

US TARIFFS AND AGOA: IMPACT ON THE SOUTH AFRICAN ECONOMY

CENTURION, 8 MAY 2025

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US Tariffs and AGOA: Impact on the South African Economy

Agenda

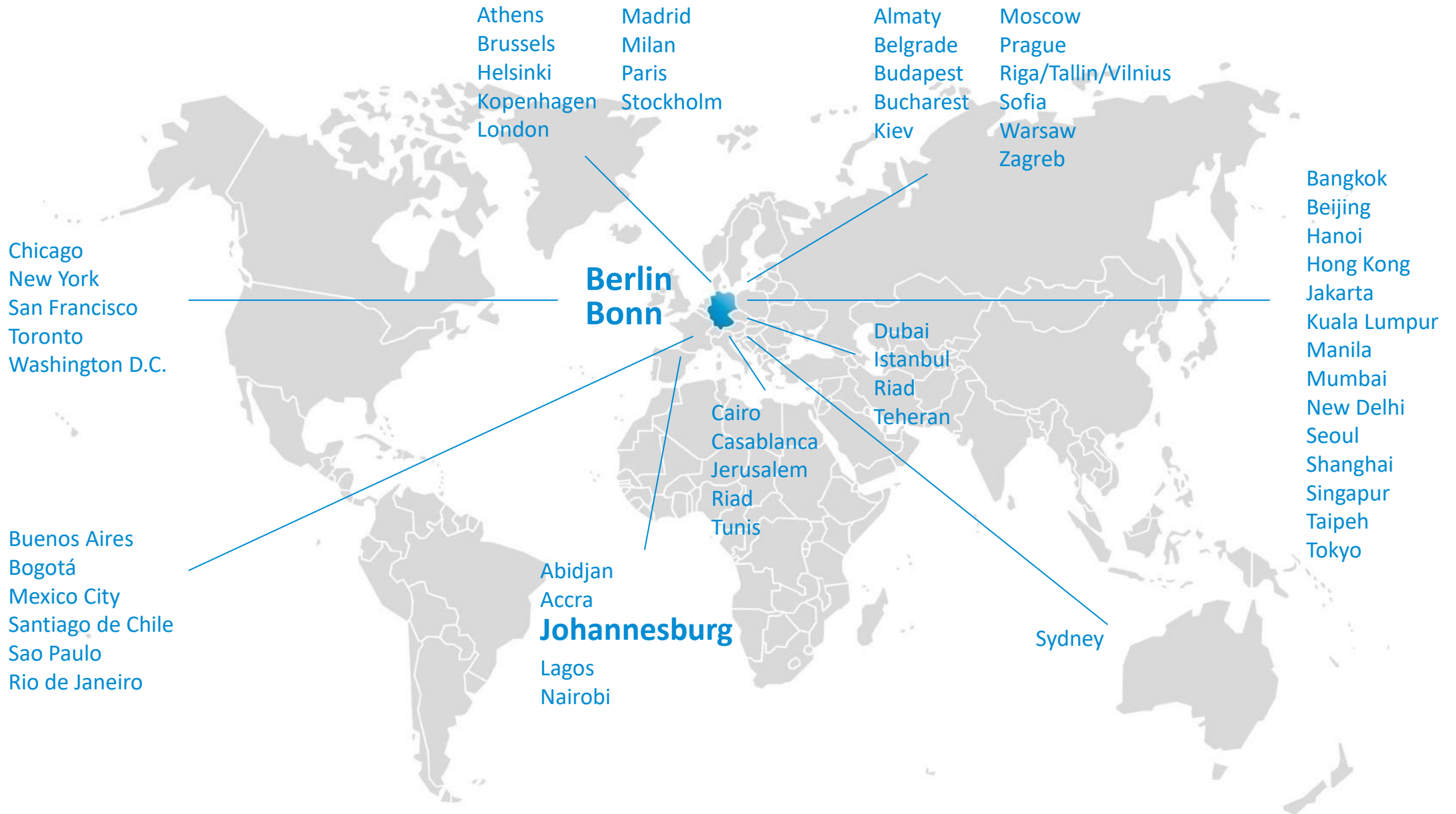
1. About GTAI
2. South Africa: Economic Structure and Trade
3. AGOA and US Tariffs
4. The Road Ahead



1. ABOUT GTAI

A large group of people, mostly in business attire, are posed for a group photo in a modern, spacious hall. The hall features a high ceiling with a complex glass and steel dome structure. Large, white, sculptural elements resembling stylized leaves or petals are suspended from the ceiling. The floor is covered with a red carpet. In the background, a large screen displays the text "GTAI-CONFERENCES 2019". The overall atmosphere is professional and high-tech.

Germany Trade & Invest (GTAI) is the
international business promotion
agency of the Federal Republic of
Germany





Export Promotion



***Incoming Business
Expansions***



***General Location
Marketing***



***Support Programs &
Internationalization***

A photograph of two construction workers, a man and a woman, standing on a construction site. The man is wearing a yellow hard hat and a grey work shirt, holding a large sheet of paper. The woman is wearing a red hard hat, safety glasses, and a high-visibility yellow vest over a dark shirt, also holding a tablet. They are both looking upwards and to the right. In the background, there are blue and grey metal structures, possibly part of a building under construction.

150 Countries, One Data Base

- Economic analyses
- Market and sector studies
- Legal and customs
- Business practices
- Tenders and Projects
- Events
- Support programmes

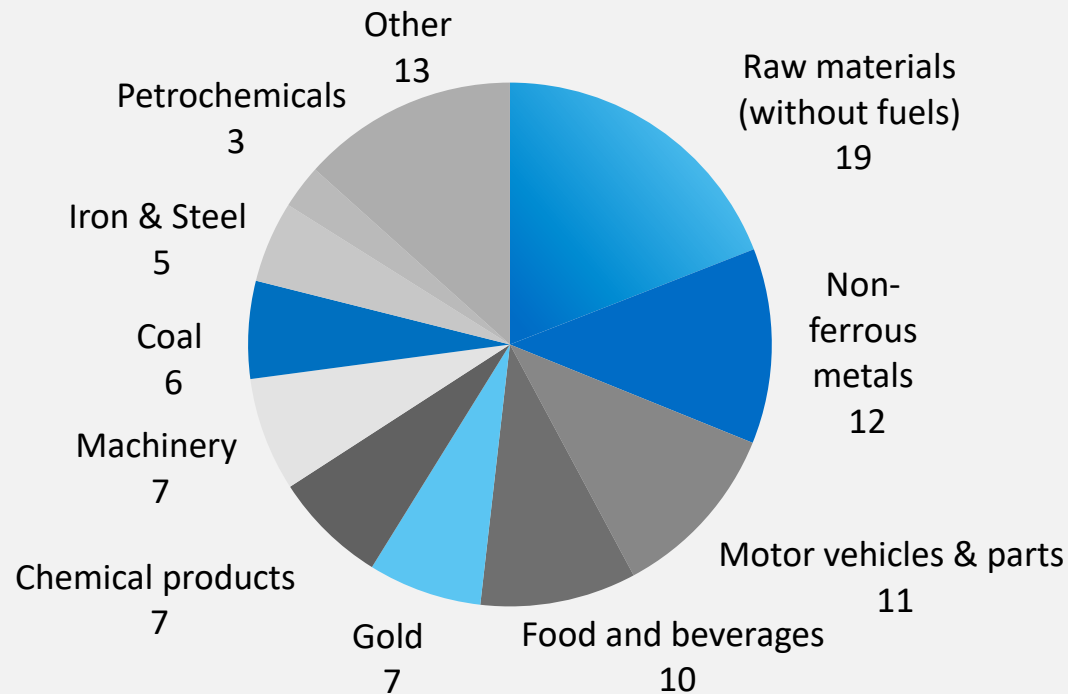
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2. SOUTH AFRICA: ECONOMIC STRUCTURE AND TRADE

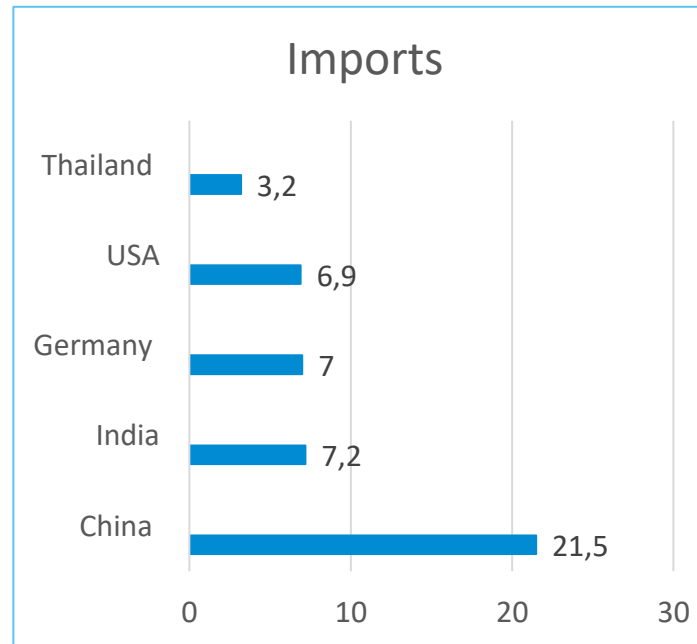
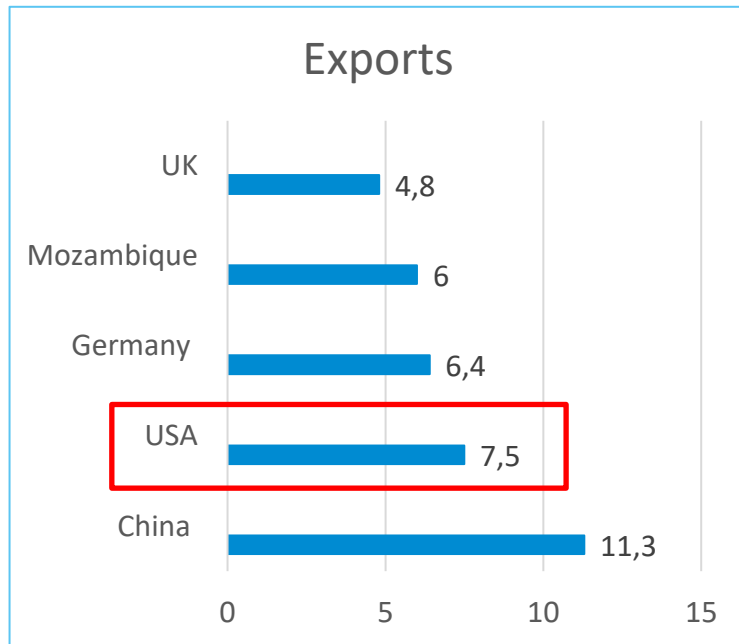
More than 50% of South African Exports are Raw Materials

South African Exports 2024 (in %)

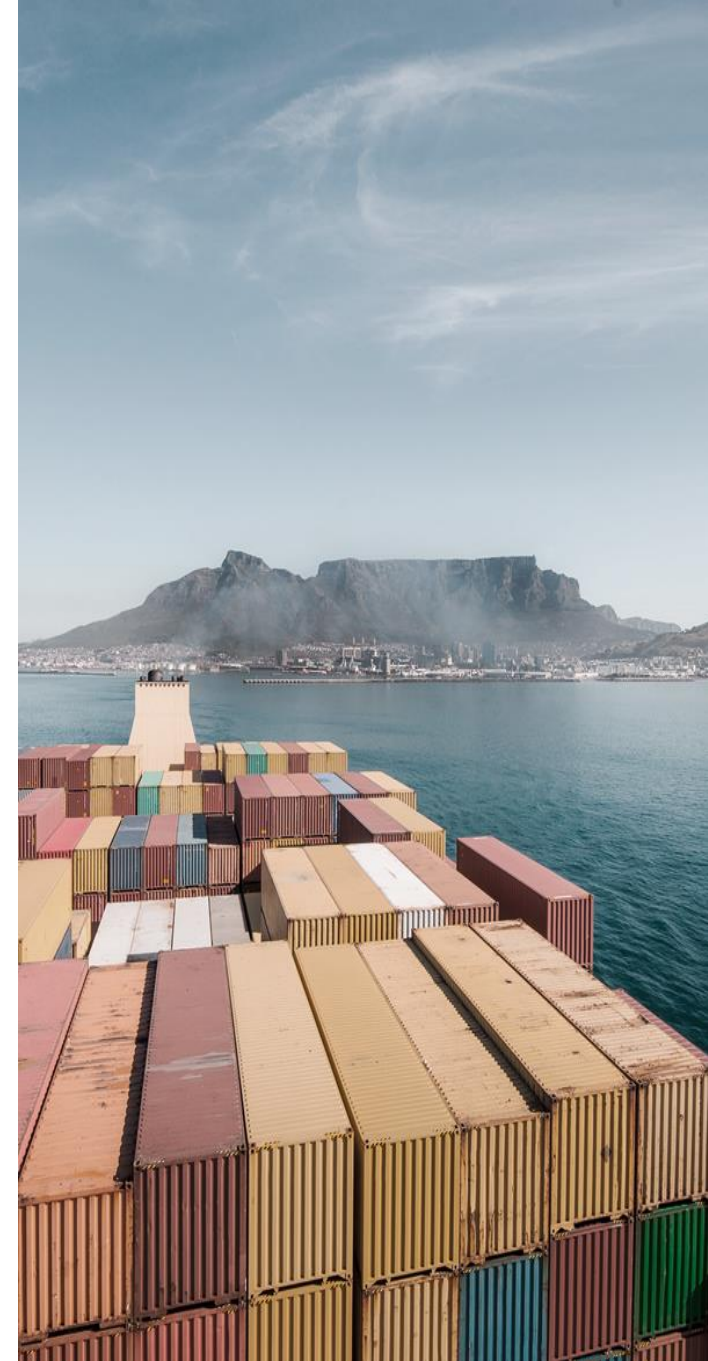


US is second most important Export Market for South Africa

South Africa's Top-5 Trading Partners 2024 (share in %)



Source: UN Comtrade

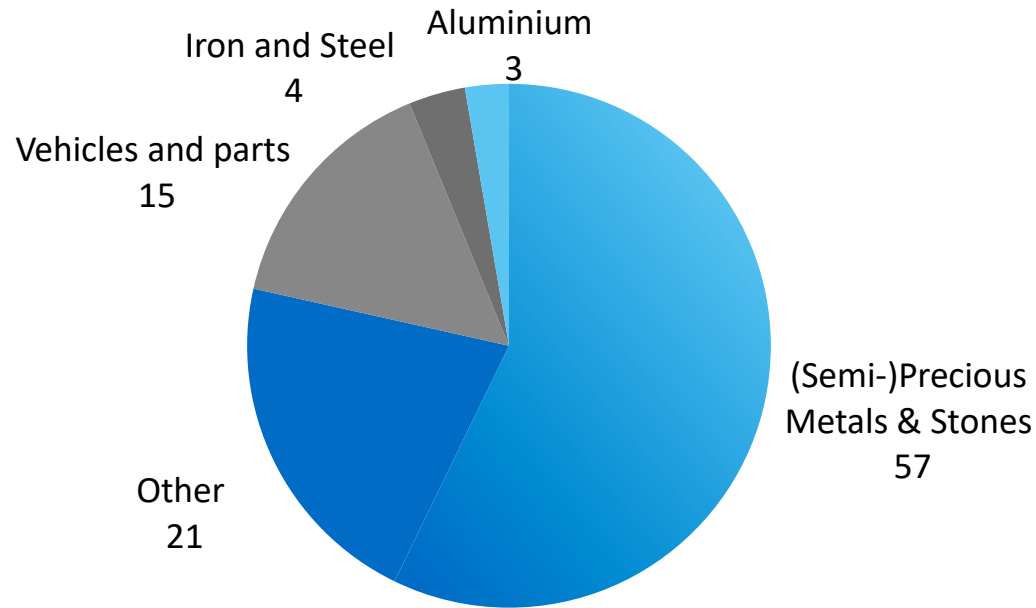




3. AGOA AND US TARIFFS

15% of South Africa's total Exports to the US are Vehicles

South African Exports to the US 2024 (in %)



HS Codes 71, 87, 76, 72

Source: US Comtrade

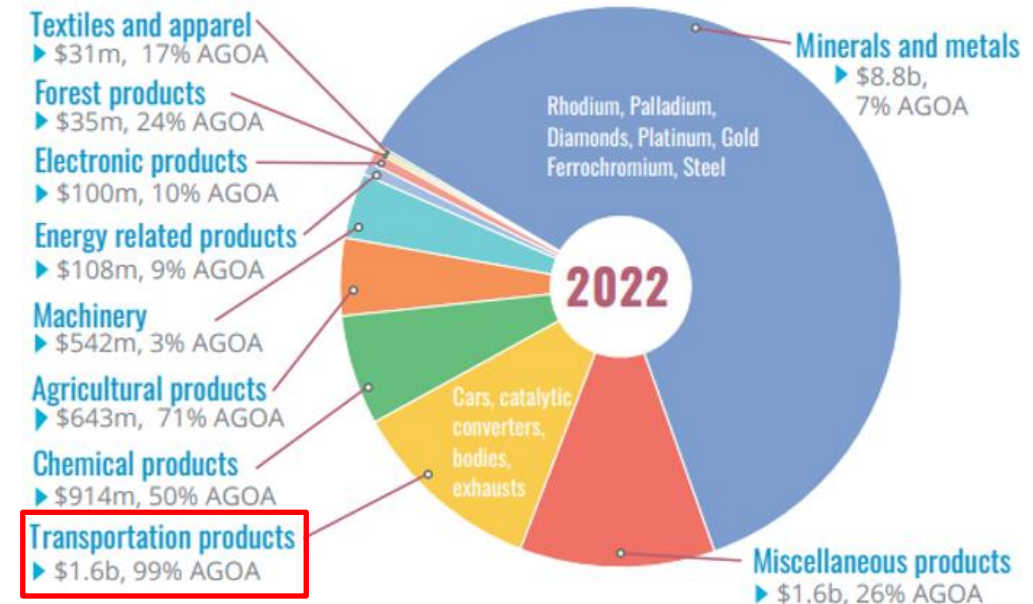


African Growth and Opportunity Act

- Adopted in 2000 to improve the economic relations between the US and Sub-Saharan Africa
- Grants duty-free access to the US market for > 1,800 products
- South Africa is the leading exporter under AGOA
- 99% of all vehicles & parts and 71% of agricultural products enter the US duty-free based on AGOA

South African Exports to the US 2022

(Any % values denote the respective share of South Africa's sector exports that entered the US duty-free under AGOA)



Non-AGOA trade in each category is mostly duty-free under the standard U.S. tariff schedule

US tariffs on South African Products



- **25%** tariffs on steel, aluminum, vehicles (since March)
- **10%** baseline tariffs (since April 5)
- **31%** reciprocal tariffs (since April 9, paused for 90 days until July 8)
- **25%** on vehicle components (since May 3)

The US tariffs undermine and effectively nullify the benefits of AGOA.

South Africa – USA: Trade Relations

8,8

Billion USD: US trade deficit
with South Africa (2024)

7,5%

Share of total South African
exports to the US (2024)

0,4%

Share of South African imports
of total US imports (2024)

25%

Tariffs on all steel, aluminum,
vehicles & components imports

31%

Reciprocal tariffs on South
African goods imposed by the
US

7,6%

Weighted average tariff that South
Africa imposes on US imports
according to SA government

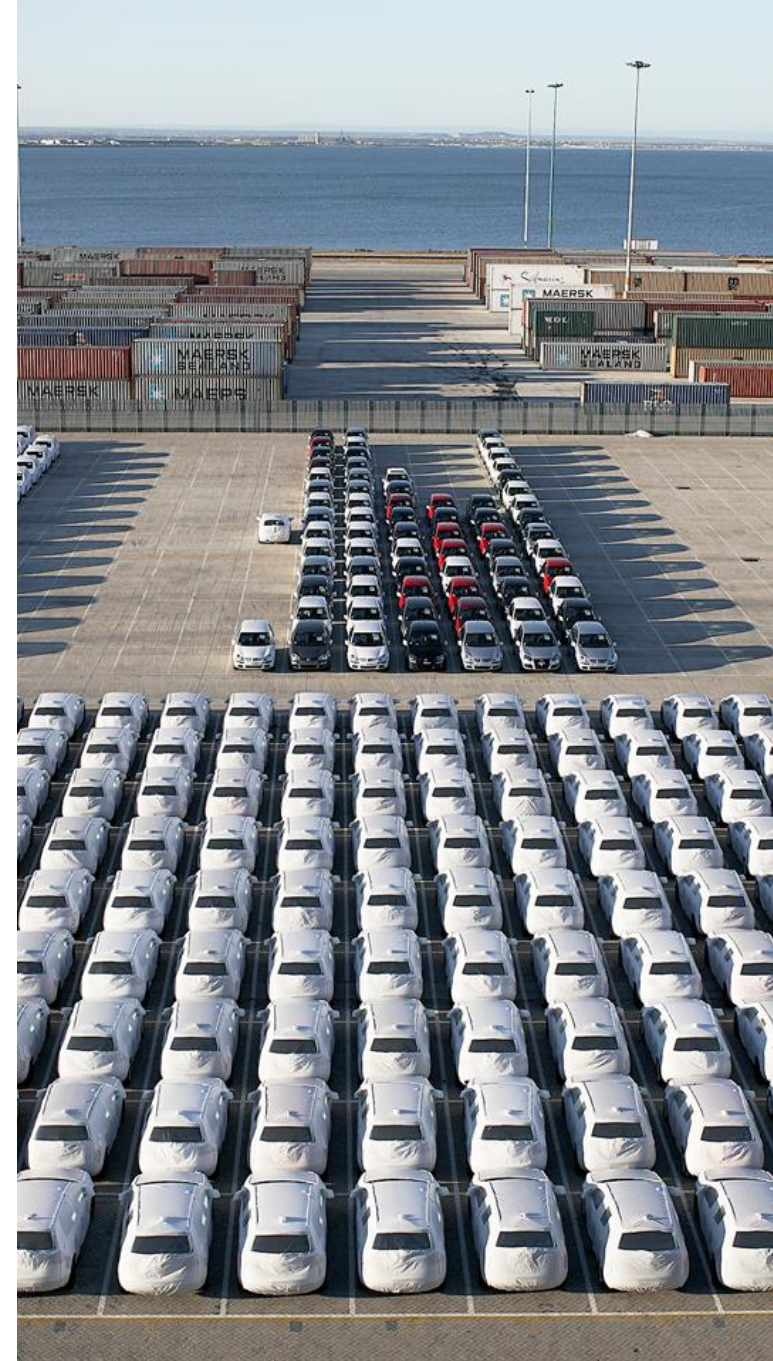
Potential Impacts on the South African Economy

Slower
economic
growth

Declining
competitiveness
of South African
products

Decrease in
production and
industrialization

Job
losses





4. THE ROAD AHEAD

Mitigation strategies

- **Advocacy** for renewal of AGOA and/or new trade agreements with the USA
- **Diversify export markets by** expanding regional and international trade relations
- **Strategic investment in local industries** to boost domestic growth
- **Enhance competitiveness** to sustain global market access despite tariff barriers

Market diversification, strong partnerships and local investment are the key factors for sustainable growth and long-term economic resilience.

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