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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR ORAL REPLY

QUESTION NO. 1483

US Tariff Hikes

Ms S L Sithole (North West: ANC) to ask the Minister of Trade, Industry and Competition:

What impact the United States tariff hikes have on the consolidation of the African Continental Free Trade Area Agreement? CO1494E

REPLY:

The introduction of the new US unilateral and reciprocal tariffs represents a significant external shock to Africa's trade environment, occurring at a critical juncture when the African Continental Free Trade Area (AfCFTA) is entering its consolidation and implementation phase. While these tariffs will disrupt export flows and erode preferential market access for several African economies, they may also serve as a catalyst for deeper continental integration and faster implementation of the AfCFTA's trade liberalisation and industrialisation agenda.

The US tariff measures will likely accelerate the political and economic momentum for consolidating and implementing the AfCFTA. The sudden loss of preferential access to the US for AGOA beneficiary countries reinforces the urgency for African countries to reduce dependency of their exports on a single or few partners, and to build resilient intra-African value chains. This could encourage the commitment of member states to finalise outstanding work on the AfCFTA protocols - particularly those on rules of origin (Trade in Goods), investment, intellectual property rights, digital trade, and trade in services.

However, uneven exposure to the US market across African countries may also distract countries from the important intra-African trade integration agenda, introduce divisions in their negotiation priorities, and slow the pace of harmonisation. Countries such as Lesotho, Kenya, and South Africa, which have historically benefited significantly from AGOA preferences, may face short-term economic pressures that will have implications on industrial sectors and jobs.

The tariffs underscore the strategic importance of trade diversification and regional industrialisation. By redirecting attention towards intra-African trade and local manufacturing, they present an opportunity to operationalise AfCFTA mechanisms designed to promote regional value chains and reduce Africa's vulnerability to external

shocks. In particular, the AfCFTA can serve as a framework to support affected exporters in identifying alternative markets within Africa, harmonising standards, and simplifying rules of origin.

Despite the potential for positive acceleration of AfCFTA implementation, the US tariff shock also poses coordination and implementation risks. Divergent national responses - such as bilateral negotiations with the US and other external partners - could fragment Africa's collective trade position and may undermine the common external tariff within customs unions like SACU. Such unilateral moves risk eroding the coherence of the AfCFTA framework and creating overlapping obligations that may complicate regional integration. It should however be noted that the AfCFTA provides that any better treatment extended to third parties should be extended to AfCFTA State Parties on the basis of reciprocity.

Additionally, fiscal and macroeconomic pressures from reduced export earnings could constrain governments' ability to finance AfCFTA-related programmes, such as trade facilitation, industrial upgrading, and infrastructure development. This could slow the rollout of trade enabling infrastructure crucial for intra-African commerce.

AU Member States need to reflect on what these geopolitical developments mean for Africa and what the collective response should be. The continent should continue to strive to advance its developmental and industrial agenda to fulfil the promise of a prosperous and integrated continent. AU Member States should avoid remaining silent on measures that derail Africa's growth. Trade protectionist measures by developed countries target African exports in key growth sectors while ensuring that developed countries maintain a secure supply of Africa's mineral resources.

The reality is that Africa cannot suddenly be decoupled from existing trade and cooperation relationships and needs a tactical strategy that recognises this vulnerability but also builds on its strength. Such a strategy should combine short-term pragmatism - through selective engagement with major powers - with long-term ambition rooted in the AfCFTA and Africa's collective industrial and trade policy frameworks. This approach will enable Africa to safeguard its immediate interests while advancing toward deeper continental integration and sustainable growth.

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