



SPECIAL REPORT:

TRUMP PRESIDENCY IMPLICATIONS FOR AFRICA

A second Donald Trump presidency in the US will likely affect trade, development financing, and security cooperation in Africa. However, the impact will not be uniform across the continent. African countries that largely steer clear of challenging US power on the global stage are expected to continue to benefit from engagement with the newly elected administration. Others that have positioned themselves closer to the US's perceived global rivals or do not offer immediate commercial benefits may fall lower on the US's list of priorities.

On 6 November, Republican candidate Donald Trump was declared the president of the United States (US) after harnessing a sweeping victory in elections that took place one day earlier. Following an electoral campaign based on US-centric promises for immigration and the domestic economy, Trump's presidency could see a deterioration in the US's participation in multilateralism, shifting its foreign policy in Africa. With a history of controversial comments about the continent and his public disregard for what it has to offer in the global economy, Trump is unlikely to allocate much resources to sustaining US cooperation with African countries. Given the previous Trump administration's unpredictable and inconsistent foreign policy, the degree to which the change in leadership impacts African countries will likely differ according to the perceived benefits the country offers the US.

Trump's advocacy for economic protectionism and imposing tariffs on imports may damage the trade competitiveness of exports from Africa, specifically from countries benefitting from duty-free access to the US market under the African Growth and Opportunity Act (AGOA). African governments that maintain close ties with China, which Trump views as a direct competitor to the US, also face an elevated risk of being economically sidelined. Furthermore, Trump has placed great emphasis on ending ongoing conflicts in Ukraine and the Middle East, signalling that US support for African security challenges may see a further downgrade during his new term in office (see SPECIAL REPORT: TRUMP PRESIDENCY IMPLICATIONS FOR THE MIDDLE EAST). It remains unclear to what extent he will implement his populist campaign promises after his inauguration in January 2025.

PANGEA RISK assesses the impact of the US election outcome on Africa, focusing on trade, development aid, and security in the Sahel Region.

African preferential access to the US market under question

The future of African countries' duty-free access to the US market for certain products, provided through the African Growth and Opportunity Act (AGOA), now faces uncertainty. AGOA, which is the cornerstone of US-Africa commercial relations, is due to expire in 2025. It remains uncertain whether the new Trump administration will renew the initiative after economic nationalism dominated his electoral campaign. Trump has promised to impose a 10 percent tariff on US imports, a policy which would be contradictory to the import duty exemptions African countries enjoy under AGOA.

226

Kamala Harris

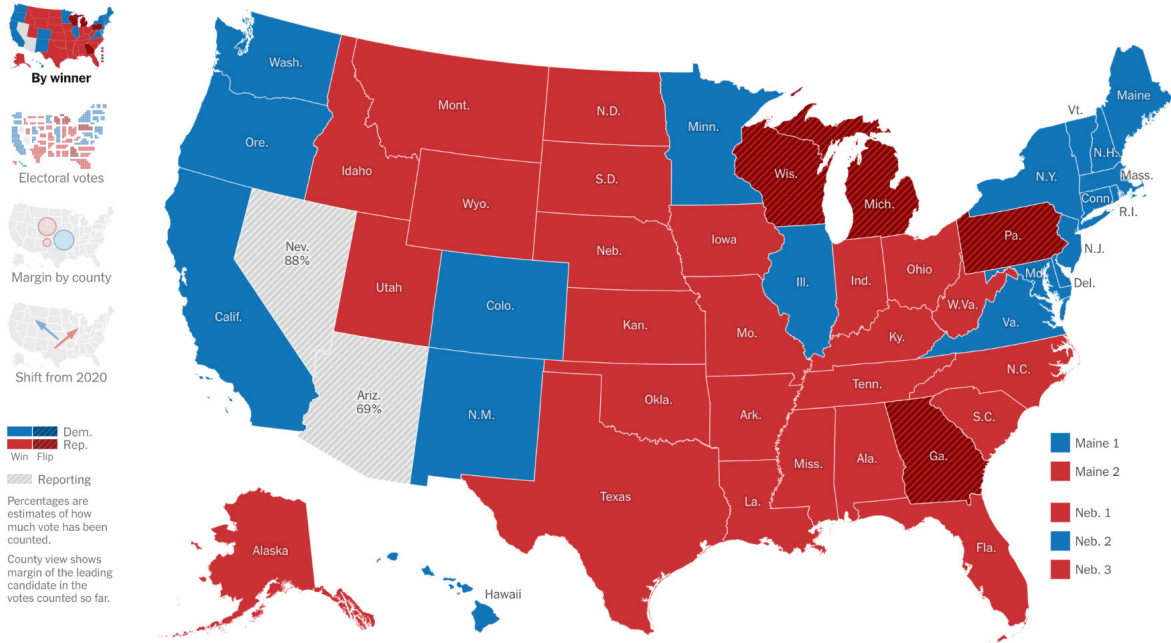
67,880,126 votes (47.6%)

295

Donald J. Trump

270 TO WIN

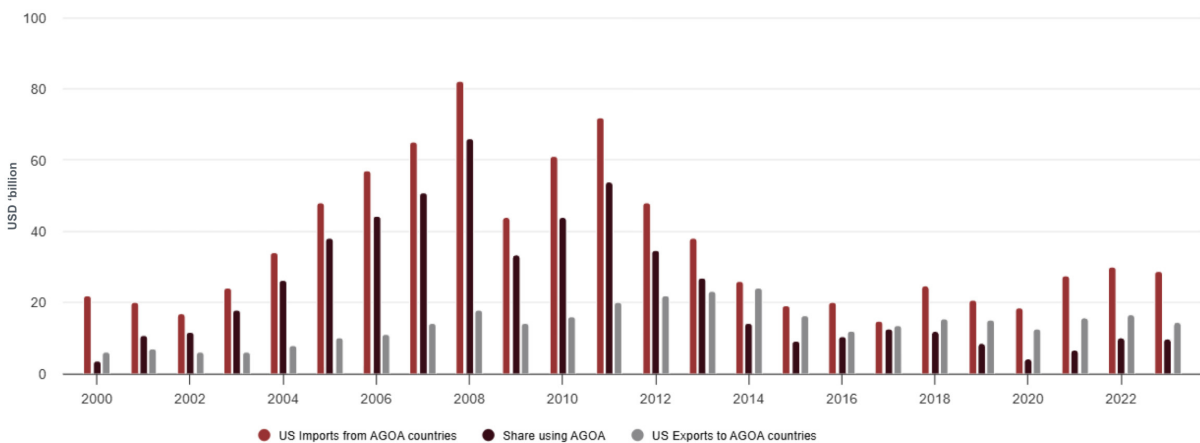
72,564,812 votes (50.9%)



Source: nytimes.com

While AGOA imports in the US have seen a steady drop since its peak in 2008, along with the general downward trend in US-Africa trade, the initiative still demonstrates US support for positive trade relations with developing African economies. The current Joe Biden administration played a pivotal role in lobbying political support for the AGOA's extension beyond 2025. However, the US government's position on the matter under Trump with a Republican-controlled Senate is less certain.

AGGREGATE TWO-WAY TRADE IN GOODS BETWEEN AGOA COUNTRIES AND THE UNITED STATES



Source: AGOA

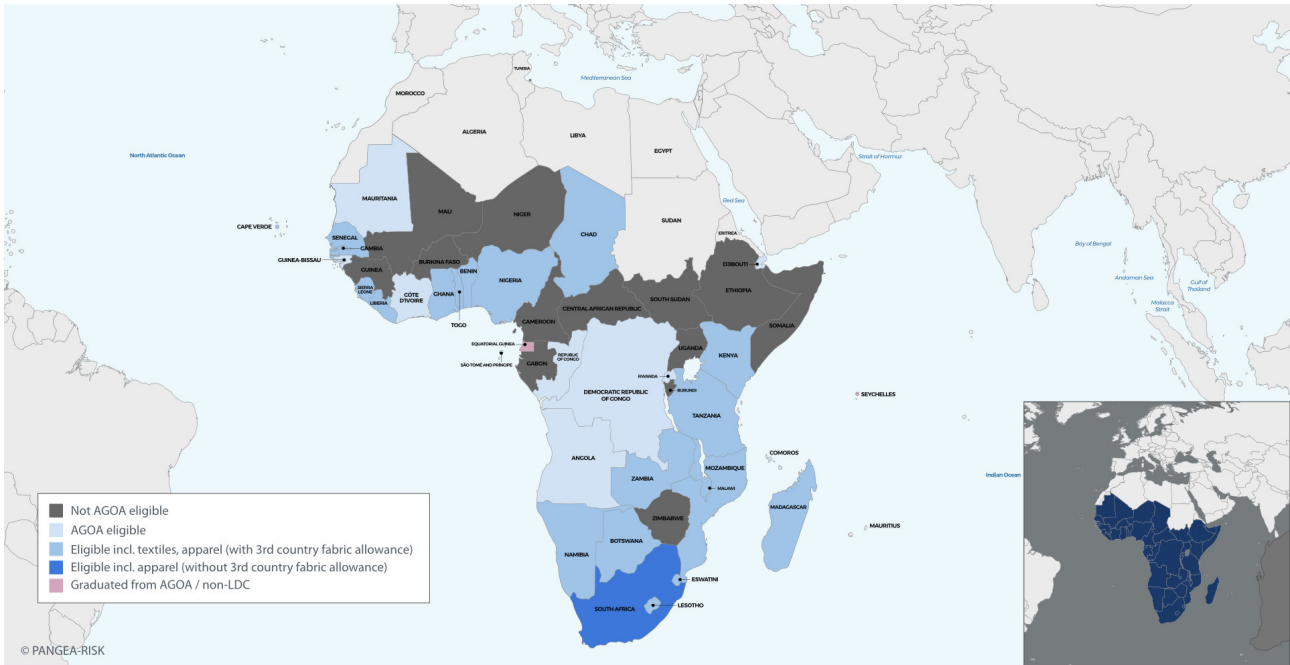
Support for AGOA is also placed further under question by a growing pivot in the US towards establishing bilateral trade deals rather than broad regional agreements. This shift is likely to amplify under Trump, as more emphasis will be placed on economic cooperation with African countries that offer clear benefits to Trump's domestic economic agenda and, to a lesser degree, commercial benefits for US-based companies. Trump's government is expected to prioritise trade relations with countries supplying petroleum products and critical minerals to maintain energy security and reduce dependence on China for green energy technologies. While most critical minerals are not included in the list of duty-free AGOA items, maintaining the programme will bode well for sentiment towards the US among African minerals suppliers.

Apart from the broader uncertainty regarding the extension of the AGOA, the prospects for South Africa, in particular, to maintain its duty-free privileges are even less certain. South Africa is the largest supplier of goods to the US under AGOA, with USD 3.6 billion exported through the initiative in 2022. This is predominantly comprised of vehicles and automotive parts, fruits, and certain precious metals. However, some US officials are lobbying for South Africa's removal due to trade barriers curtailing US exports to South Africa. These calls have grown even louder in recent years due to the country's foreign policy stance relating to its continuous friendliness towards Russia, despite its war in Ukraine, and perceived hostility towards Israel over its military operations in Gaza. This has been perceived as contradictory to the AGOA eligibility criteria, specifically that the country does not "engage in activities that undermine US national security or foreign policy interests."

SOUTH AFRICAN PRESIDENT CYRIL RAMAPHOSA AND RUSSIAN PRESIDENT VLADIMIR PUTIN



Other countries that would be most impacted by the expiration of AGOA also include Nigeria (exported USD 3.5 billion, mostly crude oil, under the programme in 2022), Ghana (USD 746, mostly crude oil), and Kenya (USD 614 million, mostly apparel), Madagascar (USD 406 million, mostly apparel), and Angola (USD 391 million, exclusively crude oil).



AGOA BENEFICIARIES

Debt management and development aid implications

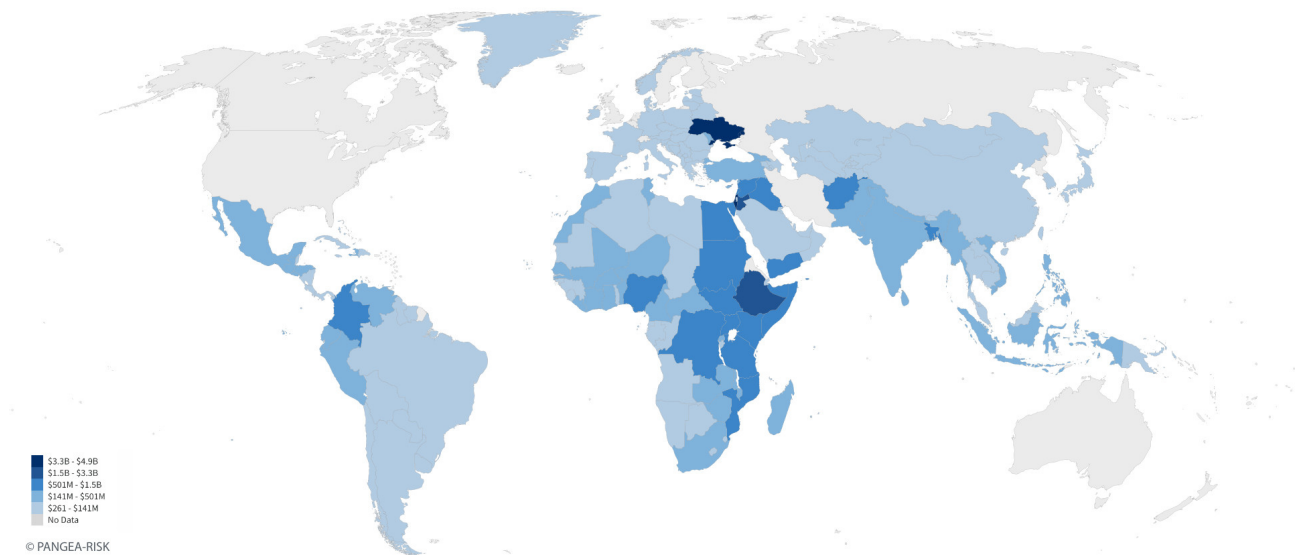
Trump's isolationist economic policy will also have indirect implications for African economies. As part of his plan to drive domestic economic activity, the president-elect promised tariff hikes, tax cuts, and reshoring, all of which pose upward inflationary pressures. This could prompt the US Federal Reserve to hike interest rates to tame domestic inflation, which would ultimately have knock-on effects on interest rates across the globe, driving up debt servicing costs. In such a scenario, African governments may struggle to meet debt obligations and access government financing, leading to unpopular austerity measures. Moreover, an inward-looking Trump administration is also unlikely to be proactive in supporting debt management strategies in Africa, raising non-payment debt risks.



US FEDERAL RESERVE

Additionally, with Trump's commitment to his 'America First' campaign, his government may attempt to cut foreign aid, which may place further fiscal pressure on African countries. During his previous administration, the government initially sought to reduce development aid for foreign countries by 30 percent. While these plans did not materialise and the administration launched the Prosper Africa initiative, this is suspected to have more to do with competing with China's Belt and Road Initiative (BRI, rather than acknowledging Africa as a strategic global partner. In the new term, Trump is likely to push for further aid reduction, in line with his renowned slogan "trade, not aid" and other isolationist economic priorities.

Another issue that could affect African countries is the provision of aid to build climate change resilience. Between 2021 and 2022, under the former Biden administration, the US government invested at least USD 1.1 billion to support conservation, climate adaptation, and a just energy transition in Africa, according to the White House. With Trump's public denial that climate change even exists and his withdrawal from the Paris Agreement (a decision later reversed by the Biden administration), a drawdown in such initiatives is highly likely. While this would be detrimental for climate change-affected countries that need financing for resilience-building projects, other African countries seeking to capitalise on hydrocarbons will likely benefit from this stance.



 **US FOREIGN AID DISBURSEMENTS IN 2023**

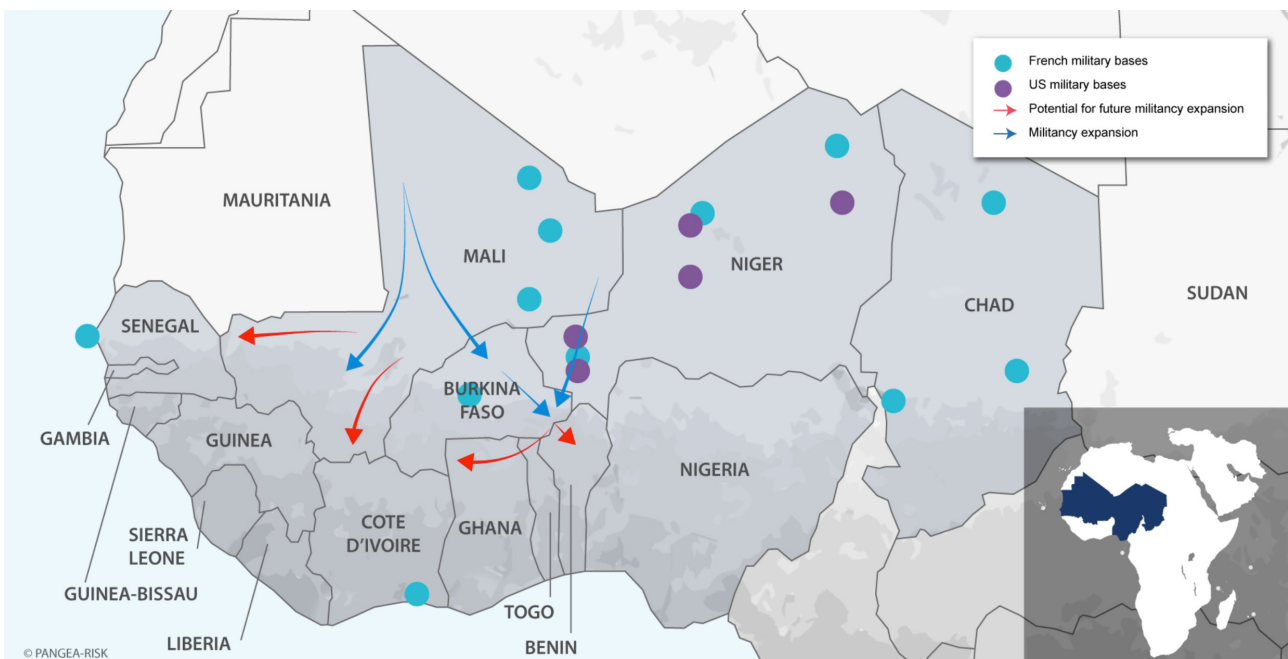
Drawdown of security assistance in the Sahel

In recent years, there has been an increase in attacks by militant groups and rebel factions in the Sahel Region. Following five coups d'état in three countries in the region since 2020, insecurity risks have effectively spread, with armies in Mali, Niger, and Burkina Faso struggling to contain the violence. This has also coincided with a deterioration in relations with Western military partners as military junta leaders in these countries have turned to Russian paramilitary groups to assist them in counter-terrorism operations. Most recently, in September, following failed negotiations, US forces withdrew from Niger, where it had operated bases in Niamey and Agadez, potentially opening up a security vacuum (see TOP RISKS INSIGHT FOR OCTOBER 2024: AFRICA).



NIGER AND US FLAGS AT A MILITARY BASE IN AGADEZ, NIGER

Under the new Trump administration, efforts to revive relations with governments in the Sahel Region or increase assistance for counter-terrorism operations are unlikely. During his previous presidency, US troop deployments in Africa were substantially reduced from about 5,000 to 1,300, and the new administration is expected to be more reluctant to increase its involvement in conflicts on the continent. Furthermore, with Trump placing ending the conflicts in the Middle East and Ukraine at the top of his agenda, US military assistance in the Sahel Region and other African conflict zones will undoubtedly take the back seat.



INSURGENCY AND MILITANCY CONTAGION RISKS IN THE CENTRAL SAHEL



INSIGHTS

A second administration under Republic candidate Donald Trump is expected to pursue economic nationalism and impose potential import tariffs, which raises doubts about the renewal of the African Growth and Opportunity Act (AGOA) as it nears expiration in 2025. In this context, the new government may seek to prioritise bilateral trade deals with African countries that align with US economic interests, particularly those supplying oil and critical minerals. South Africa, AGOA's largest beneficiary, faces an increased risk of losing its duty-free US market access due to its foreign policy stance on Russia and Israel, which some US Republican officials see as contradictory to US global interests.

Additionally, Trump's proposed isolationist economic policies could indirectly impact African economies through higher US inflation driven by tariff hikes, tax cuts, and reshoring efforts. This may lead the Federal Reserve to raise interest rates, increasing global debt costs and straining African governments' ability to meet obligations, especially given that Trump's administration is unlikely to support debt relief strategies. His "America First" agenda also suggests possible foreign aid cuts, while his climate change scepticism may elicit a drawdown in support for climate resilience initiatives on the continent.

On the security front, given Trump's prioritisation to end conflicts in the Middle East and Ukraine, military assistance to address insecurity in the Sahel Region is unlikely. In recent years, violence driven by insurgent groups has worsened under the ruling military juntas in Mali, Niger, and Burkina Faso. Simultaneously, relations between these countries and Western partners, including the US, have substantially deteriorated, which is unlikely to see an improvement under Trump.



For the full Country Outlook, [click here](#).

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