What Kenyan tea can teach steel suppliers about African free trade



A dispute over South African steel changed the economics of importing Kenyan tea. On a 20-tonne shipment, the difference between the two published duty rates would have been **R40,000**.

On 12 September 2025, South Africa suspended AfCFTA preferential treatment for a category of Kenyan black and partly fermented tea. Kenya's trade department linked the move to levies Kenya had introduced on South African iron rods and steel bars. Under South Africa's published 2025 tariff schedule, the difference for that tea category was R2 per kilogram. On an illustrative 20-tonne load, that put the duty at **R40,000 at the preferential rate or R80,000 at the general rate**.

Think about when that difference lands. The importer may already have committed to the supplier, agreed a selling price and booked the freight. A R40,000 change at that point falls straight against the margin unless there is room to recover it. By the time the goods reach customs, most of the commercial decisions have already been made.

Would you still recommend the cheaper route if the preference fell away?

That's the question we'd put to a project team comparing two sources for a building materials package. First, establish whether the preference applies to the specific product and origin. Then price the same shipment at the general rate. The gap tells you how much of the sourcing

recommendation rests on the preference. The comparison may still favour the same supplier in both cases, or it may give you a reason to qualify a second source before committing.

Now take an illustrative construction package. One route offers a **R40,000 duty advantage** but delivers three weeks later and ties up **R1 million for those additional 21 days**. At an assumed annual funding cost of 12%, that uses about **R6,900** of the saving. With other costs held equal, the project is left with roughly **R33,100** to weigh against the effect of the later arrival.

If the programme has three weeks of flexibility, the lower-cost route may still be the right call. If the site needs only part of the order to start work, there's a third option worth pricing. **How much would it cost to get that first quantity to site sooner and keep the balance on the lower-cost route?** If the split leaves enough of the original saving intact and keeps the work moving, it may be the better commercial decision.

It's a different brief from asking two suppliers for their best prices. The site team identifies the quantity needed to keep work moving. The procurement team tests whether the order can be split and what that does to freight, duty and payment timing. The project director can then see exactly what the extra spend buys.

The same gazette also gave buyers a reason to look for new suppliers

The gazette that suspended the Kenyan tea preference carried a separate notice adding Nigeria to South Africa's AfCFTA arrangements, with retrospective effect from 30 May 2025. For a South African buyer, that gave qualifying Nigerian products a reason to be reconsidered. A manufacturer whose offer had previously lost on landed cost might deserve a fresh invitation to quote. The question is which products become competitive once the applicable duty, freight and replenishment costs are factored in.

At Powernex, we work with developers, manufacturers and distributors to compare sourcing and delivery options across African markets. If you're evaluating a building materials package or planning to supply a new market, send us the **specification, quantity, destination and date you need the goods**. We can compare the options on landed cost, delivery time and capital committed, and show where the decision changes if the assumptions move.

Follow Powernex for African trade and market-access updates. We'll cover what changed, which products and routes it affects, and where it's worth asking for a fresh quote.