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Briefing Note 2: Implications of the new US tariffs for the Southern African Customs Union

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In April 2025, the United States (US) announced plans to impose so-called "reciprocal" tariffs on imports from Southern African Customs Union (SACU) member states, Botswana, Eswatini, Lesotho, Namibia, and South Africa. The tariffs were announced unilaterally, with no prior engagement, marking a sharp departure from established multilateral trade norms and effectively ending preferential arrangements under the African Growth and Opportunity Act (AGOA). The tariffs announced were country-specific: 50% for Lesotho, 37% for Botswana, 30% for South Africa, 21% for Namibia, and 10% for Eswatini. For some countries these tariffs were amended at the end of July 2025; with Lesotho, Namibia and Botswana reduced to 15%. TIPS has published a policy brief on the likely implications, *Implications of the US reciprocal tariffs for the Southern African Customs Union*.

These tariffs jeopardise decades of progress in SACU and US trade relations, particularly under AGOA. They are expected to disproportionately impact smaller economies, notably Lesotho, whose exports to the US are highly concentrated in the clothing, textiles, footwear, and leather (CTFL) sector. Around 99% of Lesotho's US-bound exports are from this sector, and AGOA has accounted for over 70% of these exports annually. The tariffs threaten employment, factory viability, and economic stability in Lesotho.

South Africa, which accounts for over 90% of SACU's total exports to the US, also faces serious risks. Key exports such as vehicles and platinum group metals (PGMs) are vulnerable to demand shocks and increased production costs. Although some raw materials may be exempted, this could deepen SACU's dependence on extractive industries, undermining regional goals for industrialisation and value addition.

The regional impact is broad. South Africa's exports within SACU reached R203 billion in 2023, highlighting its centrality in intra-regional trade. Namibia and Eswatini have shown positive export trends, but still remain exposed to US trade decisions. Lesotho and Botswana, with smaller and less diversified export bases, face the steepest economic risks from reduced market access. AGOA utilisation varies widely: Lesotho is highly dependent; Eswatini's use is volatile; and Botswana and Namibia barely use it. South Africa's AGOA usage is modest but focused on select sectors, especially auto.

SACU is engaging the US to seek exemptions or alternative tariff structures. Simultaneously, it is exploring strategies to diversify exports, strengthen intra-African trade, and deepen regional value chains. The SACU Chair has emphasised the need to preserve the common external tariff and protect industrial development priorities.