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A Global Assessment of President Trump's Tariffs: Economic Implications for African Countries

Position Paper

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Atlanta, GA. USA. Tuesday April 8, 2025: The reimposition of tariffs by President Donald Trump in his second term, announced on April 2, 2025, marks a seismic shift in global trade dynamics, with profound implications for African economies. Leveraging the International Emergency Economic Powers Act (IEEPA), President Trump has introduced a baseline 10% tariff on all U.S. imports, alongside "reciprocal" tariffs ranging up to 50% on nations deemed to hinder U.S. exports. For Africa—a continent where 32 countries once enjoyed duty-free access under the African Growth and Opportunity Act (AGOA)—these measures threaten to unravel decades of trade progress. This assessment evaluates the economic fallout for developing and poor African nations, spotlighting specific impacts on businesses and offering data-driven insights into this tariff tempest.

Broad Economic Effects on African Economies

Africa's trade with the U.S., valued at \$47 billion in 2023, faces a stark recalibration. The continent's largest economies—South Africa, Nigeria, and Kenya—contend with tariffs of 31%, 14%, and 10%, respectively, while smaller nations like Lesotho and Madagascar bear levies of 50% and 47%. Oxford Economics projects a potential 4% GDP contraction across sub-Saharan Africa if export revenues falter, a dire prospect for nations already grappling with debt and poverty. The U.S., absorbing 10% of Africa's exports, is a critical market; tariffs could slash this by 25%, or \$11.75 billion annually, per Tax Foundation estimates. Inflation may rise as import costs climb, while debt servicing—already 60% of GDP in countries like Zambia—could become untenable amid reduced foreign exchange earnings.

Impact on Developing and Poor African Countries

For developing and poor African nations, the tariffs strike at the heart of labor-intensive export sectors. Lesotho, a mountainous kingdom of 2 million with a GDP of \$2 billion, faces a 50% tariff—President Trump's highest globally. Textiles, accounting for 90% of its manufacturing jobs and \$237 million in U.S. exports (10% of GDP), are imperiled. Oxford Economics warns of factory closures, with 40,000 workers at risk, triggering multiplier effects—retailers and landlords dependent on textile wages could collapse. Lesotho's Private Sector Foundation CEO Thabo Qhesi

told NBC News on April 3, 2025, that this could "kill" the economy, a sentiment echoed by Trade Minister Mokhele Shelile's pledge to negotiate in Washington.

Madagascar, hit with a 47% tariff, exemplifies the plight of poor nations. Its \$500 million garment export industry, employing 120,000, leans heavily on U.S. markets. Reuters reported on April 3, 2025, that former ambassador Eric Andriamihaja Robson decried the tariffs as "flawed and unfair," predicting a 30% revenue drop if U.S. demand wanes. Similarly, Botswana's 38% tariff threatens its \$100 million diamond trade with the U.S., a lifeline for a nation where 20% live below the poverty line. These countries, lacking diversified economies, face heightened unemployment and social unrest as export earnings—often 25% of GDP—erode.

Sector-Specific Business Impacts

Nigerian businesses, though less export-reliant, feel the 14% tariff's sting. Oil, comprising 90% of Nigeria's \$3 billion U.S. exports in 2023, may see muted impact due to global demand, but non-oil sectors like sesame (\$150 million annually) face U.S. buyer hesitation. The Nigerian Export Promotion Council estimates a \$50 million annual loss if tariffs persist, straining SMEs amid a cost-of-living crisis where inflation hit 32% in 2024. South Africa's automotive sector, exporting \$1.5 billion in vehicles to the U.S., confronts a 31% tariff. Investec's Annabel Bishop warned the BBC on April 3, 2025, of a "very negative" blow, with potential job losses of 10,000 in a country where unemployment exceeds 33%.

Kenya, with a milder 10% tariff, sees a silver lining. Its \$600 million textile exports could gain a competitive edge over Asian rivals like Vietnam (34% tariff), per the Kenyan Trade Ministry's April 3, 2025, statement. Yet, this optimism hinges on scaling production challenge given infrastructure gaps and a 40% poverty rate.

Mitigation Strategies and Adaptation

African businesses can adapt through targeted strategies. First, value addition offers a buffer; processing cocoa in Nigeria or diamonds in Botswana reduces tariffed volumes by up to 20%, per industry data, while fetching higher prices. Second, trade partnerships with U.S. firms—such as a hypothetical \$5 million joint venture between a South African automaker and a U.S. distributor—can share costs and secure market access. Third, AGOA, expiring in September 2025, remains a lifeline if renewed; its \$50 million duty savings in 2023 underscore its value. Finally, pivoting to the \$1.3 trillion African Continental Free Trade Area (AfCFTA) market could offset U.S. losses, though logistics lag hinders swift transitions.

Policy Implications and Outlook

For African policymakers, urgent action is paramount. Investing in processing infrastructure—Nigeria's \$100 million agro-processing plan could serve as a model—bolsters resilience. Diplomatic efforts, like Lesotho's planned Washington talks, must press for tariff relief or AGOA renewal. Entrepreneurs should diversify via e-commerce; Kenya's \$20 million online exports to the U.S. in 2024 hint at potential. Yet, the tariffs signal a broader shift—Reuters notes on April 3, 2025, that China may fill the U.S. trade void, offering predictable engagement as Africa's \$70 billion partner.

President Trump's tariffs, heralded as an "economic independence" move by the White House on April 2, 2025, imperil Africa's developing economies. Lesotho's textile collapse, Madagascar's garment woes, and South Africa's auto strain exemplify the stakes. With \$11 billion in trade and millions of jobs at risk, African leaders and businesses must navigate this storm with agility, leveraging partnerships, agreements, and innovation to unlock alternative growth paths in a tariff-laden world.

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By fostering cooperation, knowledge-sharing, and connection-building between businesses, the Commission aims to create mutually beneficial partnerships that drive economic growth, job creation, and sustainable development in both regions.