

■ OPINION

JON FOSTER-PEDLEY: Crisis can crush you or catalyse action — let SA choose the latter

True strength doesn't lie in grandstanding; it is found in negotiation from a position of firmness and purpose

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by JON FOSTER-PEDLEY



While some voices are calling for a furious response to the imposition of 30% tariffs on SA exports by the US, President Cyril Ramaphosa's government has chosen a path of disciplined negotiation, an encouraging signal that SA is prepared to manage this new, complex reality with resilience and character.

In the high-stakes chess match of global trade, SA is not playing for sound bites. It is playing for sovereignty. And this should give all of us cause for hope. In a changing world, where the old rules of diplomacy no longer apply, we're facing our toughest challenge yet — both politically and economically. It's a pivotal moment and an opportunity, perhaps, to look inward and build resilience.

The stakes could not be higher. Early estimates suggest that the new 30% tariffs could put up to 100,000 jobs at risk, with the automotive and agricultural sectors particularly vulnerable. In the Eastern Cape, a core industrial hub, the automotive sector's export earnings have already plummeted by more than 80% in the wake of the initial tariff announcements.

SA must walk a fine line

Similarly, the agricultural sector, which employs a significant number of low-skilled workers, faces the devastation of its citrus, wine and macadamia nut industries. These are not just abstract economic figures; they represent entire communities and towns whose livelihoods are in jeopardy. The country must therefore walk a fine line.

On one side lies the risk of alienating a key trading partner and long-time ally. On the other hand, there is pressure to maintain a sovereign foreign policy that may not always align with US interests. The nation's response is a signal to the world that it will not compromise its people's interests.

Retaliation without leverage is just theatre, and a combative stance would be strategically myopic. Our economic ties with the US run deep. Not only is the US a great and diverse nation and a major export market for us, but 600 American companies operate in SA, many using it as a base for broader regional operations.

The goal therefore needs to be to forge a mutually beneficial trade agreement while cushioning local markets from shocks through pragmatic economic policy. So far, this has included setting up an export support desk for affected businesses to help them find alternative markets, and exploring a "block exemption" from competition rules to allow companies to collaborate and co-ordinate their export efforts.

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Further opportunity lies in doubling down on exporting more value-added goods, forging new alliances and accelerating intra-African trade. We can look to diversify trading partners by targeting markets in Asia and the Middle East, and actively pursuing initiatives such as the African Continental Free Trade Area (AfCFTA), a project that positions SA not just as a supplier of raw materials to the rest of the world but as a strategic hub for a continental economy.

The private sector, alongside the government, can also embrace a strategic approach premised on building resilience. As a starting point, firms can look to getting the basics right, managing margins and creating value. In the longer term, embracing the post-Covid shift in thinking on supply chains from a “just in time” to a “just in case” mindset holds true in the current economic crisis.

This means diversifying sourcing beyond a single country and investing in digital solutions for real-time visibility. By focusing on moving up the value chain — from exporting raw materials to producing high-value, finished goods — businesses can also seek to make themselves less vulnerable to tariffs and more competitive globally.

We should bear in mind that as other nations around the world are in a similar situation, they may be actively looking for new sources of goods and services, and SA businesses can potentially rise to meet this new demand.

Pragmatic economic strategy

None of this will happen overnight. This is a deliberate, long-term strategy built on firmness and calm clarity, not aggression, and it requires a steadfast diplomatic position and pragmatic economic strategy — and patience.

We also have to accept that it will almost certainly involve short-term pain. Businesses will have to make difficult choices, absorbing higher costs and lost revenue as they reconfigure their supply chains and


retarget their exports. Jobs will be lost, and for ordinary South Africans the cost of food, transport and household essentials could keep rising faster than salaries, eroding purchasing power.

But this is the question to ask ourselves: is that pain likely to be worse than the perpetual threat of future capitulation? This is not passive acceptance or being bullied, as some have claimed; it is a calculated decision to engage with respect and fairness to protect jobs and industries, absorbing short-term pain for long-term sovereignty. It is, in fact, the essence of diplomacy.

The true strength of a nation is not measured by its capacity for outrage but by its ability to act with character in the face of adversity. SA has what the world needs: a growing, talented population and vast mineral wealth. We have the capability and character to thrive when we stop trying to measure ourselves against the West and start to exercise the strength we already possess.

This is a time for leaders and businesses to stand firm with calm clarity, trusting that we have more leverage than we think. Ultimately, this crisis can either crush SA or catalyse a new era of strategic action. By focusing on reasoned negotiation, building resilience and believing in our own strength, we can choose the latter.


• *Foster-Pedley is associate pro vice-chancellor (global engagement, Sub-Saharan Africa) at the University of Reading, UK, and Dean of Henley Business School Africa.*



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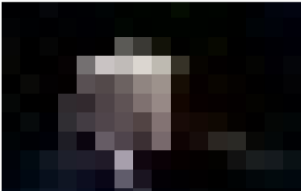
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