations, 99% of vehicles and automotive components from South Africa entered the US under the auspices of the AGOA, benefiting from duty-free treatment.

The sector is a key component of South Africa's export economy, with vehicles and parts accounting for 15% of the country's total exports to the United States, South Africa's second largest export market.

### Unreciprocal

During her presentation, Dr. Paulina Mamogobo, Chief Economist at NAAMSA (the Automotive Business Council), explained that the EU is still the major export destination from South Africa, accounting for over 76% of automotive exports. The looming US tariffs already had a rather preemptive impact on Q1-2025 numbers as exports to the US reduced from 6% in 2024 to 2% in Q1-2025. However, this reduction was compensated by other export destinations. Further details will be announced by NAAMSA during their launch of the Automotive Trade Manual on May 15th.

Mamogobo stated that the AfCFTA is a strategic response to these challenges, creating a \$3.4 trillion market across 44 African countries by eliminating tariffs and boosting intra-regional trade. However, she noted that infrastructure gaps remain a significant challenge to fully realising this potential.

Ronel Oberholzer, Head of Sub-Saharan Africa Economics at S&P Global Market Intelligence, explained that the global automotive landscape is further complicated by China's oversupply of vehicles (especially EVs) potentially getting into African markets, creating direct competition for South African manufacturing, while India's low-cost advantage intensifies competitive pressures. In her view, the BRICS countries are not necessarily new markets for South African finished goods, but rather source of further investments into

Africa.

Jenny Tala, Director Southern Africa: Germany Trade & Invest stated that the tariffs imposed by the US effectively nullify the benefits of the AGOA, and that this poses a threat to South Africa's automotive manufacturing competitiveness. Tala recommended to diversify export markets by expanding regional and international trade relations.

Duane Newman, Partner: EY South Africa demonstrated the potential benefits for South Africa of global trade tensions between major automotive markets, particularly in the context of the Trump administration's protectionist policies. The country is poised to experience heightened investment, as multinational manufacturers seek to diversify their production away from Mexico and China. Newman also stated that the newly reduced focus of the US administration on NEV's could benefit South African manufacturers, who are still majorly producing ICE vehicles.

However, Donald MacKay, CEO: XA Global Trade Advisors cautioned that Africa's automotive industry is faced with the challenge of navigating infrastructure limitations, including underdeveloped road and rail networks that result in significant transportation costs. Rail transport, though five times more expensive than water transport, remains half the cost of road freight, highlighting the need for infrastructure investment to support automotive trade across the continent.

### **On-trend**

"While it is impossible to predict exactly what will happen next in this volatile landscape, I am confident that our exhibitions will continue to be the place where these critical business connections are made," continued Dehn.

"In the current climate of global economic turbulence, exhibitions such as Automechanika Johannesburg are instrumental in shaping the emerging global trade landscape," he concluded.

For more information about exhibiting or attending Automechanika Johannesburg 2025, please visit [www.automechanikasa.co.za](http://www.automechanikasa.co.za) or contact Tracy Gounden at [tracy.gounden@za.messefrankfurt.com](mailto:tracy.gounden@za.messefrankfurt.com)

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### **Links to websites:**

<https://automechanika.za.messefrankfurt.com/johannesburg/en.html>

### **Background information on Messe Frankfurt**

[www.messefrankfurt.com/background-information](http://www.messefrankfurt.com/background-information)

### **Sustainability at Messe Frankfurt**

[www.messefrankfurt.com/sustainability-information](http://www.messefrankfurt.com/sustainability-information)