



## DONALD TRUMP REELECTED AS PRESIDENT OF THE US: IMPLICATIONS FOR INVESTORS AND AFRICA

### Key Points

- The reelection of Donald Trump could introduce changes in US trade, investment, and foreign policy that impact African markets and investors.
- While US-Africa relations may face some policy shifts, there are opportunities for Africa to strengthen intra-continental trade and diversify its global partnerships.
- African investors should be proactive, adapting strategies to navigate potential market shifts, and capitalize on opportunities in resilient sectors like technology, agriculture, and renewable energy.
- Emphasizing self-reliance and leveraging the African Continental Free Trade Area (AfCFTA) can help African nations reduce dependency on external economies and build a more robust economic foundation.

### INTRODUCTION

Donald Trump's reelection to the US presidency signals a possible continuation of his "America First" policy agenda, which prioritizes US economic interests, trade protectionism, and deregulation. For Africa, this could mean shifts in trade dynamics, foreign investment patterns, and development assistance policies from the US. However, Africa's economies have become more resilient and diversified over the past few years, creating room for opportunities alongside the potential challenges presented by Trump's return.

This article will explore key policy areas that may impact Africa's trade, investment, and economic relations with the US. It will also suggest proactive steps for African investors and policymakers to adapt to any changes and leverage this period to strengthen Africa's economic autonomy and integration.

### KEY POLICIES AND POTENTIAL IMPACTS ON AFRICA

**Trade and Tariffs:** Under Trump's previous administration, the US pursued a protectionist trade policy with the aim of reducing trade deficits. While Africa does not have the same level of trade surplus with the US as countries like China or the EU, Trump's focus on trade rebalancing may still affect African exports. The African Growth and Opportunity Act (AGOA), which provides duty-free access for eligible African products into the

US, may face changes. Although Trump previously extended AGOA, his renewed focus on domestic industries could lead to adjustments that affect key African exports, such as textiles, apparel, and agricultural goods.

**Positive Actions for Africa:** African exporters should diversify their markets to reduce dependency on the US and take advantage of trade agreements with the EU, China, and emerging markets in Asia. Intra-African trade, supported by the AfCFTA, presents an additional avenue to reduce reliance on external markets. African policymakers may also negotiate with the US to maintain favorable trade terms under AGOA or seek new trade agreements that ensure market access for African goods.

**Investment and Infrastructure:** Trump's focus on infrastructure investment and US job creation could mean reduced US funds directed toward overseas infrastructure projects, including in Africa. US-backed projects under the Prosper Africa initiative and the BUILD Act have provided valuable support for African infrastructure. However, Trump's "America First" approach could result in the redirection of funds back to domestic projects.

**Positive Actions for Africa:** African countries can explore alternative funding sources, such as partnerships with the EU, China, and other international development banks, to continue infrastructure development. Additionally, growing intra-African investment and leveraging public-private partnerships (PPPs) can ensure that critical infrastructure projects continue without heavy reliance on external funding. The development of African sovereign wealth funds and the deepening of African financial markets can also create alternative funding pools for infrastructure.

**Climate Policy and Renewable Energy:** Trump's stance on climate change and environmental regulations has traditionally favored fossil fuel industries over renewable energy. This may impact US involvement in African renewable energy projects, potentially affecting investment in sectors such as solar and wind power. Many African countries rely on renewable energy projects funded by international partners to address power deficits and achieve sustainable growth.

**Positive Actions for Africa:** Africa can continue its commitment to green energy through partnerships with countries prioritizing climate action, such as those in the EU, or emerging green technology investors like China. Additionally, African governments and investors can explore financing from green funds, such as the African Development Bank's (AfDB) Green Climate Fund, which supports low-carbon and climate-resilient development in Africa.

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**Foreign Aid and Development Assistance:** Trump's administration has previously taken steps to reduce foreign aid, particularly to countries that are not aligned with US interests. His second term may lead to further scrutiny of foreign aid programs, potentially affecting the support African nations receive for health, education, and humanitarian initiatives. However, Africa's growth potential and strategic importance could mean that development assistance is maintained but targeted more selectively.

**Positive Actions for Africa:** African nations can focus on strengthening partnerships with other global donors, such as the EU, China, and Japan, and place an increased emphasis on self-reliance. By investing in healthcare, education, and local manufacturing, African countries can reduce reliance on foreign aid over time. Additionally, private sector involvement and impact investing can supplement aid-based funding, helping African nations pursue sustainable development.

## OPPORTUNITIES FOR AFRICAN INVESTORS

In light of the potential intricacies presented by Trump's reelection, African investors can capitalize on a range of growth opportunities within the continent and beyond. Here are several areas where African investors can explore and create value:

- 1. Growing Intra-African Trade:** The African Continental Free Trade Area (AfCFTA) provides a framework for significantly increasing trade within Africa, reducing dependency on global markets that may be affected by US policy shifts. By investing in businesses that align with regional demand, African investors can support trade in sectors such as manufacturing, consumer goods, and logistics, contributing to economic integration and resilience across the continent.
- 2. Focus on Resilient Sectors:** Certain industries are expected to remain stable or even grow regardless of changes in US policies. African investors may look to sectors that are less sensitive to US trade policies, such as **technology, agribusiness, renewable energy, healthcare, and financial services**. These sectors align with Africa's long-term development goals and present opportunities for scalable investment, as they are essential to addressing structural needs within African economies.
- 3. Expanding Green Energy Initiatives:** The global shift toward sustainability offers opportunities in renewable energy, particularly solar and wind power, which are well-suited to Africa's natural environment. African investors can explore **solar farms, mini-grids, wind power, and hydroelectric projects** to address the continent's energy needs and attract investment from international green funds, development finance institutions, and environmentally conscious private investors.
- 4. Diversification of International Partnerships:** African countries have cultivated relationships with a variety of global partners, including the EU, China, Japan, and India. These partnerships offer alternative markets, funding, and support for African businesses. African investors can strengthen these ties by focusing on sectors where African products are in demand, such as **agriculture, mining, and manufacturing**, diversifying revenue sources and reducing dependency on US markets.
- 5. Investing in Regional Manufacturing and Processing:** Given the potential for trade disruptions, African investors have an opportunity to enhance regional manufacturing capacity and processing industries. By investing in **value-added industries**—such as food processing, textile manufacturing, and pharmaceutical production—Africa can reduce its reliance on imports and create locally manufactured products that meet regional demand. This shift supports job creation and economic stability across the continent.
- 6. Financial Technology (Fintech) Growth:** The African fintech sector has been rapidly expanding due to the continent's high mobile penetration and large unbanked population. With the rise of mobile banking, payments solutions, and digital lending platforms, fintech investments are poised for further growth. African investors can capitalize on this trend by investing in **payment gateways, digital lending, mobile banking platforms, and cryptocurrency solutions** that provide financial inclusion and drive economic activity.
- 7. Investment in Agriculture and Agri-Tech:** Agriculture remains a cornerstone of many African economies. By leveraging new technologies to increase agricultural productivity, African investors can address food security challenges and create export-ready products. Investing in **smart farming solutions, supply chain optimization, crop processing facilities, and sustainable agriculture** can enhance yields, create value for local markets, and position African countries as competitive agricultural exporters.
- 8. Tourism and Hospitality:** Africa's natural beauty, cultural diversity, and historical sites offer immense potential for tourism, which could recover strongly post-pandemic. Investing in **sustainable tourism, eco-tourism projects, hotel chains, resorts, and cultural heritage sites** can attract both regional and international tourists, contributing to GDP and job creation in various African nations.
- 9. Healthcare Infrastructure and Services:** The COVID-19 pandemic highlighted the importance of resilient healthcare systems, and many African nations are now focusing on improving healthcare infrastructure. Investments in **private healthcare facilities, telemedicine platforms, diagnostic services, and pharmaceutical manufacturing** can enhance healthcare access and quality. African investors can collaborate with international partners to secure funding, technology, and expertise.
- 10. Real Estate and Urban Development:** Rapid urbanization across African cities presents opportunities in real estate and infrastructure development. Investors can target **affordable housing, commercial real estate, and mixed-use developments** in fast-growing urban areas. Additionally, investing in infrastructure, such as transport networks and utilities, can support urban growth and improve the quality of life for African residents.
- 11. Education and Skills Development:** Africa's young and growing population requires quality education and skills training to drive future economic growth. Investing in **private schools, vocational training centers, e-learning platforms, and online education technology** can provide accessible education solutions and equip young Africans with skills for emerging sectors, including technology and renewable energy.
- 12. Mining and Resource Extraction:** Africa is rich in natural resources, including minerals essential for renewable energy technologies and electronics, such as lithium, cobalt, and rare earth elements. By investing in **sustainable mining practices, processing facilities, and mineral exports**, African investors can meet growing global demand for these resources and boost Africa's contribution to the global supply chain.

## STRATEGIC RECOMMENDATIONS FOR AFRICAN POLICYMAKERS AND BUSINESSES

- 1. Strengthen Intra-African Economic Ties:** Policymakers should prioritize the implementation of the African Continental Free Trade Area (AfCFTA) to facilitate trade and investment within the continent. Developing efficient trade routes, harmonizing customs procedures, and improving logistical networks can help African nations benefit fully from AfCFTA, reduce dependence on global markets, and build economic resilience.
- 2. Enhance Regional Infrastructure and Connectivity:** By investing in regional infrastructure and transport networks, African countries can support intra-African trade and increase resilience to global economic shifts. Public-private partnerships (PPPs) and regional development funds, such as the African Development Bank, can provide essential support for infrastructure development, helping African economies become more competitive and connected.
- 3. Support Local Innovation and Entrepreneurship:** To reduce reliance on external economies, African governments can foster entrepreneurship and innovation. Offering incentives for startups, tax breaks, R&D grants, and access to financing can help build a strong private sector, capable of driving economic growth and adapting to international changes. This includes promoting entrepreneurship among youth and women, often untapped resources in many economies.
- 4. Expand Partnerships in Renewable Energy and Climate Action:** Africa can strengthen its commitment to climate action by partnering with countries that prioritize green initiatives, such as the EU and other environmentally focused economies. Investing in renewable energy (solar, wind, and hydro) not only attracts green funding but also addresses Africa's energy deficit, positioning the continent as a leader in sustainable development.
- 5. Leverage Technology to Boost Agricultural Productivity:** Agriculture is critical to Africa's economy. By investing in agritech solutions—such as precision farming, smart irrigation systems, and drone technology—Africa can increase agricultural yields, improve food security, and become more competitive in global markets. Developing processing facilities can also add value to raw products, creating additional export opportunities.
- 6. Strengthen Financial Markets and Access to Capital:** Building robust financial markets within Africa will support local businesses and attract investment. Policymakers should focus on developing capital markets, improving access to affordable credit, and promoting fintech solutions to reach underbanked populations. This will encourage investment and allow local businesses to grow and withstand economic shocks.
- 7. Encourage Regional Industrialization and Manufacturing Hubs:** Developing regional manufacturing hubs can reduce dependency on imports, create jobs, and stimulate intra-African trade. For example, investing in sectors like textiles, pharmaceuticals, and food processing can help Africa build local value chains and reduce the trade imbalance with other regions.
- 8. Enhance Skills Training and Workforce Development:** Africa's young and growing workforce presents a competitive advantage. Governments should invest in education, vocational training, and skills development to equip workers for sectors like technology, renewable energy, and advanced manufacturing. Partnering with international educational institutions can also raise the quality of training programs.
- 9. Invest in Digital Infrastructure and Connectivity:** Digital transformation is essential for Africa's economic growth. Expanding internet access, building data centers, and improving mobile network coverage can support digital trade, fintech growth, and e-commerce. Policymakers should also encourage digital literacy programs to help businesses and individuals leverage technology effectively.
- 10. Promote Public-Private Collaboration in Healthcare:** To improve healthcare access and quality, African governments can foster partnerships between public and private sectors. Encouraging investments in telemedicine, diagnostic centers, and pharmaceutical manufacturing can reduce dependency on imported medical goods and improve resilience to health crises.
- 11. Foster Regional Tourism Initiatives:** The tourism sector, a key economic driver for many African countries, can benefit from regional collaboration. By creating regional tourism packages, improving infrastructure, and promoting Africa as a single destination, African countries can attract more visitors and enhance tourism revenue. Eco-tourism and cultural tourism are also growing fields that can boost local economies.
- 12. Strengthen Data Protection and Cybersecurity Measures:** As Africa's digital economy grows, it is essential to implement strong data protection and cybersecurity frameworks to protect businesses and citizens. Adopting data privacy laws and cybersecurity standards will not only build trust in digital services but also attract global tech investments, as companies increasingly prioritize data security in their operations.

## CONCLUSION

The reelection of Donald Trump as US President introduces a mix of challenges and opportunities for Africa. With the potential for changes in trade dynamics, foreign investment, and development assistance, African policymakers and businesses must adopt proactive strategies to navigate the evolving landscape. While some areas of US-Africa relations may face adjustments, Africa's growing economic resilience, commitment to green energy, and intra-continental trade initiatives present a solid foundation for sustained growth.

By focusing on self-reliance, regional cooperation, and strategic global partnerships, Africa can build a more robust and diversified economy. Investors in Africa are encouraged to stay adaptable, explore opportunities in resilient sectors, and engage in partnerships that align with Africa's long-term development goals. As the world becomes increasingly multipolar, Africa's ability to chart its own path, leveraging both regional and global partnerships, will be essential to its continued economic success and stability.

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