

Rethinking Africa's Approach to New Trade Agreements and WTO Reform



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***“This is why we have argued that least developed countries as a group, and Africa as a region, should be exempted from these reciprocal tariffs, so we can better integrate them into the world trading system, not further exclude them, so that they can stand a better chance to earn the resources with which to deliver on the sustainable development goals”
(Ngozi Okonjo-Iweala, Director-General of the World Trade Organization
quoted in African Business magazine, July 2025).***

We address three urgent questions in this article: what kind of trade agreements does Africa need from its global partners to achieve meaningful integration into the world economy? How should this objective be aligned with WTO reform? What internal trade reforms are essential for Africa’s economic transformation?



The background to these three questions stems from recognition that Africa is the world's least developed region, and increasingly also the last bastion of extreme poverty. Approximately 71 percent of those living in extreme poverty now reside in Africa South of the Sahara as poverty rates elsewhere have fallen. The continent accounts for under 3 percent of global trade. Its exports are concentrated in fuels, minerals and agricultural commodities while manufactures and food dominate imports. 42 African countries are net food importers underscoring the continent's vulnerability and the need for strategic change.

This is an opportune time to revisit these questions. Geopolitical and economic forces are shaking the multilateral trading system, raising doubts about both its relevance and effectiveness and highlighting the urgent need for systemic reform. Great power competition that has accompanied the rise of China along with rapid technological change are reshaping the global economy and patterns of international economic activity. Unilateral trade measures, such as raising tariffs arbitrarily by the US or establishing new regulations on trade and climate sustainability by the EU, have weakened the WTO.

Both the US¹ and the EU² now question the most favored nation (MFN) principle with the implication that their interests are better served by a transactional, interest-driven approach to trade relations rather than adherence to non-discriminatory multilateral rules. What is clear is that these changes are part of a broader reordering of international economic relations. The consensus era that followed the Second World War — with its norms of multilateralism, non-discrimination and special treatment for developing countries, including development aid — is giving way to a world shaped by contestation, fragmentation and strategic rivalry.³

The Prime Minister of Canada Mark Carney explicitly acknowledged this new reality in a special address at the World Economic Forum's Annual Meeting in Davos, highlighting that 'we are in the midst of a rupture, not a transition.'⁴

¹ World Trade Organization (2025) *WT/GC/W/984: On WTO reform: communication from the United States*. Geneva: World Trade Organization. Available at:

<https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=Q:/WT/GC/W984.pdf&Open=True>

² Bounds, A. and Foster, P. (2026) *EU seeks to reform WTO "most favoured nation" trade rules*, Financial Times. Available at: <https://www.ft.com/content/2f5e1b1c-07f8-4316-ab40-fd4e1482df9f>

³ Lopes, C. (2025) *The Quiet Disruption: Trade, Multilateralism, and the Reconfiguration of Global Cooperation*. Paper prepared for the T20 under the South African G20 2024–25 Presidency, April 2025.

⁴ World Economic Forum (2026) *Davos 2026: Special address by Mark Carney, Prime Minister of Canada*, 20 January 2026. Available at: <https://www.weforum.org/stories/2026/01/davos-2026-special-address-by-mark-carney-prime-minister-of-canada/>

Meanwhile China, the world's largest exporter, with excess capacity in strategic sectors, including construction and manufacturing, has implausibly positioned itself as defender of a global trade status quo that appears increasingly outdated. With global trade rules in flux, African countries have a unique opportunity to revisit bilateral trade agreements and reassess their priorities for WTO reform to negotiate trade agreements and ensure that what remains of multilateral trade rules better support their development goals.

To set the stage for our analysis, we first examine the current patterns and composition of Africa's trade with its global partners. This overview provides essential context for our subsequent assessment of the new generation of trade agreements and WTO reforms that will be helpful from an African perspective, and internal reforms that are more likely to advance the continent's development prospects.

Africa's Trade Flows and Composition

Africa's trade landscape is undergoing major shifts. The EU bloc and China are the continent's largest trade partners with total trade at approximately US\$402 bn and US\$316 bn respectively in 2025 (Figure 1). As a single country, China is now Africa's largest trading partner. At the same time, intra-African trade is expanding rapidly, reflecting growing regional integration. India and the United Arab Emirates have also intensified their engagement, surpassing the US, whose trade flows have remained relatively stable despite the disruption and subsequent extension of AGOA and the tariff announcements.

Although these developments initially raised concerns about reduced US-bound exports, actual trade volumes have proven more resilient particularly regarding textile and apparel exports due to delayed tariff enforcement and African exporters' adaptability. Trade diversion towards the African market may also be at work as US firms look for alternative suppliers in key sectors struck by higher tariff rates. What is clear is that the resilience of African exports calls the value of trade preferences into question.⁵

While Africa's trade partnerships have begun to diversify, the continent's export basket remains heavily concentrated in primary commodities such as minerals, fuels, base or precious metals and stones. This dependence exposes African economies to global price volatility and restrains industrial development. By contrast, intra-African trade exhibits a

⁵ Mold, A. (2026) *Navigating uncertainty: Africa's trade prospects with the U.S.*, The Brookings Institution. Available at: <https://www.brookings.edu/articles/navigating-uncertainty-africas-trade-prospects-with-the-us/>; ODI Global, <https://odi.org/en/insights/the-impact-of-chinese-preferences-on-africa/>

far more diversified mix of value-added manufactured goods, including machinery, transport equipment, and chemical and fertiliser products (Figure 2).

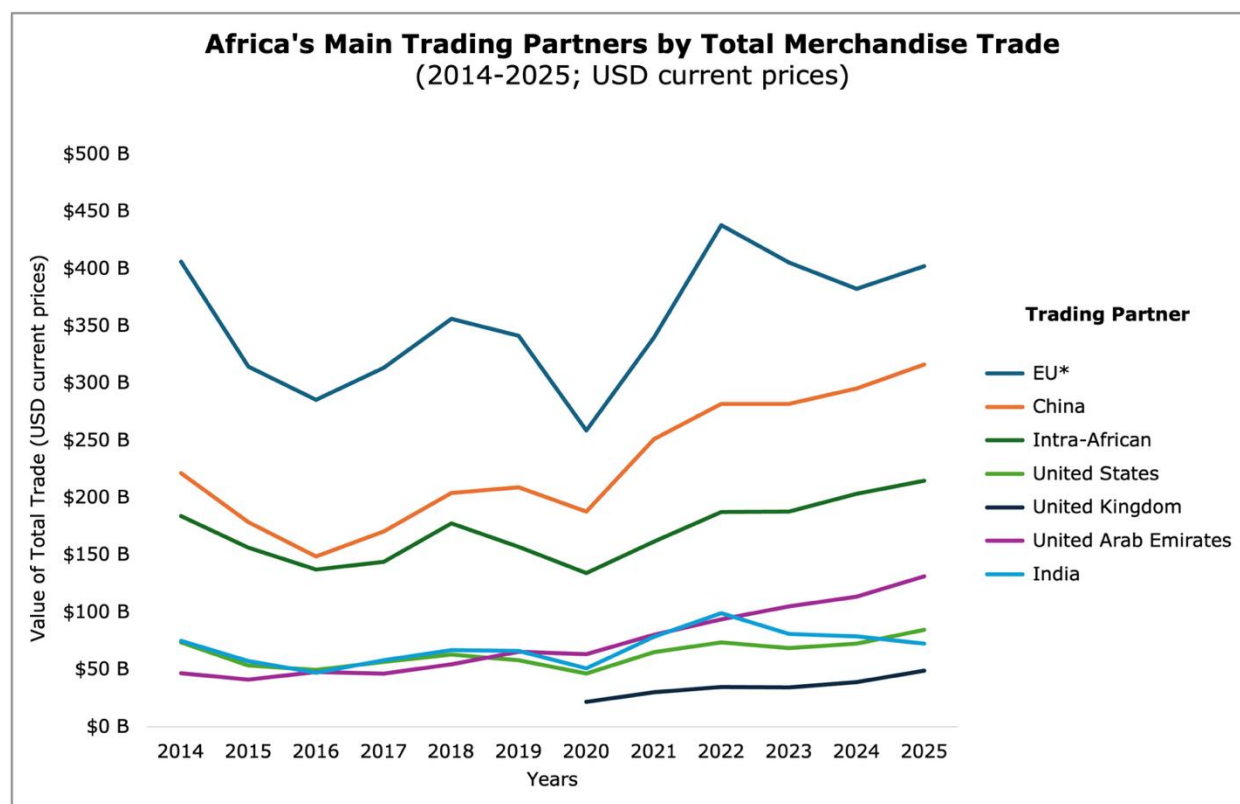
Many of these are intermediate inputs that underpin regional supply chains. This pattern illustrates the potential of regional integration to drive economic diversification and strengthen intra-African value-chains. It also reinforces the rationale behind the African Continental Free Trade Area (AfCFTA) and the continent's long-term ambition to establish a Continental Customs Union.⁶

These trends, including strong export performance in the US market post-Trump tariffs, indicate that Africa's trade future will depend increasingly on factors that strengthen long-term competitiveness rather than on preferential market access schemes alone. Investment – particularly in sectors that expand productive capacity – will be essential for enabling African firms to operate at scale and integrate into regional and global value chains.

Equally important are trade agreements that exclude sensitive and key sectors that are essential for the continent's economic transformation from reciprocal market access. This is to minimise the effects of trade diversion and protect the continent's ability to consolidate its own markets under the AfCFTA and regional economic communities' markets before entering deeper reciprocal arrangements with third parties.

⁶ United Nations Economic Commission for Africa (2025) *Assessing Regional Integration in Africa ARIA XI: Delivering on the African Economic Community: Towards an African Continental Customs Union and African Continental Common Market*. Available at: https://www.uneca.org/sites/default/files/fullpublicationfiles/ARIA%20XI_Book_EN_12June_rev1.pdf

**Figure 1: Africa's Main Trading Partners by Total Trade in Merchandise
(2014-2025)**



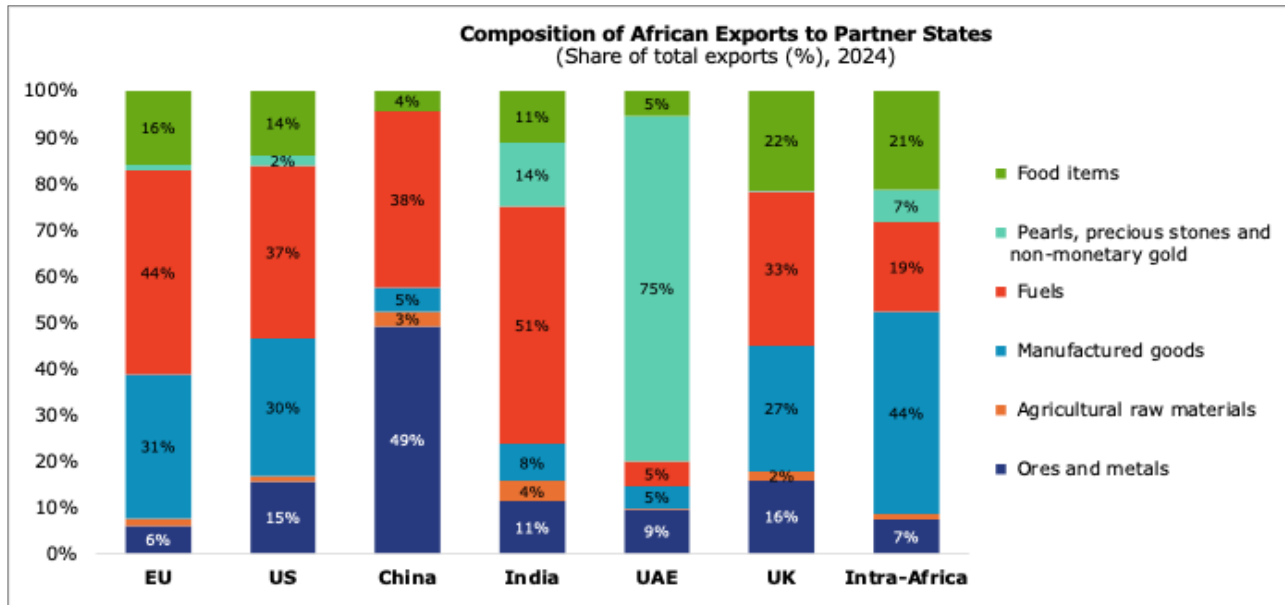
Source: Authors' own elaboration. UNCTAD (2025).

*Data for the EU excludes the United Kingdom from 2020 onwards due to the UK's withdrawal from the EU (Brexit) on January 31st, 2020.

Note: Figures are based on partners' reported trade flows with Africa (mirrored data)

Together these elements suggest that Africa's ability to attract investment, build industrial capacities and secure supportive external trade regimes will shape its trade trajectory far more decisively than relying on preference-based approaches.

Figure 2: The Composition of African Exports to Partner States (2024)



Source: Authors' own elaboration. UNCTAD (2025).

A New Approach to Trade Agreements that Advances Africa's Development Prospects

Africa requires a new generation of trade agreements if it is to achieve meaningful integration into the global economy on development-enhancing terms. This section argues that such agreements must be strategically sequenced, development-oriented and anchored in the implementation of the AfCFTA. Rather than prioritising premature reciprocal liberalisation, Africa's external trade arrangements should preserve policy space, support industrialisation and reinforce regional integration as the foundation for long-term economic transformation.⁷

Africa is poised to become one of the world's most significant economic regions. Within the next four decades, the continent's population is projected to exceed that of India and China combined, creating one of the largest future consumer and labour markets. Realising this potential will depend critically on reducing non-tariff barriers, improving trade-related infrastructure and accelerating regional market integration. Together, these reforms can

⁷ For example, recent unpublished research carried out at the London School of Economics Firoz Lalji Institute for Africa revealed significant misalignment between Kenya's tariff liberation schedule under its 2021 Economic Partnership Agreement with the EU and the East African Community's common external tariff. The latter had been carefully designed to ensure protection of sensitive and key sectors that are critical for the transformation of the region's economies.

enable African firms to operate at scale, deepen regional value chains and participate more effectively in global trade.

At the same time, global trade is increasingly shaped by environmental and climate priorities. Africa's future trade agreements must therefore be future-proofed to support sustainable development.⁸

The continent's abundant endowments, including two-thirds of the world's highest-quality solar resources and substantial hydropower, wind and geothermal potential, position Africa as a pivotal actor in the global green transition. Trade agreements should be designed to facilitate green industrial policy, support technology transfer and enable local value addition in critical minerals and clean-energy value chains, rather than locking African economies into the role of raw material suppliers.

Against this backdrop, Africa needs a new generation of trade agreements that explicitly incentivise diversification across productive sectors, expand productive capacities, interconnect regional supply chains and support structural transformation. Such agreements should be judged not by the speed or breadth of market opening, but by their contribution to industrial development, employment generation, climate and environmental sustainability in relation to both mitigation and adaptation and fundamental change to country economies.

A central lesson from recent empirical work is that sequencing matters. Modelling by the UN Economic Commission for Africa (UNECA) shows that implementing fully reciprocal trade agreements with third parties before the AfCFTA is consolidated would lead to trade diversion and regulatory fragmentation.⁹

Premature reciprocity risks displacing existing and potential intra-African trade and obliges African countries to align with multiple external regulatory regimes rather than strengthening continental integration. By contrast, if the AfCFTA is implemented first, these negative effects are substantially reduced: expected trade gains are preserved for both African countries and their trade partners, while intra-African trade, particularly in industrial goods, expands.

⁸ United Nations Industrial Development Organization (UNIDO) (2026) *Industrial Development Report 2026, The Future of Industrialization* <https://www.unido.org/idr/idr2026#/>

⁹ United Nations Economic Commission for Africa (ECA) (2021) *Takeaways from the expected impact of AfCFTA's implementation*, United Nations Economic Commission for Africa. Available at: https://uneca.org/sites/default/files/keymessageanddocuments/en_afcfta-infographics-11.pdf

This evidence underscores the need for smart, time-bound protection of sensitive and strategic sectors during a transitional period. Such “smart protectionism” does not imply permanent closure, but rather the selective exclusion of key sectors, such as agro-processing, pharmaceuticals, automotive components, selected manufacturing activities and high value services , from reciprocal liberalisation until competitive capacities are established. Instruments may include relative tariffs, tariff quotas, local-content requirements and other regulatory measures, all benchmarked against clear AfCFTA implementation milestones.

China’s May 2026 duty-free, quota-free market access for 53 African countries, subject to negotiated sectoral coverage, illustrates an external trade approach broadly aligned with this logic. By offering non-reciprocal access while allowing African countries to sequence their own market opening, such arrangements can support regional integration rather than undermine it.

The proposed approach to a new generation of trade agreements and WTO reform rests on three interlinked pillars (Figure 3).

First, time-bound sequencing anchored in AfCFTA outcomes. A transitional period characterised by strategic limited reciprocity in both goods and services is justified until AfCFTA-related gains are firmly established. Agenda 2063 provides a long-term political horizon for transformation, while ECA modelling suggests that by around 2045,¹⁰ the principal benefits of AfCFTA implementation will have materialised, with intra-African trade projected to increase by up to one-third. This timeframe offers a credible benchmark for sequencing deeper external liberalisation.

Second, continent-wide inclusion. The inclusion of South Africa and North African countries in agreements of limited reciprocity with third countries is essential to the success of this approach. Emerging value chains increasingly cut across traditional regional and developmental divides, and AfCFTA-driven integration is already reshaping production networks.

¹⁰ *Ibid*

The South African automotive industry’s reliance on regional suppliers,¹¹ and North Africa’s deepening ties with markets south of the Sahara through COMESA and ECOWAS illustrate the economic logic of continent-wide participation. The transformative impact of the AfCFTA depends on full continental implementation, not partial or geographically segmented integration.

Third, a development-oriented approach to WTO reform. Trade agreements incorporating significant elements of non-reciprocity raise important questions for the multilateral trading system. Addressing these questions should be a core component of Africa’s WTO reform agenda. Three reforms are particularly important. Relaxing the requirement that bilateral trade agreements liberalise a “substantial proportion of all trade” would preserve policy space for nascent industries. The erosion of the MFN principle, already under discussion among major trading powers, opens the door to bespoke, development-aligned agreements.

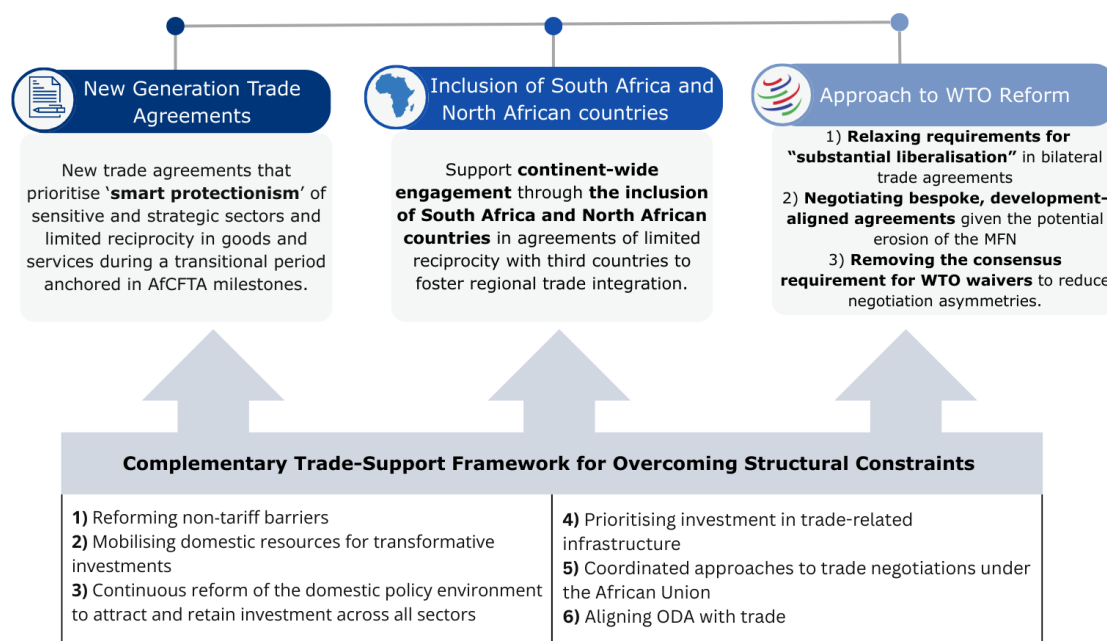
Finally, removing the consensus requirement for WTO waivers would reduce negotiation asymmetries and enhance flexibility for late-developing economies. These reforms would restore a rules-based framework more consistent with development-centred rules that characterised the GATT era for nearly 50 years and created development-friendly innovations such as the 1979 Enabling Clause.

Taken together, this new approach to trade agreements prioritises **regional integration first, strategic openness second, and full reciprocity last**. By aligning external trade relations with AfCFTA implementation, sustainability objectives and industrial development goals, African countries and their partners can craft trade regimes that support long-term transformation rather than lock in structural dependence. These are the elements that should inform Africa’s approach to a new generation of trade agreements and WTO reform.

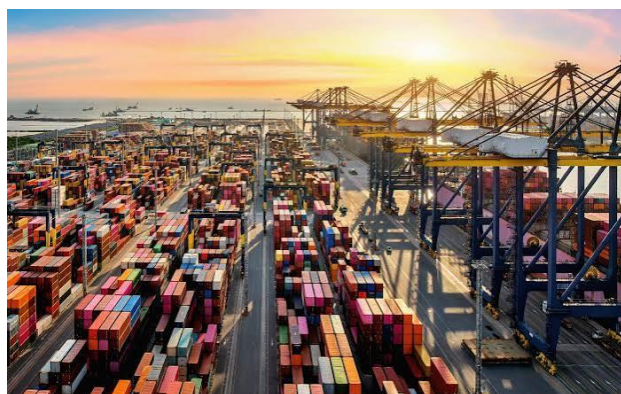
¹¹ Mendez Parra, M., Agarwal, P., Luke, D., Vutula, N., Magooa, A., El-Aidi, I., Parshotam, A., Iacovou, E. and Chapman, F. (2025) *Impact of geopolitical dynamics on global trade: The case of the African automotives sector*. ODI Global Report.

Figure 3: Main Elements of a New Approach to Trade Agreements

Main Elements of a New Approach to Trade Agreements



What Trade Reforms are Needed in Africa?



Effective trade reform in Africa requires a shift away from a narrow focus on the provisions of trade agreements, including preferential market access, towards a broader trade-support framework that addresses deep-seated structural constraints. While trade agreements and reformed multilateral rules remain important to ensure stability and predictability, they are insufficient on their own to unlock Africa's trade potential. Without complementary internal reforms and support measures, limited reciprocal market access gains risk remaining largely theoretical for African businesses.

African businesses continue to face significant non-tariff barriers that impede their ability to trade competitively. These include weak infrastructure, inefficient logistics and bureaucratic chokepoints in customs procedures and trade facilitation. Compliance with product standards, sanitary and phytosanitary measures and other technical norms also imposes disproportionate costs, particularly on small and medium-sized enterprises.

Restrictive visa regimes often prevent African businesspeople from travelling within the continent and beyond, limiting opportunities to establish commercial relationships and conclude deals. These constraints collectively raise trade costs and undermine the effectiveness of trade liberalisation.

Domestic policy environments further compound these challenges. Many African countries struggle with macroeconomic instability and weak institutional quality, which discourage investment and limit firms' capacity to respond to new trade opportunities. As a result, the benefits of trade agreements are unevenly distributed and often fail to reach productive sectors with the greatest potential for employment creation and value addition.

In an era of heightened geoeconomic uncertainty and a fragile global financial architecture, strengthening the versatility of global, regional and national development finance institutions has become especially important for easing supply-side constraints. As this financial landscape evolves to respond to deep-rooted challenges, Africa's financing gaps remain substantial. Africa's own savings in bank deposits, pension funds, sovereign wealth funds and foreign reserves, among others, need to be better mobilised.¹²

Persistent deficits in infrastructure, energy, transport, education, health, research and digitalisation continue to limit productive capacity. Addressing these challenges will require sustained, non-debt-creating financial flows and FDI to support and complement domestic reform efforts.

Africa's trade and development partners have a critical role to play in addressing these shortcomings. Africa's partners can help not only by taking a more resourceful approach to easing financial constraints but also by buttressing the African case for a new generation of trade agreements and WTO reform that have been recommended with a set of complementary measures.

First, there is a need for increased and better-quality investment in African economies. This requires a deliberate shift away from excessive concentration on resource extraction towards greater support for agriculture, agro-processing, manufacturing and services, which are more closely linked to broad-based development outcomes.

¹² African Climate Foundation (2025) *Africa's transitions and future opportunities 2025–2030*. Available at: <https://africanclimatefoundation.org/research-article/africas-transitions-and-future-strategic-imperatives-emerging-from-the-african-climate-foundations-scenario-planning-series/>

Second, targeted initiatives are needed to help African firms overcome non-tariff barriers. Capacity-building and technical assistance support for standards compliance can significantly enhance firms' ability to access regional and global markets.

The third area is alignment of whatever remains of ODA with trade reforms. This should be a priority not only of the traditional development partners but also of new partners such as China, India, Brazil, and the Gulf states.¹³

Responsibility for reform, however, does not rest solely with Africa's external partners. African countries themselves must adopt a more deliberate and strategic approach to trade policy by implementing long-standing "behind-the-border" reforms. These include strengthening competition policy, deepening financial sectors and establishing transparent and predictable regulatory frameworks that foster investment and productivity growth. In practice, many countries continue to engage in trade and investment relationships without sufficient strategic coordination, clarity of objectives or long-term foresight.

The African Union has repeatedly emphasised the importance of collective engagement, calling on member states to "speak with one voice," particularly through its flagship AfCFTA initiative. Yet the AU Commission currently lacks a formal mandate to negotiate on behalf of member states, even as Africa remains structurally disadvantaged in international trade negotiations.

This institutional gap weakens Africa's bargaining power and limits the continent's ability to secure outcomes aligned with its development priorities. Granting the AU Commission a clearer mandate, along with adequate direction and resources, would strengthen coordination among member states and reduce vulnerability to being outmanoeuvred in trade negotiations.

In a global context increasingly shaped by geoeconomic and geopolitical competition, individual African countries lack the influence to achieve transformative outcomes on their own. Collective action is therefore not optional but essential. With stronger continental leadership and informed policy coordination, African countries can engage more proactively and strategically in shaping current and future trade reforms both within Africa and in international fora.

¹³ UN Trade and Development (2025) *UNCTAD16: Stronger South-South cooperation in trade and investment key to shared prosperity*, 23 October 2025. Available at: <https://unctad.org/news/unctad16-stronger-south-south-cooperation-trade-and-investment-key-shared-prosperity>

Conclusion

Geopolitical and economic pressures are increasingly exposing the limitations of the current world trading system. As Ngozi Okonjo-Iweala has argued, there is an urgent need for African countries to be more effectively integrated into the global economy, not only to support sustainable economic transformation, but also to enable the continent to trade its way out of poverty and recurring debt crises.

Achieving this goal requires a new strategic approach to trade agreements, WTO reform and renewed efforts at reforming trade and economic governance at home and on the continent. Ultimately, a more prosperous and resilient Africa is not a regional aspiration alone; it is a strategic imperative in the global interest.