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Briefing Note 3: TIPS tracker on US trade negotiations

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This briefing note draws from a forthcoming TIPS publication, *TIPS tracker: US trade negotiations*, which summarises progress on negotiations as well as the actual implementation of tariffs by the US since the announcement of “reciprocal” tariffs in April 2025

In April, the US announced a new baseline tariff of 10% on all imports, alongside much higher “reciprocal” tariffs on countries with trade surpluses with the US. On 31 July, the US announced final tariff rates for 183 countries, with implementation from 7 August. Between April and September, it adjusted the rates to hit 62 countries with tariffs above the baseline, up from 55 in April. The number held at the baseline fell from 126 to 119. Of the remaining countries, 42 saw declines, with 36 pegged at 15%. For 20 countries, however, tariffs were increased.¹ The tariff for South Africa remained on the highest, at 30%.

A limited set of products, largely raw materials and pharmaceuticals, remained exempt. In mining, only ores are not covered. The US also set product-specific tariffs: 25% on autos, and 50% on steel, aluminium and copper, extended to machinery and appliances according to their metal content. It also ended the “de minimus” exemption for parcels under US\$800.

The US administration initially said the tariffs were just a first step to encourage its trading partners to negotiate. In practice, however, the administration has shown limited capacity to negotiate with all the countries affected, and the engagements themselves have been an uneven process, which has been thinly documented and lopsided. It has reached only 10 agreements, of which just three have been formally published, with the rest announced through Trump’s social media or the press.

The outcomes of this process are biased heavily towards high-income economies, with punishing rates remaining for many lower-income countries. High-income countries secured lower rates, averaging just under 13% (weighted by population). Middle-income economies faced much higher tariffs – 26% for the upper-middle-income group, over 30% for lower-middle-income countries, and around 13% for low-income countries.

China, India and Brazil, which are key regional powers in the Global South, faced extraordinary punitive tariffs. China’s tariffs were lifted to 30% on the claim that they were not doing enough to block fentanyl exports. India faces a 50% rate, because of its imports of Russian oil. Other large buyers have not, however, been similarly targeted. Brazil also faces a 50% rate, linked not to trade imbalances but to domestic political developments and regulation of US social media platforms.²

In all of the agreements reached, the final US tariff was far above 2024 levels, typically between 10% and 20%. In return for reducing the originally threatened rate, the US generally required countries to cut virtually all tariffs on industrial goods from the US, as well as pushing to open their markets to US farmers and in some cases services. Most countries also committed to providing investment finance

¹ These exclude Canada and Mexico, where the tariffs are hard to work out because most of their exports to the US are still duty free under the Canada-United States-Mexico Agreement (CUSMA) (former NAFTA) agreement.

² The tariffs listed for China, India, and Brazil include both the baseline and punitive rates.

and buying US products, including aircraft, agricultural goods, liquid fuels, and defence equipment. Demands around non-trade barriers include accepting US standards for products, reducing regulation of US service companies including in finance, and reducing the paperwork and inspections required to clear customs.

Overall, the US made short-term gains at the cost of alienating many other major countries. The US relied heavily on the visible use of its economic power, and in some cases seemed to let arbitrary anger, most visibly at regional powers in the Global South, obscure its economic goals. The lack of detailed written agreements led to contestation over commitments. Moreover, President Trump retained final approval, in some cases overruling months of high-level talks at the last minute.