

From Preferential Trade to Tariffs

Exploring the Impact of Trump's Protectionism on African Markets



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In a Nutshell

With the expiration of the African Growth and Opportunity Act (AGOA) in September 2025, decades of preferential trade relations between the US and African countries came to an end. Simultaneously, the US government intensified its protectionist trade policy by introducing universal tariffs of at least 10 per cent, with some African nations facing rates as high as 30 per cent. This marked a significant turning point for Africa-US trade relations.

Beginning in 2000, AGOA provided African states with duty-free access to the US market, thereby promoting export diversification and employment. However, the initiative yielded a mixed record with limited impact in

terms of trade volume. This raises the question as to whether tariff exemptions alone are sufficient when it comes to enhancing Africa's trade relations with the rest of the world in a way that genuinely benefits the continent.

African governments are pursuing market diversification and strengthening intra-African cooperation through the African Continental Free Trade Area. In the long term, opportunities will arise for closer partnerships with the EU and China, though risks of new dependencies remain. European engagement could be crucial in ensuring fair and sustainable trade relations.

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With President Donald Trump's second inauguration, US trade policy has shifted decisively. The administration has introduced protectionist measures, including a universal minimum tariff of ten per cent on all US trading partners as of 2 April 2025.¹ Several countries in Southern Africa, as well as Libya and Algeria, are confronted with even steeper tariffs of up to 30 per cent. Beginning in 2000, the US granted several sub-Saharan countries duty-free access for certain products to the US market under the African Growth and Opportunity Act (AGOA). Over the years, countries were suspended or reinstated based on governance criteria, and eligibility shifted, with 32 beneficiaries remaining in 2024.² AGOA expired on 30 September 2025, and the future of preferential trade relations between the US and African states remains unclear. The endpoint of the AGOA trade era carries significant implications for Africa's export-driven industries.³

Trade relations between Africa and the United States: An overview

In 2024, African exports under AGOA to the US totaled 9,7 billion US dollars. Over the past 25 years, crude oil made up the bulk of AGOA exports but decreased steadily from more than 80 per cent in 2008 to around 45 per cent in 2024. During the same time, apparel and agriculture exports grew steadily from 3 per cent to 13 per cent and 2 per cent to 11 per cent respectively.⁴ Through the tariffs that the US introduced in 2025, duty- and quota-free access to the US market that AGOA had guaranteed for sub-Saharan African countries was no longer valid. Exporters were forced either to pay US tariffs

or to seek alternative markets for their products. Some exports of AGOA-eligible countries can be redirected to the EU; however, overall exports are projected to decline by up to 1.1 per cent. Although this reduction appears limited on a regional scale, a country-level analysis reveals a more precise outlook. For example, Nigeria's exports to the US have dropped by 17 per cent, and Chad's by 11 per cent.⁵ Infant sectors are particularly at risk, facing potential layoffs or even collapse due to their inability to compete under the new tariff regime.⁶

From tariff-free AGOA to hasty tariff negotiations

For the development outlook of African economies, AGOA created accessible markets for exporters and is estimated to have created between 300,000 and 400,000 direct jobs in sub-Saharan Africa. In AGOA-eligible countries, the act led to a higher trade volume as well as to export diversification between sub-Saharan Africa and the US.

Export diversification is an important target for low-income countries in sub-Saharan Africa because it helps countries reduce economic risks, stabilise growth, and build resilience by expanding into multiple export sectors instead of relying on just a few. Notably, AGOA-eligible countries exported more apparel products to the US than did their non-eligible counterparts, thereby underscoring the positive impact of enhanced market access on export diversification.⁷

Beyond economic benefits, AGOA was also intended as a tool for promoting good governance

and human rights in sub-Saharan Africa. By linking preferential trade to progress in these areas, the programme incentivised political freedom and anti-corruption efforts, thereby contributing to more robust and sustainable economic systems.⁸ Other actors – including the European Union – have also introduced strategies, such as Global Gateway to achieve the United Nations Sustainable Development Goals through targeted investments. Like AGOA, emphasis of such strategies lies in promoting better governance, human rights, and higher environmental, social, and governance standards, such as energy efficiency, labour practices, and anti-corruption policies.⁹

Only 13 of 39 eligible countries made full use of AGOA benefits in 2019.

AGOA's legacy lies in demonstrating that preferential access and a targeted industrial policy can lead to viable African manufacturing and export growth. The scheme resulted in job creation and also diversified exports, attracted investment, and strengthened trade governance, thereby laying the foundation for strategic global partnerships.¹⁰ Throughout AGOA's existence, the US consistently enforced eligibility criteria related to governance and human rights. Countries such as Uganda, Ethiopia, Cameroon, and Mauritania were suspended from the programme for violations in these areas. This strict approach underscores the US commitment to linking preferential trade access with progress in governance and human rights, thereby setting AGOA apart from other trade agreements.

However, the utilisation of AGOA is widely agreed to have remained limited. AGOA offered duty-free access to over 6,500 products, but many countries failed to fully utilise these preferences. Indeed, only 13 of 39 eligible countries made full use of AGOA benefits in 2019, with the bulk of exports being dominated by a few countries such as Nigeria and Angola, largely in oil.¹¹ This finding reveals that market access is

not enough and needs to be accompanied by targeted support for exporting countries. It is noteworthy that foreign ownership of AGOA-related enterprises often focuses on low production costs rather than on long-term development. It is therefore important that future initiatives to enhance trade relations focus on local entrepreneurship and inclusive growth in order to ensure the transfer of skills and technology as well as to prevent employment opportunities from being limited to low-wage sectors with limited value addition per unit. Consequently, the desired structural transformation of African economies has not materialised to the anticipated extent.¹²

As much as the outcome of the AGOA programme is difficult to summarise and must be viewed in a country- and sector-specific context, it is equally difficult to anticipate the post-AGOA outlook for affected countries, with the WTO even suggesting that the end of AGOA will not have a major impact on African trade.¹³ Some analysts have even suggested that countries that were not previously part of AGOA – such as The Gambia and Mauritania – could now gain a competitive advantage because they are not subject to the same adjustment pressures as former AGOA beneficiaries.¹⁴

It is additionally noteworthy that the expiration of AGOA was not a direct result of the Trump administration's policies. Unlike the Economic Partnership Agreements (EPAs), AGOA was always intended as a temporary measure. Initially set for 15 years, it was extended in 2015 for an additional decade with the understanding that a further extension was unlikely.¹⁵ The underutilisation of AGOA was known as early as in 2015, paired with the call for African leaders to work on trade strategies in the post-AGOA period after 2025.¹⁶ However, these calls went largely unheeded, and efforts to address the impending gap were mostly limited to diplomatic initiatives in Washington that aimed to secure a bilateral extension.

Context of the tariffs beyond AGOA

On 2 April 2025, US President Donald Trump invoked the International Emergency Economic



Powers Act (IEEPA), marking the largest increase in US tariffs since 1930. According to the administration, the primary objectives were to incentivise US consumers to buy domestically produced goods, to increase tax revenues from imported products, and to stimulate domestic investment.¹⁷ By substituting federal income taxes with import duties, the so-called reciprocal tariffs now apply to as much as 86 per cent of US imports, thereby affecting all trading partners without exception, including sub-Saharan countries that had previously benefitted from the AGOA free-trade agreement.

The announcement of the new US tariff regime triggered immediate reactions on global financial markets, thereby leading to the establishment

of a 90-day renegotiation period during which countries can attempt to negotiate lower tariff rates.¹⁸ Each US trading partner is now subject to an individualised tariff rate, with the baseline set at ten per cent. However, several African countries are facing much steeper tariffs, thereby highlighting the uneven impact of the new US trade policy.

Finished products are subject to significantly higher tariffs, while raw materials and critical minerals are often exempt.



Miners work in a coltan mine in Rubaya, DR Congo. A silent war is raging in the highlands of Masisi over this strategically important mineral. In return for military support, the US receives access to minerals worth up to 24 trillion US dollars. Photo: © Xinhua, Imago.

Strategic exemptions:

Finished vs raw materials

The structure of the new US tariffs draws a clear distinction between finished and raw materials. Finished products are subject to significantly higher tariffs, while raw materials and critical minerals are often exempt. This approach is designed to ensure continued US access to Africa's natural resources, but it simultaneously restricts African countries' ability to move up the value chain by exporting higher-value processed goods. As a result, opportunities for wealth creation and job growth through value-added exports are severely limited.

This situation is apparent, for example, in Lesotho – a country that relies heavily on manufacturing exports to the US. In the past, Lesotho benefited largely from AGOA, which helped increase the value of its exports of mostly finished products to the US to a value of up to 237 million US dollars. During the 90-day renegotiation period, Lesotho faced a 50 per cent tariff rate. Although negotiations were able to settle the high tariff rate at 15 per cent, consequences can still be felt. Indeed, many manufacturing exporters are now considering minimising their staff or relocating their production abroad.¹⁹ As the tariffs specifically target finished apparel products, the growth of the expanding garment industry that Lesotho – like several other African countries – has been pushing for in the past years has had to be delayed. Simultaneously, lower rates on yarns and fabrics have been maintained, which is further motivation for Lesotho's garment exporters to move back to exporting unprocessed products.²⁰

Apart from the garment industry in Lesotho, on an Africa-wide basis, certain critical minerals and raw materials – such as oil – have been entirely exempt from the tariffs, thereby demonstrating a continued imbalance, positioning the continent primarily as a supplier of cheap raw materials rather than as a host for growth potential or innovative strategies.²¹ Although the emphasis on raw material trade is largely detrimental to African countries, policymakers in sub-Saharan

Africa have continued to support such trade agreements, thereby highlighting both the limited capacity for more advanced industrial and trade strategies and the inability to take strategic advantage of the persistent US demand to secure access to these resources.

The Democratic Republic of the Congo exemplifies the strategic importance of Africa's mineral resources in the current trade landscape. Discussions of a minerals deal between the US and the DR Congo emerged in early 2025. In return for military support to fight the rebel groups that control the mines, the US receives access to critical minerals worth up to 24 trillion US dollars. Many experts argue that this partnership benefits solely the US in its new America First agenda²² by providing the US with a reliable supply of essential resources while offering limited long-term benefits to the DR Congo. By gaining access to these critical minerals, the US can maintain its long-contested influence over African countries and their minerals. The deal is also in line with the US geopolitical strategy of counterbalancing China's growing influence over the continent.²³ The significance of this approach was further highlighted by a bilateral agreement reached in late September between the US and Rwanda, which exempts exports of raw materials such as gold, tungsten, uranium, and graphite from tariffs. This move is intended to reduce US dependency on China for these vital minerals, thereby reinforcing the pattern of favouring raw material imports over finished goods from African countries.

South Africa aims to diversify its exports and to identify alternative markets.

Tariffs as a tool for exerting political influence

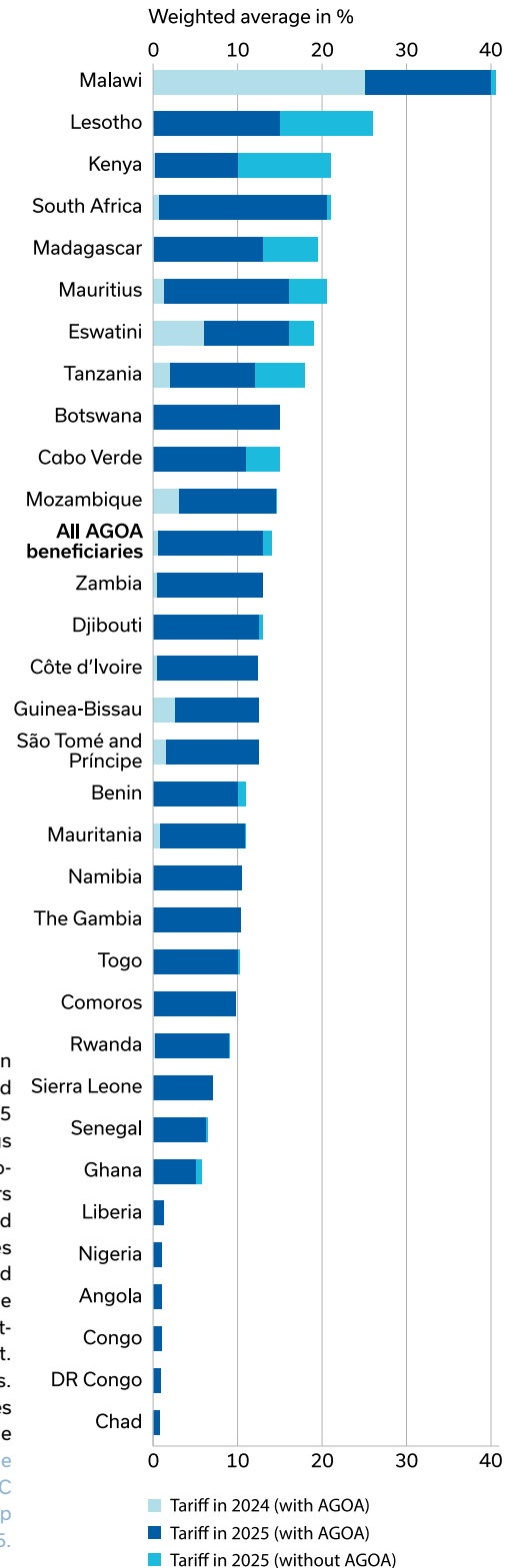
It could be argued that the tariff rates are also determined by the relationship that the US has with the individual country on a governmental level. This situation is evident in the case of South

Africa, where the 30 per cent tariffs imposed on all exports from South Africa to the US market appear to have been motivated by more than just an unsustainable trade imbalance and the unfair barriers to US goods cited by the US government. Instead, these tariffs seem to also reflect US foreign policy retaliation, most notably South Africa's submission to the International Court of Justice alleging that Israel's conduct in the Gaza Strip violated the country's obligations under the Genocide Convention. As Israel is a key US ally, Washington declared this to be an unacceptable, unjustified aggression against Israel, warning that South Africa's foreign policy was not aligned with US national security interests. Following this declaration, the US cut multiple sources of foreign aid funding to South Africa.²⁴ Regarding South Africa's domestic policy, including the recent adoption of a law that allows for expropriation without compensation, the US claims that such policies create "unwritten barriers" for US firms.²⁵

According to a statement released by South Africa's Department of Trade, Industry and Competition, the government's response to the deterioration of trade relations with the US is based on several elements, including continued negotiations with the US with the goal of reducing tariffs. Beyond its relations with the United

The bar chart illustrates the average tariffs imposed on exports from AGOA beneficiary countries to the United States under three scenarios: in 2024 with AGOA, in 2025 with AGOA, and in 2025 without AGOA. The findings underscore the extent to which the tariff increases introduced in 2025 elevate duties across countries and sectors as well as how the expiration of AGOA has further altered relative competitiveness. Across all AGOA beneficiaries and sectors, the 2025 tariff measures added an estimated 12 to 14 percentage points to average duties, while the lapse of AGOA has contributed a further 0.7 to 1 percentage point, bringing the total to around 14 to 17 per cent. Trade-weighted tariffs are based on 2024 US import values. Weighting by the reference group's trade pattern reduces endogeneity bias and makes results more comparable across countries. *Source: illustration based on ITC Trade Briefs (tradebriefs.intracen.org), using data from the ITC Trade Map (trademap.org) and the Market Access Map (macmap.org) 2025.*

Fig. 1: Average tariffs faced by AGOA beneficiaries on the US market





South African President Ramaphosa and US President Trump at a bilateral meeting in the Oval Office, May 2025. In August 2025, Trump announced 30 per cent tariffs on South African exports, possibly in response to South Africa's general foreign and domestic policies. Photo: © Zuma Press, Imago.

States, the South African government aims to diversify its exports and to identify alternative markets. All government efforts are set out in the economic response package for exporting companies.²⁶ Thus far, the export support desk has supported 23 companies and engaged with 54 exporters that have been affected by the unilateral tariff imposed by the US.²⁷

What is next?

The end of AGOA and the onset of a more protectionist form of US trade policy has left African countries at a crossroads, requiring them to reassess their export strategies and seek new avenues for economic growth. Possible options lie in the African Continental Free Trade Area (AfCFTA) as well as in enhancing trade partnerships with third parties such as the EU and China. Although the AfCFTA is still in the early stages of implementation, the intracontinental agreement

represents an opportunity to protect African economies from external vulnerabilities.²⁸ Under the AfCFTA, there is an opportunity to identify near-term alternative buyers (i.e. the EU, the UK, the Middle East, and regional markets) and to work with export promotion agencies in order to open sales leads, fast-track approvals, and utilise e-commerce channels. Such channels could include the use of export finance via the national Export Credit Agencies in Africa. In addition, the current trade environment in Africa provides opportunities for institutions such as the African Development Bank and the African Export-Import Bank to offer buyer credit or guarantees that would make African suppliers' prices competitive while tariffs are being implemented. Thus far, 47 of 54 countries have ratified the free trade agreement to eliminate 90 per cent of intra-African tariffs. This serves as a great opportunity for inward-facing growth whereby each country can domestically work to serve the continent's

growing demand, thereby simultaneously reducing its large import quantities. However, negotiations continue to represent a significant obstacle, while tariff and trading systems remain stagnant in terms of achieving complete implementation. Compounding these challenges are barriers linked to logistical capacity and infrastructural weaknesses, that continue to slow progress. Once these barriers are overcome, regional value chains have the potential to foster more resilient African economies.²⁹

Another option lies in enhancing trade partnerships with China. As of June 2025, China has announced that it will remove all tariffs on the 53 African countries with which it has diplomatic relations. This would give African economies the opportunity to diverge their exports towards Chinese markets instead of to the US. In fact, trade quantities have been picking up rapidly over the past years. In 2024, trade between China and Africa increased by 6.1 per cent compared to the previous year. However, the trade that has been facilitated thus far has been concentrated around a limited number of African countries.³⁰ Moreover, the products exported to China mainly include raw materials and low-value goods, whereas imports are mainly processed and manufactured products. This imbalance is creating a growing trade deficit for sub-Saharan African countries with China, raising concerns regarding the sustainability of this trade partnership.³¹ Furthermore, Sub-Saharan African countries are simultaneously required to provide greater access to their markets, which can undermine local industries, especially in textiles, electronics, and consumer goods. The heavy reliance on China for trade and investment may also reduce Africa's bargaining power and autonomy internationally.

Finally, the current trade environment presents a strategic opportunity for the European Union to strengthen its economic ties with sub-Saharan Africa. The EU has launched several initiatives – such as the Sustainable Investment Facilitation Agreement as well as Clean Trade and Investment Partnerships – that could serve as meaningful alternatives for African exporters seeking to

reduce their reliance on the US market. These initiatives are designed not only to facilitate trade, but also to promote sustainable development, good governance, and higher environmental and social standards.

In March 2025, the European Union launched the Clean Trade and Investment Partnership (CTIP) with South Africa, which focusses on a clean energy transition, digital and physical infrastructure, pharmaceutical manufacturing, and skills and technology development. The CTIP is supported by a 4.7 billion euro investment under the EU's global gateway initiative.³² This is a good example of a targeted bilateral trade agreement.

The EU's tariff structure – which generally offers preferential access to African goods through schemes such as Everything But Arms and EPAs – can play a significant role in supporting the economic development of African states. By lowering or eliminating tariffs on a wide range of products, the EU helps African countries integrate into global value chains and encourages the export of higher-value goods. However, in order to fully realise these benefits, African economies must also address non-tariff barriers and invest in domestic capacity-building.

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