South African exporters are accelerating the search for alternative markets as US tariffs bite

By ECIC Senior Economist, Nezo Sobekwa

AGOA STILL HOLDS PROMISE THANKS TO NET GAINS FOR US

South African exporters are under pressure after the United States imposed a 30% tariff on key goodsfrom citrus and wine to auto components. Nezo Sobekwa, economist and country risk analyst at the Export Credit Insurance Corporation (ECIC), told National Security News in an interview that it is South Africa's wine industry and agricultural products that "have really felt the full wrath of the tariff implementations." Sobekwa noted that in anticipation of the impact of the tariffs, there has been stockpiling, which has caused some industry value chains to be obscured in the short term, creating risks.

However, Sobekwa said, that the process of looking for alternative markets for South African exporters has been accelerated. The ECIC has taken a number of steps to assist local exporters as well as commercial banks to ensure that they are cushioned against the effects of the tariffs.

"In support of the negotiations with the Department of Trade, Industry and Competition and the US, the ECIC is providing excellent insurance coverage and lower premiums to help ensure that any losses incurred as a result of import taxes and tariffs into the US do not completely spill over to the exporters, and that it remains a commercially viable exercise to export to this very important market of the United States."

The ECIC is also actively seeking alternative markets for South African exporters, including emerging economies that are expected to experience good GDP growth over the coming years, such as Zambia, Côte d'Ivoire, and Namibia.

In the agricultural sector, Nezo mentioned that South Africa has maintained good relations with several European and developing states.

"We are looking to increase our exports and divert them into those particular markets."

Mauritius is a key focus, as it has re-export port terminal facilities that allow South Africans to leverage their advantageous geopolitical positioning in the Far East, including Indonesia and Vietnam.

China, he said, will always be a noteworthy export destination because it consumes a significant portion of the world's minerals. The decision of China to drop all import tariffs for the continent of Africa "definitely opens up that market for South African exports." An added complication for South Africa is that the African Growth and Opportunity Act (AGOA) is expiring on 30 September 2025, with a push for renewal from several African countries. The US has not confirmed any renewal decision, but Sobekwa disagrees with the resignation from South African businesses that AGOA will not be renewed, as he believes it yields net positives for the US.

"The net impact of AGOA on the United States is positive—especially when you consider American investments in sectors like automotive. Take the Ford plant in Silverton, for example: it assembles vehicles in South Africa and exports them to other markets, which is a win for US trade interests, " he added. You also have Sasol's petroleum investments in the US, among other strategic levers, which give South Africa a credible basis to negotiate a renewed AGOA—perhaps one that's more reciprocal. It may not remain as asymmetrical as it currently is, but there's a strong case for continuing tariff reductions in key sectors that benefit both nations."

Sobekwa states that in the race for critical minerals, the ECIC plays a crucial role in insuring against political risk when investing in Africa. They provide insurance against currency convertibility issues, terrorism, sabotage, regulatory changes from government shifts—including military regimes in the Sahel—and sovereign defaults amid rising debt.

This de-risking, he said, enables commercial viability in high-risk environments, facilitating development and trade while addressing global perceptions and ratings downgrades. The ECIC is involved in various projects aimed at de-risking infrastructure, water, and renewable energy developments, including renewable energy projects in Angola and the Beitbridge renewal in Zambia, a vital commodity route to Durban port.

"So, we also help African goverments to de-risk any of their development projects with private developers and commercial lenders by taking on the sovereign default risk where a sovereign may not be able to pay. The ECIC will be there to pay. And we've done so. If you look at Ghana, which did default, all of our clients were not affected by that because the ECIC covered them when there was a sovereign default as a result of global economic shocks."