POLICY BRIEF

CHARTING AFRICA'S STRATEGIC RESPONSE TO TRUMP'S TARIFF WAR

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1. Introduction

President Donald Trump's second administration has launched what economists are calling one of the most comprehensive trade wars in modern American history. According to a detailed analysis by York and Durante (2025), Trump's tariff policies represent the largest tax increase on American consumers since 1993, with far-reaching consequences for the United States economy, American households, and global trade relationships.

There are five stated reasons for the Trump tariffs. First, to reduce bilateral trade deficits through reciprocal tariff rates. Second, to generate government revenue to fund tax cuts. Third, to encourage manufacturing reshoring and domestic investment. Fourth to achieve non-economic foreign policy goals, including migration control and fentanyl reduction. Finally, to strengthen negotiating leverage in bilateral trade deals.

This policy brief makes proposals for the African response to Trump tariffs.[1] It begins, in Section 2, by critically unpacking the logic of Trump's tariff policy and its impact on developing countries. It then unpacks the real motives behind Trump's trade policy in Section 3, and looks at how other countries, particularly in Asia, have responded to Trump's trade policy in Section 4. Finally, in Section 5, the brief makes proposals for how African countries should respond.

The recommendations made can be summarised under three proposed actions: reroute, subvert, and negotiate. In more detail, these include:

Reroute

- Reroute trade inwardly through regional integration.
- Reroute trade internationally by diversifying external trading partners.

[1] The policy brief draws on Ryder, Lwere and Eguegu (2025), Kangoye (2025), Oyidejo and Akenroye (2025), UNCTAD (2025), Butler (2025), Mathekga (2025), Chou (2025), and Murphy's (2025) analysis.

Subvert

- Targeted import substitution industrialisation.
- Leverage critical minerals in a reroute strategy for regional industrialisation.

Negotiate

- Create a collective bargaining platform to negotiate with external trading blocks, countries, companies and so on.

2. The impact of ‘Reciprocal Tariffs’ on the Global South

A key economic criticism of the Trump tariffs is that they are not a strategic or targeted trade policy. This line of argument notes that they do not leverage tariff policy for their purported industrialisation goals, as a form of industrial policy. Tariffs have a long history of use in the United States since they were proposed by the United States’ Treasury Secretary, Alexander Hamilton, in 1791, to help build the United States’ manufacturing base by targeting ‘infant industries’. Infant industries are industries that have not matured, or are in an early developmental stage, but which could become more efficient and competitive if supported through (often protectionist) industrial policy measures that help to build their capacities and capabilities so that they can one day compete internationally. The widespread and indiscriminate application of tariffs does not offer such strategic and targeted protection for infant industries. They will also not assist existing industries in which the United States is already globally competitive, as they will raise the cost of key inputs relative to competitors.

The most likely consequence of the approach to tariffs adopted by the Trump White House is to stoke inflation, further fuelling the cost-of-living crisis in the United States, and potentially further weakening the global competitiveness of existing United States industries.

The Trump tariffs are not in any meaningful sense ‘reciprocal’ in that they are not genuinely aligned with the trade or non-trade barriers imposed by other nations. Furthermore, by focusing on bilateral trade deficits, President Trump’s approach disproportionately impacts countries that contribute minimally to the overall United States’ trade deficit. UNCTAD’s (2025) analysis of the tariffs announced on 2 April 2025 reveals the inherent inequity of Trump's tariff methodology. For instance, these initial 'reciprocal tariffs' varied significantly, from 11% for Cameroon to an extreme 50% for Lesotho. Despite 28 of the targeted nations accounting for less than 0.1% of America's total trade deficit, they were subjected to tariffs that could devastate their export sectors. Moreover, the justification for these tariffs as a revenue-generating measure was weak. For 36 developing countries affected, UNCTAD (2025) demonstrates that these tariffs were projected to yield less than 1% of the existing United States’ tariff revenues.

The revised tariffs announced on 1 August 2025, the deadline for the end of the negotiating window, have not alleviated the panic from some African countries that originally faced the highest tariff rates, but now face reduced rates. The revised rates for most African countries range from 10 to 15%. Lesotho, initially burdened with the highest tariff at 50% on its textiles sector, is now facing a reduced rate of 15%. Industry leaders maintain that this is not a relief for the 30 000 mostly women clothing and textiles workers, as job losses remain a reality. Therefore, the declaration of the national disaster that was announced by that government after the 2 April 2025 tariffs remains in place. South Africa is amongst an unfortunate group of four countries that now confront the highest tariffs on the continent [the others are Algeria (30%), Tunisia (25%) and Libya (30%)]. South Africa will continue to face a 30% tariff, which the Reserve Bank estimates could result in 100,000 job losses across South Africa's agriculture, automotive, and manufacturing industries. Effectively, the Trump administration's trade policies are the end of preferential African access to the United States market, given expression under the African Growth and Opportunity Act (AGOA) bilateral agreement between African countries and the United States.

3. How the Trump doctrine frames tariff policy as a response to the United States' declining hegemony

The chaotic, widespread, and unilateral application of tariffs is in step with President Trump's unilateralist (and often isolationist) approach to international relations, and to a reordering of the global economic governance system. The isolationist approach blames the rules-based multilateral economic system for the decline in American hegemony. The decline in American hegemony has been observed by the Trump administration through the decline in three of the four levers of imperialism: economic, political, and military dominance.

The Trump Doctrine attributes the erosion of the United States' economic supremacy to the free trade principles promoted and regulated by multilateral bodies like the World Trade Organisation (WTO) and advocated by Bretton Woods institutions such as the World Bank and International Monetary Fund (IMF). This ignores that these multilateral bodies were often acting at the behest of the United States and allies, but correctly identifies how the United States' embrace of globally open markets, codified in numerous free trade agreements, were one of the key factors that contributed to severely damaging domestic manufacturing (Harithas, Meng, Brown, and Mouridian, 2025). Globalisation facilitated the relocation of American manufacturing to the East, allowing for huge profits for American corporations, but also fostering East Asian industrialisation and industrial dominance, especially in China, over the past three decades (Harithas et al, 2025).

Within the Trump doctrine, the decline of the United States' economy is perceived as a national security risk in an increasingly multipolar global landscape, characterised by the 'Rise of the rest,' notably China and Russia (Harithas *et al*., 2025; Heritage Foundation, 2024). China's growing economic strength leads not only to a contestation over American economic leadership but also to its military and political preeminence. This is exacerbated by how China, along with its partners, has carved out international economic governance institutions that challenge the Bretton Woods system of economic governance. The expanding BRICS, of which South Africa is a founding member, is one such institution that was established to 'democratise' global economic governance for countries in the global South. Its growing membership and exploration of de-dollarisation threaten global north political stewardship, which is already in tatters.

The unparalleled industrial might of the United States originated during World War II and helped the Allies to win World War II. The Heritage Foundation (2024), a conservative think tank that authored Project 2025 and helped to secure Trump's victory, makes the connection that it was the strong linkage between the United States' commercial industrial base and its military base that was foundational to the United States' military supremacy which continued from World War II into the cold war era. Harithas *et al*. (2025) argue that this 'arsenal of democracy' has been neglected, while China has developed the very industrial capacity that once defined American power. The weakening of the United States' industrial base compromises the strength of its military-industrial complex in a world marked by what Trump's proponents describe as perpetual conflicts and escalating instability in the Pacific, Middle East, and Eastern Europe.

4. What has the response been, and where does this leave the global trade regime?

In this section, we outline how countries have responded to the Trump Administration's trade policy. Five strategies are briefly discussed – retaliate, negotiate, reroute, subvert, and restore.

Retaliate: Some countries responded by immediately applying retaliatory tariffs. Retaliation has also been used as leverage in the negotiation process. For instance, China retaliated by applying tariffs that affected USD 330 billion of the United States' exports. The European Union retaliated by threatening a 50% tariff hike. This approach helped to delay the implementation of the tariffs, kick-starting the bilateral negotiation process.

Negotiate: Countries took the opportunity of the 90-day pause in implementation to engage in bilateral negotiations with the United States. The deadline for the close of the negotiation was early July, subsequently shifted to 1 August 2025. This route creates trade policy uncertainty, therefore triggering the subsequent routes.

Reroute: Countries are rerouting trade away from the United States using regional trade blocs. Asian nations are strengthening 'inter-Asian trade' via the Regional Comprehensive Economic Partnership (RCEP) and Association of Southeast Asian Nations (ASEAN) frameworks. This subverts the 'China Plus One' strategy, which sought to divert trade away from China due to the trade barriers imposed on China by the United States (Murphy, 2025). Through this approach, Vietnam has become a consumer electronics hub, and Indonesia is developing integrated electric vehicle value chains (Murphy, 2025). Murphy (2025) argues that we are in the throes of the United States Plus One strategy, in which trade may be diverted away from the United States.

Subvert: China has been strategically subverting the United States' trade policy aimed at reshoring American manufacturing capacity through strategic industrial policy. First, China has implemented export controls on its critical minerals to facilitate its vertical integration of the supply chain from the raw materials, processing, manufacturing, and assembly (Chou, 2025). Vertical integration is a form of protection against foreign government trade policy (Chou, 2025). Therefore, foreign companies are forced to engage Chinese-controlled value chains to access critical minerals. Second, it is imposing technological transfer by implementing regulations that force foreign firms to disclose their intellectual property, such as technical specifications and manufacturing processes, as a requirement for critical minerals and Chinese market access (Chou, 2025).

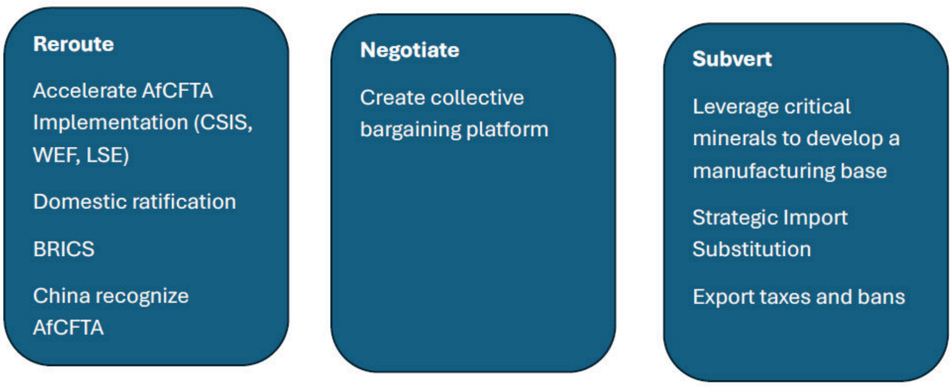
Restore: Some political leaders and trade experts have called for a restoration of the most-favoured-nations WTO global trade order. Butler (2025), for example, argues that this can only be made possible through political leadership. In addition, he calls on the European Union to take political stewardship of global free trade, but concedes that the European Union has resisted this approach, fearing Trump’s retaliation and also the divisions within Europe itself.

5. What should African countries do?

The US trade policy stance directly conflicts with two core tenets of the WTO (Butler, 2025). Specifically, it disregards the 'most-favoured-nation' principle, which mandates that trade benefits extended to one member state must be universally applied, and the 'national-treatment' principle, which ensures equitable treatment for both domestic and imported goods. Importantly, these WTO core tenets were always contentious for heterodox economists, trade unionists, anti-globalisation activists and social movements. This is because trade liberalisation was seen as harmful to developing countries as it accelerated de-industrialisation, generating job losses, for example, in the case of South Africa, or it did not allow for new industries to take root. As Chang (2002) pointedly argued, the WTO trade rules kicked away the ladder that allowed countries in the Global North to industrialise.

Therefore, the WTO breakdown represents an opportunity for African countries to pivot by reducing dependence on unstable preferential agreements, industrialising their economies, and developing regional value chains. Figure 1 represents a synthesis of key proposals that African countries should implement, drawing from the work of Ryder, Lwere and Eguegu (2025), Kangoye (2025), Oyidejo and Akenroye (2025), UNCTAD (2025), Mathekga (2025), and Butler (2025). The strategy is a reroute, subvert, and negotiate agenda.

Figure 1. Key Proposals in response to US-inflicted Global Trading System Breakdown



Source: Authors' construction drawing from Ryder *et al*. (2025), Lwere and Eguegu (2025), Kangoye (2025), Oyidejo and Akenroye (2025), UNCTAD (2025), and Mathekga (2025).

Reroute Strategy

Reroute trade inwardly through regional integration: The implementation of the African Continental Free Trade Area (AfCFTA) agreement must be expedited. There are several measures that should be implemented to facilitate trade and development in the region, including: customs harmonisation, tariff reduction/elimination, establishing an operational continental payment system, completing rules of original frameworks, integrating AfCFTA into national frameworks and legislation, and a digital transformation of trade facility platforms (See Ryder *et al*., 2025; Kangayo, 2025; Osidejo *et al*., 2025). Crucially, the AfCFTA must not only be seen as a trade facilitation agreement; it also needs to integrate industrial policies to support regional industrialisation.

Reroute trade internationally: Several large markets must be aggressively pursued. Africa-BRICS trade is largely driven by African trade with China, which constitutes 65% of Africa-BRICS trade (Ryder *et al*., 2025). Africa-BRICS trade, particularly with India, Brazil, and Russia, is largely untapped, as they constitute only 31%, 3.6%, and 0.6% shares of Africa-BRIC trade, respectively (Ryder *et al*., 2025). The practical implications of this South-South cooperation include negotiating preferential trade agreements, establishing direct shipping routes, and creating trade financing mechanisms to increase trade with BRICS countries (Ryder *et al*., 2025).

Subvert Strategy

Targeted import substitution industrialisation: African countries should identify strategic sectors that meet the criteria for strategic ISI implementation. The ISI criteria could consist of targeting manufacturing sectors that have the following attributes: high value addition, employment creation, high import replacement potential, and large absorption and processing capacity for raw materials found on the continent. Ethiopia, Kenya, Mauritius, and South Africa are among the African countries that have textile manufacturing capabilities that are underutilised, as over 70% of the continent’s clothing is imported (Kangoye, 2025). Cocoa is another product which falls within this category, as African imports of processed cocoa are up to 77% despite it being a major grower and exporter of raw cocoa (Kangoye, 2025). This ISI strategy must be supported by coordinated and coherent industrial policy and trade facilitation measures that help to build capacities and capabilities in the targeted sectors and regional production networks within the continent.

Leverage critical minerals in a reroute strategy for regional industrialisation: Form critical minerals clubs and negotiate with China and the European Union that access to Africa’s critical minerals is contingent on establishing local processing capabilities in the African countries from which the minerals are sourced. The terms of the ‘commodity for manufacturing facility’ deals should include technological transfer, skills development, and a profit share mechanism, to ensure that the local populations benefit. Implement export bans on critical minerals to support the beneficiation of these commodities.

Negotiation Strategy

Create a collective bargaining platform: African countries must make use of their collective power to negotiate fair deals with trading partners and the other external powers and institutions (see, for example, Ryder *et al*., 2025; and Mathekga, 2025). The creation of a collective bargaining platform within the African Union or the regional economic communities will help to maximise the gains from trade for the continent. This will eliminate the ability of trading partners to exploit divisions within the continent by negotiating with individual countries.

6. Conclusion

Trump's tariff policies represent a fundamental breakdown of the multilateral trading system, exposing the fragility of global economic governance and disproportionately harming developing countries through 'reciprocal' tariffs. The wholesale application of tariffs defies traditional industrial policy logic, targeting countries with negligible contributions to the United States trade deficit, while potentially crippling export industries that employ vulnerable populations, particularly women in textile sectors.

The collapse of the rules-based international order, underpinned by WTO principles of most-favoured-nation status and national treatment, demands strategic responses from African countries. Rather than accepting this new reality, Africa must seize this crisis as an opportunity to fundamentally restructure its economic relationships and development trajectory.

The proposed three-pronged strategy offers a comprehensive framework for African resilience: reroute trade inwardly through accelerated AfCFTA implementation and externally through aggressive BRICS diversification, particularly with underutilised partners like India, Brazil, and Russia; subvert through targeted import substitution industrialisation in strategic sectors nationally and through the AfCFTA; and negotiate collectively to maximise continental bargaining power, this includes establishing critical minerals clubs, to eliminate divide-and-conquer tactics.

This crisis presents an unprecedented opportunity for Africa to reduce dependence on unstable preferential agreements, accelerate industrialisation, and build resilient regional value chains. By leveraging critical mineral resources strategically and implementing coherent industrial policies, African countries can transform themselves from passive recipients of global trade shocks into active architects of their economic destiny, ultimately serving long-term continental development objectives and reducing vulnerability to external economic manipulation.

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