

Date: 11 August 2025

**Subject: Clarification on U.S. Tariff Application on Circuit Breakers Supplied by CBI-electric**

Dear Customer,

We value your continued partnership and trust in CBI-electric. We are writing to clarify the situation regarding the 30% tariff currently applied by the United States on certain products deemed to originate from South Africa, and how this impacts our circuit breaker products supplied to you.

Although our circuit breakers are labelled as Made in Lesotho, under the Trade, Development and Cooperation Agreement (TDCA) Protocol 1 on Trade, the country of origin is determined by the value and nature of the manufacturing process.

Specifically, the Protocol states:

"Any working or processing carried out within Southern African Customs Union (SACU) shall be considered as having been carried out in South Africa when further worked or processed there. This is subject to the value of all the materials used at the other location (i.e. Lesotho) not exceeding 40% of the ex-works price of the product."

Based on this rule, the United States Customs considers our products to be of South African origin for tariff purposes, even though the final product manufacturing takes place in Lesotho.

In lieu of the above, we confirm that the **country of origin** for all circuit breaker products supplied to you by CBI Inc from CBI-Electric: Low Voltage is **South Africa**. These circuit breaker products include, but are not limited to, the following ranges:

- |           |           |            |           |
|-----------|-----------|------------|-----------|
| • B-Frame | • C-Frame | • DD-Frame | • I-Frame |
| • J-Frame | • L-Frame | • Q-Frame  | • R-Frame |
| • T-Frame | • Y-Frame |            |           |



**Circuit Breaker Industries (Pty) Ltd t/a CBI-electric: low voltage**

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The Certificate of Origin, as issued by the Chamber of Commerce for every shipment of circuit breakers supplied to CBI Inc from CBI-electric: low voltage, attests to the country of origin of the product being South Africa.

We understand that this 30% tariff poses a significant cost challenge for your business. As a result, we are actively investigating the possibility of increasing the value-added manufacturing in Lesotho so that the manufacturing value reaches at least 40% of the ex-works price in Lesotho. This would allow Lesotho to be recognised as the country of origin under the TDCA rules, removing the 30% South Africa tariff and instead applying only the 15% tariff that the United States imposes on goods exported from Lesotho.

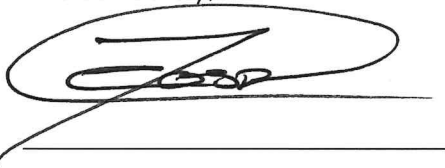
This process however requires extensive changes to both the facilities of CBI SA and CBI LESOTHO, thus needs to be carefully investigated to understand the full impact it may have on people, process, transport, and finances.

We appreciate your understanding and cooperation as we work through this challenge together. CBI-electric remains committed to delivering high-quality products, competitive pricing, and exceptional service. We will keep you informed of any developments as we progress with our manufacturing value-add review in Lesotho.

Should you have any questions or wish to discuss specific impacts on your orders, please do not hesitate to contact us.

We thank you for your continued partnership and support.

Yours sincerely,



Charl Osborne

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