

US, China, SA - Quo vadis? 2026

20 March

Amid war, fracturing geopolitics and increased global tensions, the new **United States ambassador** to South Africa fired some verbal missiles in his first public appearance in the country. Concurrently, **Chinese President Xi Jinping** made a low-profile announcement that could affect SA profoundly.

To appreciate these pronouncements, we must first take a step back. About 14 years ago, in 2012, the National Planning Commission, then chaired by Trevor Manuel, released the National Development Plan (NDP). On foreign relations, the NDP postulates that power is shifting **from the West to the East**, and that SA must position itself accordingly. This meant maintaining relationships with the old and at the same time building relationships with the new.

Over the decade and a half since then, SA's trade has followed that trajectory. Now roughly 35% of our exports go to Asia (China, India and other nations in the region); 25% to the European Union (EU); 25% to Africa [mainly sub-Saharan and primarily the Southern African Development Community (SADC) region]; 8% to North America; 4% to the Middle East; and 3% to South America and Australasia.

It is important to remember that it is **not the government** or a central agency in one country **that exports** to another. There are many individual businesses, mines, factories, farmers, craft makers and the like that individually decide to export.

And the numbers above tell us that the NDP's postulation in 2012 has materialised: the 'East' has become increasingly important in our export basket.

China

In February, Chinese President Xi Jinping announced that exports of ALL products from ALL African countries into China will be **tariff-free from 1 May 2026** (except Eswatini, they recognise Taiwan). So, in little more than a month, some 9 840 product lines from SA will be able to enter China tariff-free. Currently, SA faces tariffs on many exports to China, some ranging between 10% and 25%. This is a momentous decision that creates many opportunities for SA exporters. China is under huge pressure to import more from the world, and this decision may be related to that.

Readers will also have seen the announcement that Nissan is closing its factory in SA, but that the Chinese motor company **Chery will take over the factory and staff**.

A subsequent announcement from the Great Wall Motor Company (GWM) revealed that they are looking into **sharing the Mercedes-Benz factory** in East London to produce their products in SA. No deal has been made yet, and GWM said they are also talking to other parties. An old hand in the motor industry told me that many years ago he bought his first car, an Alfa, which was manufactured in that Mercedes factory. Sharing production facilities is not new.

Under the Trump tariffs, automotive exports into the United States (US) are all subject to a 25% duty. That must make life difficult for the C180s produced in East London for export into the US market. Sharing with GWM may be a way of keeping the factory open sustainably. For GMW, it means 'capital-light' expansion (to use the jargon).

Connect these dots, and it is clear which way economic relations with China are going.

United States

This picture stands in stark contrast to SA-US relations.

The US president has a firm, **longstanding belief in tariffs**, and he has levied them globally against all countries, friends and foes alike. He has 5 legal instruments under which he can impose tariffs (maybe more, but he has used 5 so far). The 'reciprocal tariffs' imposed under one instrument have been declared

illegal, but Trump immediately levied tariffs under other legal instruments.

Even countries that have negotiated trade agreements with the US have had to give ground and accept tariffs. Tariffs will remain part of his administration's policy. History also teaches us that **tariffs are sticky**: once introduced, they are not easily abolished. It is prudent to assume that US tariffs will survive the Trump period.

Like the rest of the world, SA now has a general 10% tariff on it and 25% on steel, aluminium and automotives. However, about **half of SA's exports**, comprising mainly minerals and citrus, are **exempt from tariffs**. Trump is clearly keen to have those products.

To address these tariffs, SA tabled a draft agreement with the US in May last year, when President Ramaphosa visited the White House. The US made some counterproposals. Not much progress with negotiations was reported publicly. In January in Davos, Trade, Industry and Competition Minister Parks Tau revealed that SA was waiting for dates for a meeting to negotiate the agreement. Apparently, some meetings have now been arranged; we must wait and see what will materialise.

I will not hold my breath. Sadly, the 'Afrikaner genocide' narrative has captured US policy thinking. It has led to non-trade conditions being set for a trade agreement. These relate to expropriation, farm murders, BBBEE, the 'Kill the boer' chant and geopolitical alignment. Ambassador Bozell made it clear that these demands must be met. On the other hand, it will be very difficult for the SA government to agree. So, it looks more like a deadlock than an agreement.

What about AGOA?

The African Growth and Opportunity Act (AGOA) expired in September 2025 and was renewed in February, but only until the end of 2026. In any case, the imposition of various (legal) **tariffs takes precedence over AGOA**. For all practical purposes, AGOA is irrelevant for trade relations beyond 2026.

In the meantime ...

Life carries on.

There are more than **500 US companies operating in SA**. Presumably, they would not be here if they did not benefit. More are investing. These 3 are recent examples:

- Just last week, Spinnaker announced that it is opening an office in SA in partnership with Patrice Motsepe's ARC.
- A US company is running laboratory tests at Mintek in Randburg to extract rare earth minerals from Phalaborwa.
- Amazon, in direct competition with Starlink, is preparing to launch its low-earth-orbit (LEO) satellite service in SA later this year through local licensed partners.

As in the case of exports, individual companies are making decisions that work for them.

SA-EU

It is beyond the scope of this note but worth briefly pointing out the expanding relationship between SA and the EU.

There are **more than 1 000 EU and United Kingdom companies operating in SA**. In 2025, SA and the EU signed 3 agreements on a clean trade and investment partnership, on critical-minerals and on investment projects worth some €12 billion, some of which were signed at the G20 Summit in November.

So What?

- The answer to the 'Quo vadis' question is that a **repositioning is playing out**.
- The war in the Middle East underscores how important it is to **diversify** and build resilience.
- The **contrast** between the approaches by the US and China towards SA is **noticeable**, as is the expanding relationship with the EU.
- It is **appropriate for SA to pursue closer relations** with the US. It is still an important trade and

investment partner, but not at the cost of sovereignty or the politically impossible.

- The US (and its MAGA supporters in South Africa) will have to accept that problems in SA **will be addressed by the people and institutions of this country**, be it through the courts or political negotiation - not by outside diktat.
- The 2012 NDP **prediction** of power shifting **is materialising**, massively underscored by current global fracturing.