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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 3022

Ms E L Powell (DA) to ask the Minister of Trade, Industry and Competition:

Whether, given the recent imposition of steep United States (US) tariffs on the South African exports, particularly in the automotive sector, and the uncertainty surrounding the renewal of the African Growth and Opportunity Act, he will detail the specific actions undertaken by his department to address the challenges; if not, what is the position in this regard; if so, what further measures will be implemented to restore and strengthen trade relations with the US following the working visit of the President, Mr M C Ramaphosa, to that country from 19 to 22 May 2025? NW3484E

REPLY:

In April 2025, the US announced reciprocal tariff against numerous countries including 30% on South Africa. A 90-day pause has been announced on the reciprocal tariffs effective from 9 April 2025 and this is replaced with a 10% tariff that is imposed in addition to the MFN duty. However, for AGOA eligible countries including South Africa, the MFN duty is waived thus giving a margin of preference. The US also imposed Section 232 tariffs on imports of automobiles and auto parts and also on steel and aluminium from all countries.

Therefore, AGOA-eligible countries including SA are currently subjected only to the 25% Section 232 tariffs on steel, aluminium and automotive and auto parts, and also the reciprocal tariffs at 10%. Furthermore, sectors like copper, pharmaceuticals, semiconductors, lumber articles, certain critical minerals, and energy and energy products have been excluded from the reciprocal tariffs.

In 2024, South Africa's merchandise exports to the US were dominated by platinum group metals (PGMs), which accounted for 31.8% of the export basket and motor vehicles, parts and accessories (21.8%), with these two export categories accounting for 53.6% of the export basket to the US. Other key exports include non-ferrous metal products, basic iron and steel, other manufacturing (such as jewellery, metal waste and scrap), mining of chrome and manganese, diamonds, as well as chemical products.

Due to exemptions from the reciprocal tariffs, around 35% of SA exports are exempted from those tariffs, while around 40% of exports (automobiles and auto parts, and steel and aluminium) will be subject to 25% Section 232 tariffs. As indicated above, the US granted exemptions from reciprocal tariffs to products such as critical minerals, pharmaceuticals, and metal waste and scrap.

There are two process that are underway: i) Government submitted to the United States, a framework to promote mutually beneficially trade and investment. In this regard, Minister Tau also had a bilateral engagement with the USTR Ambassador Greer to present the framework. Further, President Ramaphosa discussed the framework with President Trump. It is expected that the negotiation will start soon; and ii) diversification of markets to create resilience. The diversification efforts focus on countries with which South Africa has trade agreements in place, such as Southern African Customs Union (SACU), Southern African Development Community (SADC), Africa Continental Free Trade Area, SADC-European Union Economic Partnership Agreement, the European Free Trade Association, the SACU-Mozambique Economic Partnership Agreement with the United Kingdom, as well as a preferential trade agreement with MERCOSUR comprising Brazil, Argentina, Paraguay and Uruguay. Further, South Africa established strategic relationships with a number of countries in Asia and the Middle East. To safeguard and expand South Africa's global trade footprint in light of trade disruptions, 22 priority markets have been identified, across various regions. The priority countries include countries in Africa and a mix of high-demand economies and longstanding trade partners.

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