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TRIGGER INDUSTRIALIZATION IN  
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# **BEYOND TRADE: CAN ZERO TARIFF TRIGGER INDUSTRIALIZATION IN AFRICA?"**



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## Opening Hook: A Trade Policy with Bigger Ambitions

On May 1, 2026, China's decision to grant zero-tariff treatment across all product lines for eligible African exports entered into force, marking a significant milestone in Africa–China economic relations. Much of the early discussion has focused on what this means for trade volumes, export earnings, and market access. These are important considerations. Yet the larger question extends beyond exports alone.

For decades, African countries have sought pathways to transform their economies from dependence on primary commodity exports toward higher-value production and manufacturing. In that context, the significance of zero tariff may lie not only in opening China's vast market, but also in creating new incentives for industrial development across the continent.

The real question, therefore, is whether this policy can serve as more than a trade facilitation measure. What if zero tariff is not just about exporting more—but about producing differently?

## What Zero Tariff Changes—and What It Does Not

The new policy removes tariffs on all eligible product lines exported from participating African countries to China, making African goods more price-competitive in one of the world's largest consumer markets. For exporters, this reduces costs, improves market access, and potentially expands demand for African products.

However, it is important not to overstate what zero tariff can achieve on its own. Lower tariffs do not automatically create factories, improve productivity, develop skilled labour, or build industrial capacity. They do not guarantee that African countries will move beyond exporting raw materials to producing higher-value goods.

In this sense, zero tariff should be viewed as an enabling policy rather than a complete development strategy. It creates favourable conditions for trade, but the broader objective of industrialization depends on complementary investments, institutions, and policy choices across the continent.

Zero tariff opens markets—but industrialization requires much more than market access.

## The Industrialization Question: From Raw Exports to Value Addition

The industrialization implications of China's zero-tariff policy present both an opportunity and a challenge for African economies. On one hand, easier access to the Chinese market could stimulate higher export volumes and generate much-needed foreign exchange earnings. On the other hand, there is a legitimate concern that the policy may simply reinforce existing trade patterns in which Africa exports largely unprocessed commodities while importing higher-value manufactured goods.

Whether zero tariff becomes a catalyst for industrialization will depend on how African countries respond to the opportunity. Rather than exporting more raw cocoa beans, countries can expand chocolate and confectionery production. Instead of shipping raw cashew nuts abroad, greater

emphasis can be placed on local processing, packaging, and branding. Similar opportunities exist across sectors ranging from coffee and cotton to minerals and agricultural products.

The objective should not merely be to increase export volumes, but to increase the value embedded in those exports. This is where jobs are created, skills are developed, and industrial capabilities are strengthened.

The true test of zero tariff is not how much Africa exports—but what Africa exports. If the policy encourages greater value addition and manufacturing, it could become an important stepping stone toward the continent's long-standing industrialization ambitions.

## **Pathways to Industrialization Under Zero Tariff**

While zero tariff alone cannot industrialize Africa, it can create incentives that support industrial development if strategically leveraged. Several pathways stand out.

First, agro-processing and light manufacturing offer immediate opportunities. Sectors such as cocoa, cashew, coffee, textiles, leather, and processed foods already possess export potential and can benefit from improved access to the Chinese market. Expanding value addition in these sectors can generate jobs while increasing export earnings.

Second, industrial clusters and Special Economic Zones (SEZs) can help firms achieve scale and competitiveness. By concentrating infrastructure, logistics, and business services in designated industrial parks, African countries can create export-oriented manufacturing hubs capable of serving both regional and global markets.

Third, the African Continental Free Trade Area (AfCFTA) provides a platform for developing regional value chains. By integrating production across multiple African countries, firms can achieve the scale necessary to compete internationally before exporting finished products to China and other markets.

Finally, technology transfer and skills development remain critical. Access to new technologies, technical expertise, and industrial know-how can help African firms improve productivity, meet international standards, and move into higher-value activities.

Industrialization will not happen automatically—but it can be deliberately built around this opportunity.

## **The Role of African Governments: Policy Choices Will Determine Outcomes**

The extent to which zero tariff contributes to industrialization will depend largely on decisions taken by African governments. Market access creates opportunity, but effective policies are required to convert that opportunity into long-term economic transformation.

Governments must align industrial policies with emerging export opportunities by identifying sectors where local processing and manufacturing can be expanded. Targeted incentives, including tax support, access to finance, and investment facilitation, can encourage firms to move beyond the export of raw materials and into value-added production.

At the same time, investments in infrastructure, energy, transport, and logistics remain essential for improving competitiveness and reducing production costs. Without these foundations, many firms will struggle to take advantage of new market opportunities.

Institutions such as the Ghana Export Promotion Authority, export development agencies, and investment promotion bodies also have an important role to play in helping businesses access markets, meet standards, and connect with buyers.

Zero tariff creates opportunity—but policy choices will determine whether that opportunity leads to transformation.

## **The Role of China: From Market Access to Industrial Partnership**

China's zero-tariff policy offers more than expanded market access for African exports. Across the continent, Chinese firms are already investing in manufacturing, agro-processing, industrial parks, and infrastructure that support local production. Going forward, greater emphasis on joint ventures, supply chain integration, and export-oriented manufacturing can help African economies move up the value chain.

Industrial parks and Special Economic Zones can also serve as platforms for technology transfer, skills development, and industrial upgrading. These efforts align with broader China–Africa cooperation goals focused on modernization and economic transformation.

The next phase of China–Africa cooperation lies in producing together—not just trading more.

## **The Role of Development Partners: Supporting Structural Transformation**

Development partners have an important role in helping African countries convert market access into industrial growth. Many industrial projects require long-term financing, risk-sharing mechanisms, and technical support that private investors alone may not provide.

Support for industrial infrastructure, SMEs, workforce development, and skills training can strengthen the foundations for competitive manufacturing. Institutions such as the African Development Bank can also help de-risk investments in strategic sectors, attracting greater private capital. Beyond financing, development partners can contribute through policy support, capacity building, and knowledge sharing.

Industrialization requires patient capital—and coordinated support.

## **Conclusion: From Trade Policy to Development Strategy**

China's zero-tariff policy represents one of the most significant market access opportunities available to African exporters today. Yet its ultimate value will not be measured solely by higher trade volumes or export earnings. Rather, it will be judged by whether it helps accelerate the structural transformation that many African economies have long pursued.

Market access can create incentives, but industrialization requires coordinated action. Governments must align policies with industrial ambitions, businesses must invest in value addition, China can deepen productive partnerships, and development partners can provide the financing and technical support needed to scale industrial growth.

The opportunity is real, but its success is not guaranteed. Turning trade advantages into manufacturing capacity, jobs, and economic diversification will require deliberate choices and sustained commitment from all stakeholders.

Zero tariff has created a new opportunity. Turning it into industrialization will depend on the choices made today.

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