



# Consequences of American Protectionist Policies on African Economies

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## Introduction

On January 20, 2025, the world turned a new page in its history with the inauguration of Donald Trump. After serving a first term from 2017 to 2021, Donald Trump returned to the White House, becoming the 47th President of the United States. He harbors the ambition of seeing America return to its “golden age,” thereby leaving a lasting mark in the annals of history through this new term. Just hours after taking office, he signed a record number of executive orders related to immigration, energy, and trade.

Regarding trade, Donald Trump plans to impose tariffs on certain products from the European Union (EU) if it does not increase its imports of American hydrocarbons. He also threatens to apply new tariffs and has confirmed the imposition of a 25% tax on products from Mexico and Canada starting February 1, 2025, as well as 10%-60% on those from China, starting April 1, 2025, unless companies from these countries relocate their production to the United States ([PwC Canada, 2024](#)).



This situation arises amid growing rivalry between China and the United States, with heightened economic and military tensions. The European Union, Canada, and Mexico are continually adapting to this complex context by strengthening their strategic alliances and diversifying their economic partnerships.

The increase in tariffs announced by Trump adds to already high tariffs, particularly between China and the United States. According to the [World Trade Organization \(2025\)](#), this situation foreshadows an unprecedented trade war that, in the absence of constructive dialogue, could lead to a global economic recession, primarily affecting the poorest countries. The divisive question is whether the countries targeted by this American fiscal threat should prioritize dialogue with the Trump administration or opt for retaliation, risking plunging the world into a deep economic crisis.

Given the trade relations that exist between the countries targeted by American protectionist measures (Canada, EU, China, and Mexico) and Africa, it is essential to examine the foreseeable impacts of the fiscal measures announced by the Trump administration on African exports, as well as on the successful implementation of the African Continental Free Trade Area (AfCFTA).

This article analyzes the effects of American protectionist policies on the targeted countries as well as the potential economic repercussions for Africa. First, we examine the impact of these policies on the concerned countries (1). Second, we engage in a debate on the potential impacts of American protectionist measures on African economies (2).

## The Protectionist Policies of the Trump Administration in 2025

As part of his “America First” strategy, Trump has decided to use fiscal weapons to protect the American economy and bring it back to its golden age. Upon taking office, the American president implemented customs measures that have significantly affected trade relations with Canada, Mexico, China, and the European Union.

Despite the historical trade relations between the United States and Canada, which share a 7,000 km border, President Trump announced a 25% increase in tariffs on Canadian products, effective February 1, 2025. This decision, motivated by concerns related to fentanyl and illegal immigration, nevertheless leaves room for negotiating an agreement, the absence of which could have significant repercussions on many businesses in both countries.

In 2023, the volume of trade exceeded 1 trillion Canadian dollars or about 3.6 billion in goods and services. Energy products, mainly oil, represent a significant portion of Canadian exports to the United States, valued at 166 billion Canadian dollars. This situation could also influence trade relations between Africa and Canada, where bilateral merchandise trade increased from 9.7 billion to over 16.3 billion dollars between 2020 and 2024, a rise of more than two-thirds ([Global Affairs Canada, 2024](#)).

The date of February 1, 2025, was also announced by Donald Trump as the effective date for new 25% tariffs on imports from Mexico. For the United States, the goal of this new trade measure is to reduce trade deficits and encourage American companies to prioritize local suppliers. However, the application of such a measure in the event of Mexican retaliation could jeopardize the Canada-United States-Mexico Agreement (CUSMA), which came into force on July 1, 2020. This agreement governs trade relations between the three countries, making this economic space one of the largest free trade zones in the world. In the event of conflict, the repercussions would be severe for cross-border supply chains, particularly in the automotive and agri-food sectors.

Regarding future trade relations with China, the American tariffs announced, which will take effect on April 1, 2025, will range from 10% to 60%. China is once again in the spotlight of Donald Trump, who, during his first presidential term in March 2018, imposed tariffs on many Chinese products, such as steel and aluminum. This conflict has now extended to the new technology sector, pitting American web giants, the GAFA (Google, Amazon, Facebook, Apple), against their Chinese counterparts, the BATX (Baidu, Alibaba, Tencent, Xiaomi). This American strategy aims not only to encourage the repatriation of production chains to America, thereby reducing the country's dependence on Chinese imports but also to prevent China, which has experienced exponential economic growth for several years, from becoming the world's leading power.

Regarding the European Union, Donald Trump criticizes the “unfair” treatment of the United States and expresses his intention to reduce the American trade deficit with Europe. He therefore threatens to impose tariffs on certain products from the European Union, without specifying a timeline or concrete figures. Given the deep and diversified trade ties between the EU and Africa, with African exports to the EU mainly including raw materials, agricultural products, and essential minerals for European industry, there is no doubt that all these customs measures announced by Trump, if implemented, would have a significant impact on trade with Africa.

## Should Africa Be Worried?

African economies are small, open, outward-oriented, and highly dependent on terms of trade. Despite their many natural resource riches, they represent only about 3% of global trade, due to the low diversification of their exports and limited infrastructure. They mainly export raw materials, making them vulnerable to price fluctuations in global markets. Moreover, terms of trade significantly influence their income, exacerbating their economic vulnerabilities.

An examination of trade relations between Africa and the countries targeted by Trump's fiscal threat shows that these exchanges are significant, making the application of new tariffs concerning for the continent. The European Union (EU) is Africa's main trading partner, representing about a third of trade thanks to agreements facilitating access to the European market for African products. In 2023, African exports to the EU reached about 600.7 billion USD, with oil being the main raw material.

China, with trade of 282.1 billion USD in 2023, is another major partner, although the relations are unbalanced in favor of China, with African exports reaching only 109.31 billion USD ([GACC, 2024](#)). Canada, despite a modest trade of 15.1 billion USD in 2023, mainly exports manufactured products and technologies. Finally, trade relations between Africa and Mexico remain limited, focusing on agricultural products and raw materials, with efforts to diversify these exchanges.

According to the theory of customs unions, “the higher real cost generated by the customs tariff can be broken down into two elements: on the one hand, the country will have to mobilize more resources to consume the same quantity of goods as before; on the other hand, the same quantity of the various goods initially consumed would only ensure lesser satisfaction. However, it should be noted that the tariff being the same, regardless of the country of origin, imports would logically come from the least costly external supply source” (Dauphin 1971)

High customs tariffs are therefore likely to reduce overall economic welfare by increasing prices for consumers, decreasing demand for imported products, disrupting supply chains, and provoking trade retaliation. The increase in tariffs on products from Canada, the European Union, Mexico, and China to the United States will undoubtedly impact the prices of certain raw materials on international markets. African countries will certainly have to sell their products to these countries at lower prices on international markets, without having any influence on the prices imposed on them. Indeed, the rise in tariffs will facilitate the increase in raw material costs.



The immediate consequence of such a situation will be a decrease in income for African countries, compromising their ability to finance development projects and invest in infrastructure. This will not only worsen public deficits, making it more difficult to finance necessary imports, but also lead to a generalized increase in prices on domestic markets. Moreover, since international market transactions are primarily conducted in US dollars, Trump’s fiscal threat could also trigger a currency war, which would undoubtedly further depreciate local African currencies against foreign currencies. This would further penalize African imports and fuel inflation.

Countries affected by the tariffs may impose countermeasures, creating a vicious circle that further disrupts international markets. This situation challenges African leaders at multiple levels to stimulate their production and diversify their exports. The creation of the African Continental Free Trade Area (AfCFTA) is a first step towards a sustainable solution, but much remains to be done to reduce the vulnerability of African economies to various economic shocks.

Promoting intra-African trade, developing regional and continental value chains, and strengthening African integration are all relevant solutions to consolidate national adaptation policies, attract more foreign investors and new trading partners, and foster market diversification. These measures will inevitably require a set of economic and fiscal reforms to support local businesses, as well as several initiatives to improve the competitiveness of African products on global markets.

Broadly speaking, Africa should not worry as long as efforts to optimize the implementation of the African Continental Free Trade Area continue, thereby transforming its economies to make them more resilient and competitive in global markets. Otherwise, the threat of restrictive US trade policy could trigger a trade war among major powers, and Africa would be the primary victim.



## Conclusion

The protectionist policies announced by the Trump administration for 2025, particularly the increase in tariffs on products from the European Union, Mexico, Canada, and China, risk triggering a global trade war. This could lead to a currency war on foreign exchange markets and provoke a global economic recession, particularly affecting the poorest countries, most of which are in Africa.

African economies, already vulnerable due to their outward orientation, small size, and dependence on raw material exports, could see their incomes fall and their public deficits widen. The depreciation of local currencies and the resulting imported inflation could also intensify, making imports more expensive and exacerbating economic difficulties.

Such a situation requires, at the continental level, accelerating the implementation of the African Continental Free Trade Area, which has the potential to transform African economies by making them more resilient and competitive on global markets.

## About CEFRES

The Centre for Economic Freedom and Resilience (CEFRES) is a prominent think tank in Cameroon committed to providing evidence-based insights aimed at enhancing economic resilience and alleviating poverty throughout the nation. We believe that fostering economic freedom in Cameroon can pave the way for sustainable and inclusive development, thereby reducing the country's susceptibility to various economic shocks. Our vision encompasses a Cameroonian and African economy that is robust enough to withstand any crisis, grounded in the principles of economic freedom. We firmly advocate for the notion that all citizens should have equal opportunities to realize their full potential, which is essential for bolstering their country's resilience against diverse challenges.