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The Global South and US Trade Policy

Structural Exposure and Economic Vulnerability in Selected African Countries

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Abstract

United States (US) trade policy has undergone a series of significant changes introducing far-reaching uncertainty for trading partners in both the short and long term. Among the most vulnerable to these changes are low- and middle-income countries. Anticipating the potential impact of proposed or enacted US trade measures ex-ante is difficult. Therefore, this discussion paper examines the structural vulnerabilities of a selection of African countries – Lesotho, Madagascar, Côte d'Ivoire, South Africa, and Tunisia – to recent shifts. Using descriptive trade data, the paper maps direct and indirect channels of exposure and highlights the structural constraints that amplify vulnerability. While Africa is not among the most directly exposed regions, several countries face significant risks due to concentrated export structures, reliance on a few trade partners, and limited capacity to redirect trade in the short term. This highlights the strategic importance for African countries to strengthen regional integration, industrial upgrading, and reduce external dependencies.

Contents

Figures

Preface

Since President Donald Trump's return to office, United States (US) trade policy has undergone a series of significant changes, with further far-reaching shifts remaining uncertain in both the short and long term. While the US-China trade war and its resulting arrangements during his first term already clashed with World Trade Organization (WTO) rules, the current administration is now going further by actively undermining the multilateral trading system. Most notably, it has threatened to impose so-called "reciprocal tariffs" on trading partners.

These proposed tariffs mark a sharp departure from the WTO's core principles of reciprocity and non-discrimination, signalling a broader US pivot towards a power-based approach to trade negotiations. This shift is evident in the increased pressure placed on trading partners to enter bilateral negotiations, coupled with the erratic nature of US tariff plans in both content and timeline. What looms ahead is a potential patchwork of inconsistent and unpredictable trade rules.

Yet the actual imposition of tariffs is only part of the story. Economic research has long emphasised the detrimental effects of policy uncertainty on trade performance. With Trump's open embrace of protectionism, this uncertainty has moved from the margins to the centre – casting a long shadow over global trade.

Anticipating the potential impact of proposed or enacted US trade measures ex-ante is difficult, as their scale and nature exceeds most historical precedents. Traditional trade models may thus prove inadequate in capturing the complex and dynamic effects of these shifts in the current geopolitical and economic landscape. Moreover, the shift towards protectionist and discriminatory policies is likely to generate unpredictable effects for both overall trade patterns and specific global value chains (GVCs), with highly uneven impacts across countries.

Among the most vulnerable to these changes are low- and middle-income countries (LMICs), which typically export raw materials, apparel and other low-cost goods to the US while importing relatively few high-value American products. These structural asymmetries leave LMICs particularly exposed to both direct tariff hikes and broader disruptions in global trade patterns.

Against this background, this paper is part of a series of discussion papers that explores structural trade linkages between selected LMICs and the US, drawing on recent trade data through descriptive analysis. The series identifies both direct and indirect trade vulnerabilities, while also highlighting potential opportunities arising from the ongoing shift in US trade strategy. These insights aim to support policymakers in LMICs and their international partners in crafting informed, pro-active responses to an increasingly uncertain trade environment.

Abbreviations

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
BACI	Base pour l'Analyse du Commerce International
DCFTA	Deep and Comprehensive Free Trade Area
EPA	Economic Partnership Agreement
EBA	Everything but Arms
EU	European Union
EU-ESA iEPA	Interim Economic Partnership Agreement with the countries of Eastern and Southern Africa
FDI	Foreign direct investment
GSP	Generalised System of Preferences
GVCs	Global value chains
GDP	Gross domestic product
LMICs	Low- and middle-income countries
MFN	Most Favoured Nation
REX	Registered Exporter
SADC	Southern African Development Community
UN	United Nations
US	United States
WTO	World Trade Organization

1 Introduction

While Africa remains a minor player in global trade by volume, its participation in global value chains (GVCs) is steadily increasing. However, its role is typically limited to the early stages of production, with often limited value added. In many African countries, exports remain dominated by raw materials or labour-intensive goods, while more complex industrial processing typically occurs outside the continent (Mancini et al., 2023).

At first glance, this peripheral position might suggest that African economies are somewhat insulated from global trade disruptions. Yet in today's multipolar global economy, raw material supply chains are increasingly exposed to geopolitical dynamics. Shifts in global demand – often driven by external political or economic developments – can significantly affect commodity prices, leaving African economies particularly vulnerable to such shocks (e.g., Barrot et al., 2018; Combes & Guillaumont, 2002).

More specifically, Africa's predominant upstream position in GVCs renders it both more easily replaceable and more vulnerable to trade rerouting or reshoring during times of crisis unless its supplies are rare or vital. In addition, many African countries depend heavily on a small number of export destinations, primarily China, the United States (US) and the European Union (EU). Trade tensions involving these key partners can thus have disproportionate effects, either through direct supply chain involvement or broader geopolitical competition over strategic resources (see Tam, 2019).

Compounding this vulnerability is the persistent weakness of intra-African trade. While intra-African trade is more diversified with higher value-added, it accounts for just 12 per cent of the continent's total trade – far lower than in other regions (De Melo & Solleder, 2025). This lack of strong internal markets undermines Africa's resilience and limits its ability to cushion external shocks through regional demand and supply rebalancing (UNCTAD [United Nations Conference on Trade and Development], 2025).

These structural weaknesses are further strained by shifting trade policies under US President Donald Trump. The periodic threat of unilateral, country-specific tariffs has not only created considerable uncertainty for African economies, especially those with narrow and asymmetric trade relationships with the US. In practical terms, the current US trade stance has also cast doubt on the future of preferential trade regimes. The unresolved status of the African Growth and Opportunity Act (AGOA) following the expiry and so far failed reauthorisation of the US Generalised System of Preferences (GSP) in 2020 suggests the likely and abrupt curtailment of duty-free market access for African exports.

The termination of such preferences would not only disrupt existing trade flows between Africa and the US, but also have more dynamic consequences. Trade instability can undermine investor confidence and deter foreign direct investment (FDI), particularly in export-oriented and labour-intensive sectors such as apparel and agriculture (Sorgho, 2024; Britz et al., 2025a). Unlike in Asia, where trade is often more diversified, Africa's attractiveness in these sectors has long depended on preferential access under AGOA (e.g., Phelps et al., 2009; Seyoum & Abraham, 2022). The removal of such access risks eroding one of the few competitive advantages African economies hold in global trade.

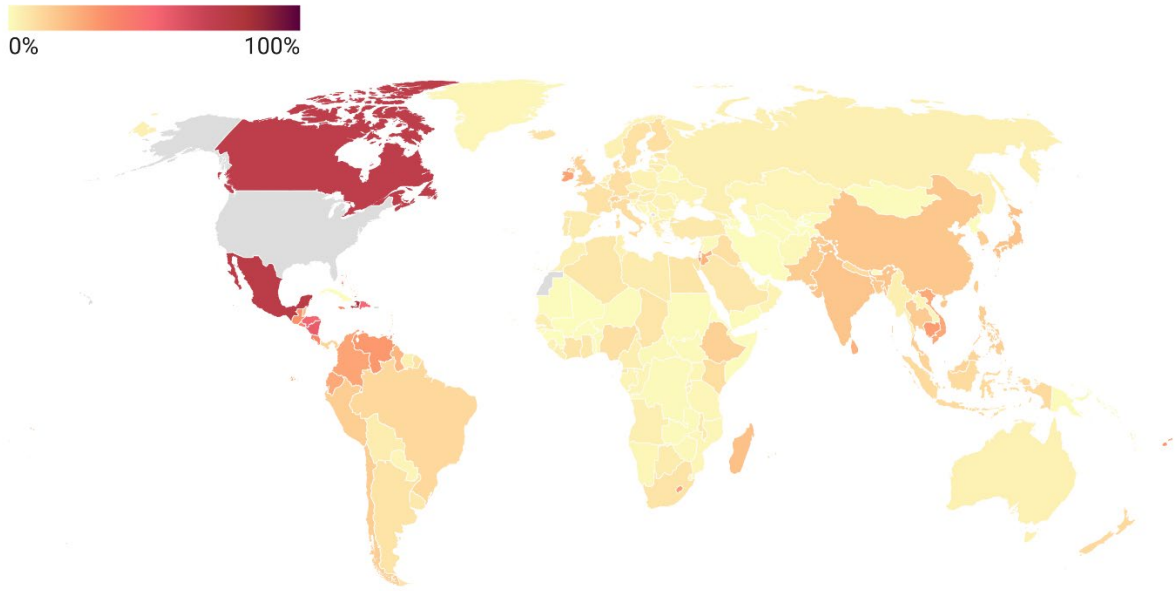
Against this background, this paper focuses on five selected African countries that – according to the initial US tariff list announced by the Trump administration in April 2025 – faced country-specific tariffs that were well above the continental average: Lesotho, Madagascar, Côte d'Ivoire, South Africa and Tunisia (The White House, 2025a). On the positive side, unlike geographically close US trading partners, African economies are relatively less dependent on the American market. Countries such as Mexico and Caribbean states have deeper integrated trade ties with the US and hence are more vulnerable to shifts in US trade policy (see Figure 1).

Nonetheless, trade policy uncertainty creates a complex picture of potential impacts and possible strategic responses for African economies.

In the five countries studied, and particularly within specific sectors, there are significant direct vulnerabilities to a more restrictive US trade policy, along with indirect dependencies that generate substantial risks. Lesotho and Madagascar are heavily reliant on AGOA-supported apparel exports and could face severe investment losses, especially from Chinese investors. South Africa benefits from automobile exports to the US, but given the relatively modest share of these exports in its gross domestic product (GDP), its overall exposure is more limited. Côte d'Ivoire, as a major supplier of raw commodities like cocoa and rubber, risks losing competitiveness if targeted by US tariffs. Tunisia is only marginally dependent on direct trade with the US but is indirectly exposed through its role in European value chains.

The remainder of this paper is organised as follows. Section 2 maps the structural exposure, trade vulnerabilities and policy response capacities of five selected African countries based on recent trade data and product-level analysis. Each country profile highlights the nature and magnitude of US trade linkages, the potential impact of shifting US trade policy, and the policy space available to mitigate associated risks. Section 3 concludes with a broader discussion of strategic trade options for the continent as a whole, outlining key pathways for strengthening economic resilience and reducing dependency on volatile external markets.

Figure 1: Exports to the United States as per cent of total exports



Source: Authors. Created with Datawrapper, based on data from Gaulier and Zignago (2010).

2 Mapping exposure, vulnerabilities and policy response capacities across Africa

We examine the trade linkages between selected African countries and the US and assess their implications on the African countries. Unless otherwise noted, the following analysis is based on the most recent *Base pour l'Analyse du Commerce International* (BACI) trade dataset (Gaulier & Zignago, 2010) and the *Atlas of Economic Complexity* (Growth Lab at Harvard University, 2024). Compared to raw United Nations (UN) Comtrade data, BACI offers cleaner and more consistent figures through a systematic reconciliation of exports and imports, enabling

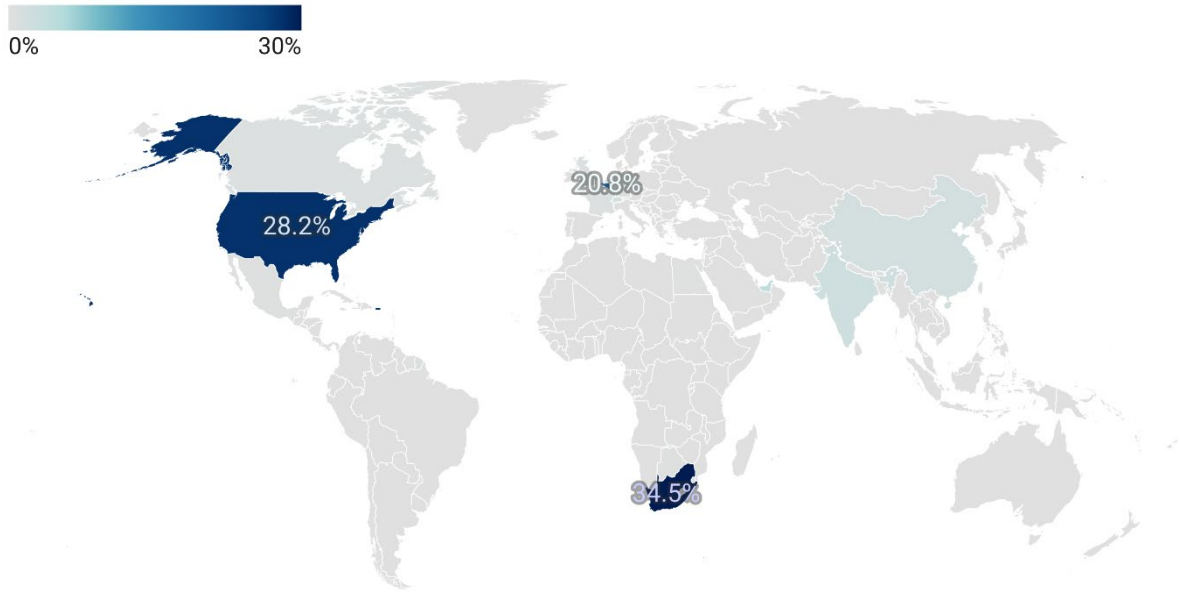
more precise analysis at both the product and country levels. While the *Atlas of Economic Complexity* also draws on UN Comtrade data, it presents the information in a way that highlights economic complexity, diversification and development potential. Data points refer to average values for the period 2019 to 2023, except where specified.

The following sub-sections indicatively rank the five selected African countries according to their structural exposure, economic vulnerabilities and policy response capacity in light of recent shifts in US trade policy. Countries appearing earlier in the ranking face greater fragility along with more limited policy space, while those ranked later are relatively more resilient.

2.1 Lesotho

Lesotho's export structure reflects a relatively balanced but narrow geographical distribution across its three main trading partners: South Africa, the US and Belgium (see Figure 2). South Africa and the US each account for roughly 30 per cent of total exports, while Belgium contributes around 21 per cent. Despite this apparent balance, the composition of exports varies significantly by destination. Exports to South Africa are relatively diversified, whereas those to the US and Belgium are highly concentrated. In Belgium's case, diamonds alone constitute the entirety of export volumes from Lesotho.

Figure 2: Lesotho's export shares of goods by destination



Source: Authors. Created with Datawrapper, based on data from Gaulier and Zignago (2010).

In trade with the US, apparel dominates. Over the past few years, they have made up about 85 per cent of Lesotho's exports to the US, although this share has declined – from over 90 per cent in 2019 to around 76 per cent in 2023. At the same time, diamonds, which represent about 4.5 per cent of Lesotho's overall exports, have gained importance for US trade, making up nearly 23 per cent of Lesotho's exports to the US by value in 2023.[1] Other product categories remain marginal in this bilateral trade relationship.

1 In this context, it is noteworthy that diamond prices tend to be highly volatile, experiencing substantial variations over time.

Lesotho's apparel industry stands out as a rare industrial success story in a least developed country, largely driven by preferential trade access. Since the early 2000s, the sector has grown significantly thanks to duty- and quota-free access to the US market under AGOA (Frazer & Van Biesenbroeck, 2010; Van Biesenbroeck & Zaurino, 2019).

A closer examination reveals that AGOA has provided Lesotho a significant competitive advantage in global apparel markets. Weighted US Most Favoured Nation (MFN) tariffs on apparel typically range between 11 and 17 per cent and apply to major producers such as China, India, Bangladesh, Vietnam and Turkey (own calculation based on data from The World Bank, 2025).

Lesotho's long-standing duty-free access under AGOA combined with relatively low labour costs has thereby enabled favourable price-cost margins and helped strengthen its competitive position – especially in comparison to higher-cost producers like Turkey. Today, the apparel sector is the country's largest private employer, providing approximately 45,000 jobs, and its exports to the US alone account for about 11.3 per cent of Lesotho's GDP (IMF [International Monetary Fund], 2022).

However, the sector's pivotal role in the economy and the country's dependence on US trade preferences also create structural vulnerabilities. The sector is closely linked to Chinese investment, with most production facilities owned by Chinese firms, drawn to Lesotho in a large part precisely due to the preferential treatment offered by AGOA (Rotunno et al., 2013). The potential loss of duty-free access would therefore not only erode export competitiveness, but could also deter current and future foreign investment.

Moreover, while Lesotho's apparel industry has expanded significantly, this expansion has not been matched by the development of a domestic textile base. Upstream imports play a crucial role in the sector, with South Africa, China and other Asian countries serving as key suppliers (Ayoki, 2016; The World Bank, 2021). This reliance means that if Chinese investment was to be withdrawn, Lesotho's input supply could be disrupted, jeopardising the industry's ability to operate effectively. Over the long term, this would threaten a key pillar of Lesotho's industrial base and put at risk broader socioeconomic achievements, including gains in employment and gender equality.

Beyond shifts in US trade policy, Lesotho's apparel industry faces intensifying global competition. The country contends with other AGOA beneficiaries like Kenya and risks losing further market shares as countries such as Vietnam move towards bilateral trade deals with the US. Consequently, Lesotho's international competitiveness in the apparel sector remains fragile.

Alternative markets offer limited short-term relief. While the South African market is accessible through the largely duty-free Southern African Development Community (SADC) Free Trade Area, apparel has traditionally been a strategically sensitive sector for South Africa (e.g., Roberts & Thoburn, 2004). Moreover, intra-African trade continues to be constrained by non-tariff barriers such as import regulations and technical standards, which are often influenced by political economy dynamics (Stender & Vogel, 2023).

Similarly, the EU provides duty- and quota-free access under the Economic Partnership Agreement (EPA) with the SADC since 2016. However, Lesotho's exports to the EU remain almost entirely concentrated in diamonds, primarily destined for Belgium. The European apparel market is already dominated by Asian suppliers – including Bangladesh, Vietnam and Turkey – many of which enjoy special access to the EU market via tariff preference schemes or bilateral trade agreements. Moreover, Turkey's geographic proximity to the EU translates into lower transport costs, which helps offset its higher labour expenses compared to Lesotho.

Lesotho faces the structural challenge of a small domestic market and limited short-term capacity to diversify its product portfolio. Nevertheless, viable alternatives to its uncertain, US-

focused apparel export sector could arise through deeper collaboration with its primary foreign investor in the industry or by expanding into regional markets.

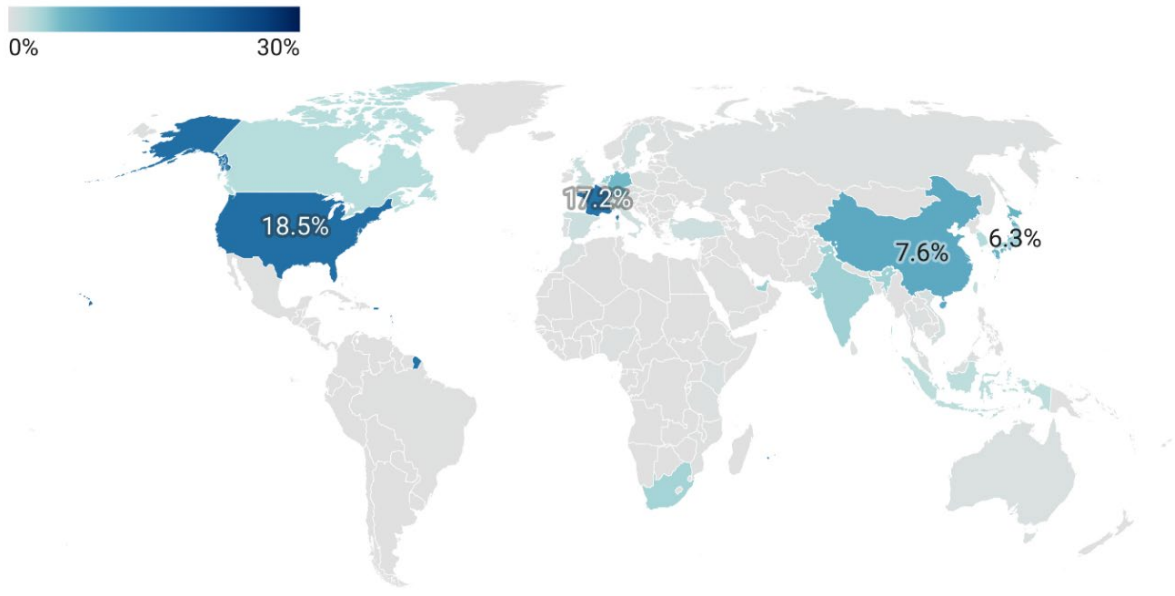
China's recent announcement to eliminate tariffs on "quality imports" from Africa (Ministry of Foreign Affairs of the People's Republic of China, 2025), for instance, may present a strategic opportunity. While potentially a political signal aimed at the US, this policy shift, combined with Lesotho's comparatively low labour costs relative to Chinese domestic production, could enhance the country's competitiveness under such a trade arrangement.

At the regional level, the African Continental Free Trade Area (AfCFTA) could offer another promising path forward. By reducing intra-African tariffs and addressing long-standing non-tariff bottlenecks such as red tape, customs inefficiencies and divergent standards, the AfCFTA has the potential to open up previously inaccessible markets beyond Lesotho's neighbouring economic powerhouse South Africa. Crucially, with effective implementation, it may facilitate product diversification over the longer term by fostering the development of regional value chains, thereby strengthening Lesotho's integration into broader continental manufacturing networks.

2.2 Madagascar

The US is Madagascar's single most important trading partner, accounting for about 18.5 per cent of the country's total exports. The US is followed by France, China, Japan and Germany (see Figure 3). Regionally, Madagascar's exports are distributed roughly equally among Europe, Asia and the Americas – although exports to the latter have been declining in recent years and are dominated by the US. Even more striking is the minimal volume of exports to other African countries, with South Africa being the only notable exception, with a share of around 3 per cent of total exports.

Figure 3: Madagascar's export shares of goods by destination



Source: Authors. Created with Datawrapper, based on data from Gaulier and Zignago (2010).

Export composition varies significantly across Madagascar's trading partners. Minerals, metals and stones dominate exports to Asia with 70 per cent of total exports, followed by cloves (15 per cent). In contrast, exports to the US and EU consist mainly of agricultural products (50 per cent), followed by apparel (25 per cent), and metals, minerals and stones (15 per cent).

Madagascar's top agricultural good to the US, vanilla, represents about 7.5 per cent of Madagascar's total exports, equivalent to nearly 2 per cent of its GDP. While Madagascar is the world's most important vanilla exporter, there is a notably strong focus on the US market: The US purchases 40 per cent of Madagascar's vanilla exports, though France – despite some sharp annual fluctuations – is not far behind and could therefore partially cushion abrupt declines in US demand. Apparel exports to the US account for 6.8 per cent of Madagascar's total exports and correspond to 1.7 per cent of its GDP.

While Madagascar's vanilla exports concentration on the US is an outcome of the US's large consumer market and strong demand for food and cosmetics containing vanilla, Madagascar still faces risks due to strong reliance on the US market. For example, empirical evidence shows that US importers of vanilla beans have previously leveraged their dominant position to influence pricing, often adjusting exchange rate fluctuations with developing country exporters, such as Madagascar (Rakotoarisoa & Shapouri, 2001). This dynamic exposes Madagascar to both market and pricing risks, limiting its bargaining power and economic resilience.

Additional risks relate to price volatility. Vanilla and clove prices are subject to considerable fluctuations, driven by factors such as extreme weather events, global demand shocks, and growing competition from synthetic substitutes (Khan et al., 2022). Key competitors in this sector, including Indonesia and Uganda, are also active in the US market. In some cases, these competitors benefit from equally favourable or even better preferential trade arrangements.

Many vanilla producers in Madagascar are highly dependent on access to functioning export markets. Over 70 per cent of the population is employed in agriculture, much of it in subsistence farming, though market integration is gradually increasing. Given that women make up around 69 per cent of the agricultural workforce, developments in Madagascar's agricultural exports also have important implications for gender equality (ILO [International Labour Organization], 2025).

The success of Madagascar's apparel sector has largely been enabled by preferential market access to both the EU and US (Frazer & Van Biesenbroeck, 2010; Van Biesenbroeck & Zaurino, 2019). The apparel sector in Madagascar therefore faces structural risks related to the expiry of AGOA and additional tariff increases (Britz et al., 2025b). More specifically, under US MFN tariff rates, Madagascar's apparel exports would have faced a weighted average tariff of over 13 per cent in 2023, compared to duty-free access under existing preferences (own calculation based on data from The World Bank, 2025). Even this seemingly moderate shift compared to threatened country-specific duties would very likely pose a significant challenge to the export performance of a low-cost producer like Madagascar.

Another source of vulnerability is the sector's strong dependence on Asian capital and inputs: Similar to the situation in Lesotho, a large share of apparel production is run by Chinese or Mauritian investors who are likely to remain in the country only as long as favourable trade conditions such as AGOA persist (Altenburg et al., 2020). The expiry of these preferences could trigger capital flight and relocation of production. The reliance on China could be even more pronounced than that in Lesotho: As emphasised in Madagascar's National AGOA Strategy (2022-2025)[2], nearly all inputs for Madagascar's apparel industry originate from China, suggesting that any end of Chinese engagement would probably bring the entire branch to an end in Madagascar.

2 Available at https://agoa.info/images/documents/16202/madagascar-national-agoa-strategy-2022-2025.pdf.

Further risks arise from dynamic developments in global trade. Countries such as Vietnam and Bangladesh are pursuing comprehensive free trade agreements with the US, which could undermine the price competitiveness of Madagascar's apparel exports. These developments pose particularly severe risks for women, who make up approximately 80 per cent of the sector's workforce (ILO, 2025).

Diversifying export markets is thus strategically important for Madagascar, but remains challenging in practice. The African market is not a major destination for many of the country's agricultural and apparel exports. Non-tariff trade barriers such as high transportation costs, inadequate infrastructure, and regulatory opacity further limit regional trade potential (Tandrayen-Ragoobur et al., 2022; Yang & Gupta, 2007).

The EU offers duty- and quota-free access for all goods through the interim Economic Partnership Agreement with the countries of Eastern and Southern Africa (EU-ESA iEPA), as well as the Everything but Arms (EBA) initiative. While the combined usage of both preference schemes has consistently been high, the use of EBA trade preferences rose to 50 per cent in 2023, facilitated by the introduction of simplified procedures under the Registered Exporter (REX) system (European Commission, 2025a). A key factor behind this increase is the improved rules of origin for apparel, which have made it easier for Madagascar to access the European market and have strengthened the competitiveness of its apparel products.

Given the high preference usage already, the EU presents only a limited additional opportunity to further foster Madagascar's exports. This is particularly true in the apparel sector, where competition is intense due to countries such as Bangladesh, Vietnam and Pakistan. These competitors also benefit from special tariff treatment under the EU's tariff preference schemes or bilateral trade agreements and often enjoy greater economies of scale and more efficient logistics systems.

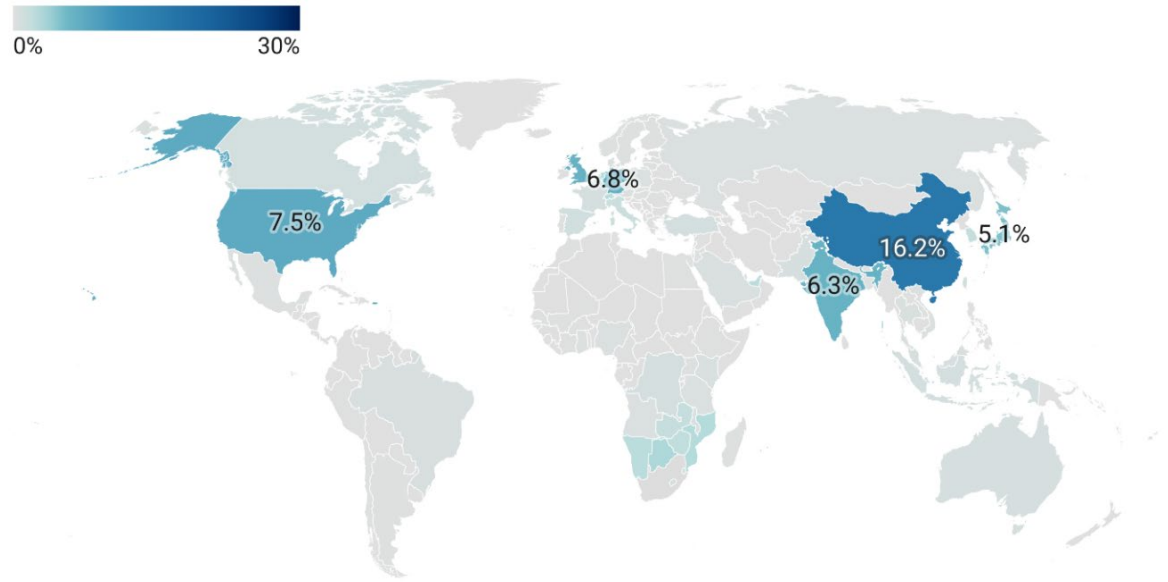
Asian markets remain largely inaccessible for Madagascar's apparel, as most countries in the region have their own production capacities and limited demand for African apparel products. In contrast, some niche opportunities exist in the agricultural sector (for example, vanilla exports to Japan and China), but these markets are limited in volume.

2.3 South Africa

The US is South Africa's second most significant trading partner, accounting for approximately 7.5 per cent of the country's total exports (see Figure 4). China is by far the largest single country export destination, followed by Germany, India, the United Kingdom and Japan, each with slightly smaller shares than the US. South Africa also serves as the leading commercial hub in Southern Africa, exporting substantially to fellow members of the SADC. Exports constitute about 30 per cent of South Africa's GDP, with exports to the US representing around 2.5 per cent of GDP. While not insignificant, this falls short of suggesting strong economic dependence.

While South Africa maintains a diversified range of export destinations, the composition of its exports also varies considerably across trading partners. Roughly half of South Africa's exports to the US consist of ores, stones, and minerals. The country's top individual exports to the US are jewellery, gemstones and precious metals, which together account for about 3.5 per cent of South Africa's total exports. This product group shows a high degree of market concentration, with approximately 11 per cent of these exports destined for the US market. Notably, however, this reliance is reciprocal: South Africa supplies around 6 per cent of total US imports in this category. The US import dependency is even more striking in the case of ores (slag and ash), where South Africa provides nearly 27 per cent of US imports – despite ores exports to the US making up just 0.4 per cent of South Africa's total exports.

Figure 4: South Africa's export shares of goods by destination



Source: Authors. Created with Datawrapper, based on data from Gaulier and Zignago (2010).

Beyond these categories, other notable South African exports to the US include vehicles and metals (particularly iron and steel) with each accounting for approximately 0.5 per cent to 0.6 per cent of South Africa's total exports. In aggregate, these exports represent only about 0.15 per cent to 0.2 per cent of the country's GDP, rendering them relatively insignificant in the broader economic context.

In contrast, China, Japan and the United Kingdom primarily import raw materials from South Africa. Exports to neighbouring SADC countries, however, are more diversified, encompassing not only agricultural products, but also chemicals, vehicles and machinery. This reflects South Africa's role as a regional platform for industrial production.

Manufacturing generally plays a central role in South Africa's economic strategy and labour market. Within this sector, the automotive industry is particularly significant, directly employing around 110,000 people and representing approximately 4.3 per cent of the country's GDP (South African Government, 2024). Notably, the industry is deeply integrated into GVCs, underscoring its importance beyond national borders.

There is, however, a notable distinction between South Africa and other African countries involved in automotive value chains. While Morocco and Tunisia primarily focus on supplying components and parts (see Section 2.5), South Africa is oriented more towards final assembly and full-scale vehicle production. The country has an established automotive sector with large assembly plants operated by international manufacturers such as BMW, Mercedes-Benz, Volkswagen, Toyota, Ford and Nissan.

While not the most significant export industry to the US in absolute terms, South Africa's automotive exports to the US have notably benefited from duty- and quota-free access under AGOA, which now has an uncertain future. Currently, around 8 per cent of South Africa's total vehicle exports are destined for the US market. A key driver of this trade is BMW, whose models are positioned in the premium segment.

While South Africa's BMW plant competes to some extent with its US counterpart, a politically motivated shift in production to the US cannot be ruled out. However, from a business perspective, the South African facility does not appear to face an immediate threat, as scaling

up production in the US would not be achievable quickly. Moreover, unlike component supply, final vehicle assembly is difficult to relocate quickly, as it depends on a long-established base of technical expertise and skilled labour. In the short term at least, this reliance may outweigh the loss of the cost advantage from lower labour costs following the expiry of AGOA.

Although the potential expiry of AGOA poses a significant risk to South Africa's vehicle exports to the US, South Africa's export business to the US may face an even greater challenge from the already imposed 50 per cent tariffs on steel and aluminium (The White House, 2025b). While both sectors have historically been subject to global tariff exposure, including from both the US and South Africa, they involve relatively homogeneous goods that are easily substitutable. This makes it feasible for the US to replace South African imports with domestic production or alternative international suppliers.

While the absolute export values remain within the moderate range, a more pressing concern is South Africa's high export concentration to the US in these sectors. Approximately 10 per cent of its steel exports and 22 per cent of its aluminium exports are directed to the American market. In contrast, the US maintains a highly diversified sourcing base for both products, reducing its dependency on any single trade partner.

In response to these trade policy disruptions, South Africa could pursue several strategic options. In the short term, one possible lever is to highlight US dependence on South African imports of jewellery, gems and precious metals, and in particular ores. All of these sectors are less easily substitutable supply sources and have a higher market concentration. Over the longer term, South Africa would benefit from diversifying its export portfolio to the US.

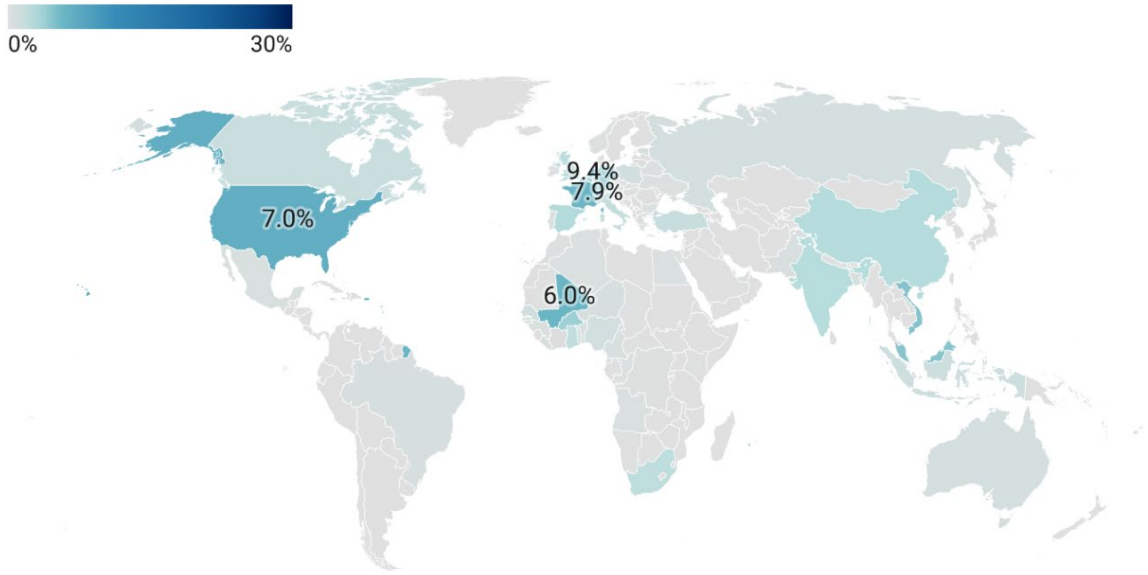
In addition, the development of the battery value chain offers important opportunities to both diversify South Africa's automotive production portfolio and expand its export markets. Although the country does not yet manufacture EV battery cells domestically, it is actively developing capabilities in electric vehicle battery components and assembly (The World Bank, 2023).

2.4 Côte d'Ivoire

While the US is not Côte d'Ivoire's main export destination, it nonetheless represents an important market for certain key products, particularly cocoa beans. Only around 7 per cent of the country's exports go directly to the US (see Figure 5). Roughly 40 per cent are destined for Europe, about 20 per cent for Asia, and around one quarter for other West African countries. Cocoa is Côte d'Ivoire's most important export good, accounting for around 75 to 80 per cent of the country's global exports. About 15 per cent of these cocoa exports go to the US, representing over 5 per cent of total exports and around 1.3 per cent of GDP. Côte d'Ivoire is also by far the most important supplier of cocoa beans to the US, accounting for roughly 50 per cent of total US imports. Overall, nearly half of the country's workforce is employed in agriculture, with over 1 million people working in the cocoa value chain (International Cocoa Initiative, 2019).

Rubber and rubber-based products are Côte d'Ivoire's second most important export good. Exports of natural rubber to the US account for around 0.85 per cent of total exports and approximately 0.2 per cent of GDP. Côte d'Ivoire is an important supplier of raw materials for global tire production (including Bridgestone, Michelin and Continental). Globally, Côte d'Ivoire is the third-largest exporter of natural rubber. The government aims to retain a greater share of value added domestically in the medium term ("upgrading"), such as through increased local processing (Gouvernement de la République de Côte d'Ivoire [Government of the Republic of Côte d'Ivoire], 2019). So far, however, a large portion of rubber – around 30 per cent – is exported to China.

Figure 5: Côte d'Ivoire's export shares of goods by destination



Source: Authors. Created with Datawrapper, based on data from Gaulier and Zignago (2010).

Although exports to the US account for only a small share of Côte d'Ivoire's total exports, potential protectionist trade policy can introduce a significant burden, especially on cocoa trade. While the US has long applied MFN tariffs on finished products such as chocolate and tires, Côte d'Ivoire's two most important export goods (cocoa and rubber) have so far been exempted (The World Bank, 2025). As a result, AGOA has played only a limited role for the country.

Due to its strong focus on agricultural commodities and raw materials, Côte d'Ivoire is highly vulnerable to volatile prices and climate-related risks. Cocoa farmers are already under pressure due to climate-related crop failures in recent years (IMF, 2024). With women making 70 per cent of the cocoa workforce, the development of this sector also holds considerable gender policy relevance (UN Women [United Nations Entity for Gender Equality and the Empowerment of Women], 2017). Other important export products include gold (primarily exported to Switzerland), oil and cashew nuts. However, these goods are rarely exported to the US market. Nonetheless, Côte d'Ivoire's reliance on these sectors exposes it to significant risks stemming from price fluctuations and the impacts of climate change.

Côte d'Ivoire is also integrated into international value chains (via Europe and Asia) that depend on access to the US market. For example, European chocolate manufacturers process Ivorian cocoa and export the finished products to the US. Similar indirect linkages exist in the rubber sector: European and Asian tire producers use Ivorian natural rubber in their manufacturing processes and sell the final products to the US market. Therefore, as exports to both the EU and China consist mainly of intermediate goods, there is a significant indirect risk that final goods incorporating Ivorian inputs could be subject to US tariffs.

The potential to redirect exports to alternative markets is limited. Côte d'Ivoire already enjoys duty- and quota-free access to the EU under the EBA initiative and, since 2019, through the EPA, which is particularly relevant for certain cocoa tariff lines. Some additional export potential may exist for rubber exports to China, where the current 20 per cent tariff on technically specified natural rubber could be lowered to zero as part of China's announced tariff reductions for African countries.

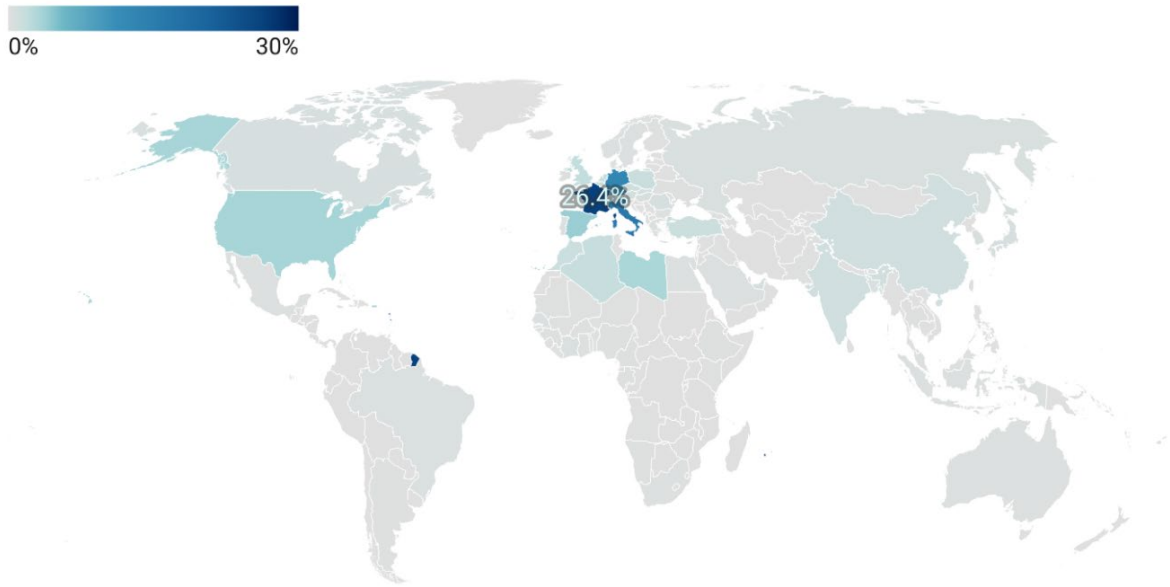
However, cocoa and rubber are not produced in the US and are therefore not easily substitutable. As a result, the impact on Côte d'Ivoire depends heavily on how trade policies affect its

competitiveness relative to key exporters. In the rubber sector, Côte d'Ivoire competes mainly with Indonesia, Thailand, Liberia, Ghana, Malaysia and Vietnam, and in cocoa with Ghana, Ecuador and the Dominican Republic. In the recent "reciprocal" tariff announcements, Côte d'Ivoire was positioned mid-range, with a proposed tariff of 21 per cent.

2.5 Tunisia

Compared to many other African countries, Tunisia's economy is notably less reliant on foreign trade and is strongly shaped by the services sector. Services account for over 60 per cent of GDP, with tourism playing a particularly central role. This structure lends Tunisia a degree of resilience against global trade policy disruptions and is also reflected in the country's external balances: While Tunisia runs a current account deficit, it maintains a surplus in its services trade. The country's primary goods export markets are France, Italy and Germany, which together account for more than half of Tunisia's exports (see Figure 6).

Figure 6: Tunisia's export shares of goods by destination



Source: Authors. Created with Datawrapper, based on data from Gaulier and Zignago (2010).

Tunisia's ten most significant export goods to the US account for just over 3 per cent of the country's total exports. Among these, particularly noteworthy are animal or vegetable fats and oils (especially olive oil), compromising around 0.95 per cent of total exports. The value of these exports to the US represents approximately 0.4 per cent of Tunisia's GDP.

More important than the absolute figures, however, is the high market concentration of certain product categories in the US market. Roughly 24 per cent of Tunisia's total exports of vegetable fats and oils are destined for the US. This concentration is even more striking in the case of fertilisers, nearly 36 per cent of which are exported to the US. As a result, these sectors are particularly vulnerable to shifts in US trade policy.

The fertiliser sector is further exposed due to the intense competition in the US market. In 2023, Tunisia supplied about 8 per cent of US fertiliser imports. Other major suppliers include Morocco (14 per cent), Saudi Arabia (22.5 per cent), and countries such as Russia, Israel, Australia, Canada and Mexico, each with market shares between 6 per cent and 8 per cent. Announced "reciprocal" tariffs or selective bilateral trade agreements with the US could significantly reshape

competitive dynamics by introducing new preference margins. This risk is amplified by the fact that Tunisia primarily exports standardised, phosphate-based fertilisers, which are more exposed to price competition than more specialised products.

At the same time, the US market also exhibits a degree of dependence on imports from Tunisia. Around 7 per cent of US imports of vegetable fats and oils originate from Tunisia, as do approximately 5.5 per cent of fertiliser imports and 9 per cent of fruits and nuts, including citrus and melon peels. While certain subcategories such as citrus fruits tend to be relatively homogeneous, the broader category of fruits and nuts encompasses a diverse range of products characterised by natural variability and distinct consumer preferences. This diversity may contribute to a degree of stability and resilience in Tunisia's export relationship with the US.

Another layer of risk stems from Tunisia's integration into GVCs. Although the country is not a leading global supplier in the automotive sector, it plays a vital role in the European supply network thanks to its geographic proximity to the EU and comparatively low labour costs. Tunisia is particularly important in the production of wiring harnesses and electronic components. Roughly 16 per cent of Tunisia's total exports are electronic products, with Germany, France and Italy as the primary destinations. As a result, Tunisia is indirectly exposed to transatlantic trade tensions and an escalation in trade disputes between the EU and the US, especially in the automotive sector, could have significant knock-on effects.

While Tunisia's economy is overall relatively resilient to US trade policy shocks, thanks to limited direct trade exposure and a strong services sector, de-risking options for its fertiliser and agricultural exports remain quite limited. In the short term, opportunities to redirect Tunisia's fertiliser exports to alternative markets appear constrained. In 2023, Italy (15 per cent), Turkey (9.7 per cent) and India (8.6 per cent) were important destinations for Tunisian fertilisers. However, both Italy and Turkey source imports from a wide range of countries, limiting Tunisia's potential to further increase market share. Meanwhile, India's import market is dominated by China, leaving little room for Tunisia to expand there.

Looking further ahead, diversification of markets for agricultural exports most directly affected by US trade policy could find new opportunities within the EU. Tunisia's trade relations with the EU are currently governed by the 1995 EU-Tunisia Association Agreement, which came into force in 1998. While industrial goods enjoy duty-free access, agricultural, food and fishery products remain only partially liberalised. Moreover, the EU continues to apply tariffs and quotas (European Commission, 2025b), largely to protect domestic producers in these sectors.

Tunisia could capitalise on the current political momentum to revive stalled negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) with the EU. Such an agreement could secure improved tariff treatment, opening new market opportunities for Tunisian agricultural exports. Furthermore, deeper cooperation on EU norms and regulatory standards would strengthen this trade channel and align interests more closely. Indeed, evidence suggests that removing protectionist barriers especially in agriculture could lead to substantial trade growth for Tunisia (e.g., Cardozo et al., 2022), reinforcing the potential benefits of advancing the DCFTA talks.

3 Concluding remarks

In this paper, we examined the structural exposure of five African countries to the Trump administration's increasingly protectionist and unpredictable trade policies. While Africa is not among the most directly affected regions, several countries and sectors face non-negligible risks, particularly those reliant on AGOA-supported apparel exports or key agricultural commodities. For these economies, the combination of tariff threats, uncertainty over preferential regimes, and broader shifts in GVCs can result in significant economic losses, both immediate and dynamic. Short-term options for redirecting their exports remain limited. Hence, this period of heightened trade policy uncertainty underscores the need for more resilient and diversified trade structures in Africa.

Looking ahead, Africa's long-term economic prospects lie in the strengthening of intra-African trade, industrial upgrading, and diversification beyond raw materials. Regional initiatives such as the AfCFTA offer platforms to expand markets, deepen value addition and reduce external vulnerability. At the same time, targeted investments in infrastructure, institutions and regional production networks will be essential.

External partners may also have a role to play. As competition for strategic resources needed for high-tech industries and the green transition intensifies, the continent's importance is rising on the global stage. Both China and the EU have signalled stronger engagement, offering market access and strategic partnerships, especially in energy and critical minerals. Whether these initiatives deliver meaningful, mutually beneficial outcomes remains to be seen.

Ultimately, while the current moment poses clear risks, it also presents an opportunity for African countries to reassess their trade dependencies and advance a more self-determined development path. The key to navigating this uncertain landscape lies not only in external deals, but in Africa's own strategic choices.

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