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U.S. tariffs: the end of industrial free trade for rich countries, no windfall for the South

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At the end of September 2026, developed countries have lost the near free trade their industrial products enjoyed in the United States. But developing countries remain the most heavily taxed, and the current structure of U.S. tariffs penalizes above all their industrial exports, those that depend most on the U.S. market.

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KEY POINTS

- **Tariffs were a central element of Donald Trump's policy of making the United States great again (Make America Great Again).**
- **But what about exporting countries? Are they all treated the same way? Or do the effects differ from one country to another?**
- **These measures have very different effects across countries and sectors. Developing countries are particularly targeted.**

The United States absorbs almost a fifth of world exports excluding intra-EU trade: 19% of those of developed countries, 17% of those of developing countries. While the Trump administration says its tariffs target above all rich partners running surpluses on the U.S. market, the picture at the end of September 2026 is more nuanced. Developed countries have indeed lost the near free trade their industrial products enjoyed: these entered the United States almost duty-free, under a trade agreement or thanks to very low most-favored-nation tariffs. But developing countries remain the most heavily taxed. And the current structure of U.S. tariffs penalizes above all their industrial exports, those that depend most on the U.S. market and through which, in part, their development runs.

In 2024, the United States imported $3,132 billion worth of goods. These purchases are split almost equally between developed countries (49%) and developing countries (50%), the least developed countries (LDCs) supplying only 1%.

For exporters, the U.S. market weighs heavily: it absorbs 19.4% of developed countries' exports and 17.3% of developing countries', excluding trade between EU countries. It matters less for LDCs (9.4%), and hardly at all for their agriculture (2.9%): the United States buys mainly non-agricultural products from them, $28 billion worth, against barely more than $1 billion of agricultural products.

1 What one could expect

Three readings of U.S. tariff policy led to different expectations. The first, that of official rhetoric, is bilateral: the "reciprocal" tariffs were meant to correct U.S. trade deficits and the practices deemed unfair of partners such as the European Union, Japan or South Korea. Rich countries were the first targets. The second rests on the U.S. tradition of tariff preferences for poor countries, such as AGOA for sub-Saharan Africa. LDCs, which supply only a tiny share of U.S. imports, had little reason to be targeted. The third is more mechanical: the formula used by the Trump administration to set the *Liberation Day* tariffs, based on the bilateral deficit relative to imports, hits hard the small specialized exporters that sell a lot to the United States and buy little from it. This was notably the case of LDCs: on 9 April 2025, the average tariff faced by their agricultural products rose from 5% in January to 25%. This is no longer the case today.

2 The end of industrial free trade for rich countries?

The deepest change, in relative terms, concerns developed countries. In January 2025, their non-agricultural products entered the United States almost duty-free, at an average tariff of 1.6%. At the end of September 2026, this tariff reached 12.3%, more than seven times higher, in a market that absorbs a fifth of their exports.

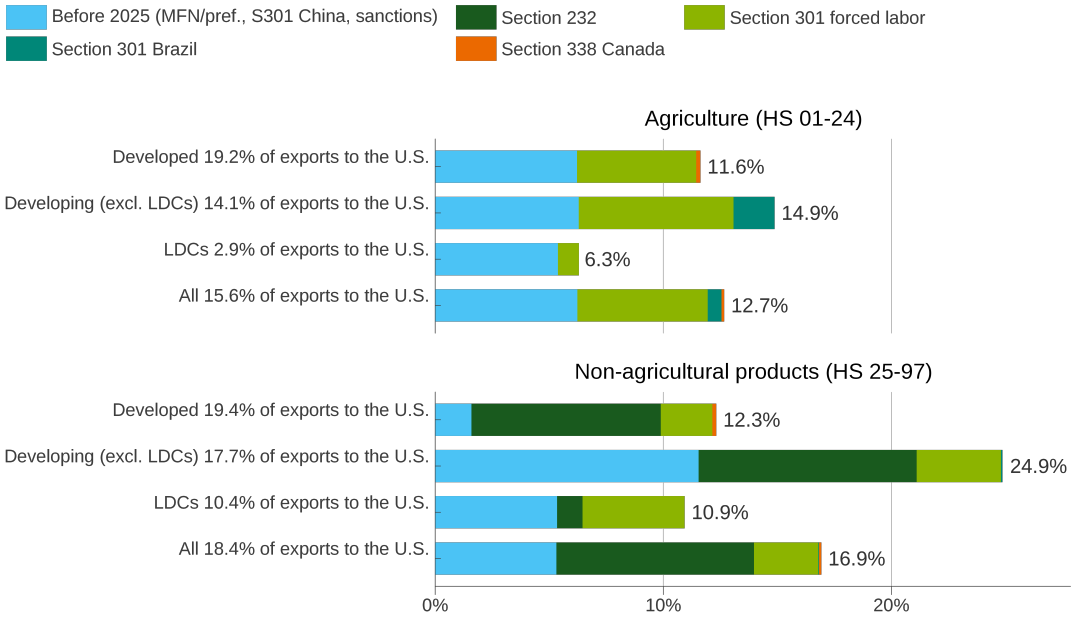
The increase comes mainly from Section 232 (steel, aluminum, automobiles, pharmaceuticals…), supplemented by the Section 301 "forced labor" duties. Since July 2026, these duties have hit the products of 60 economies that Washington accuses of failing to ban imports of goods made with forced labor; they set a 10% floor for the European Union and a 12.5% floor for Japan, South Korea and Switzerland.

As for the agricultural products of rich countries, they are taxed at a similar level, 11.6%, against 6.2% in January 2025. For rich countries, U.S. protection is now roughly uniform, at around 11 to 12%, whatever the product, exemptions aside.

3 The most heavily taxed? Developing countries

Developing countries (excluding LDCs) started from a higher level, partly because the Section 301 duties imposed on China in 2018-2019 were in place. Their average tariff on non-agricultural products rises from 11.5% to 24.9%, i.e. 13.4 points more, while the U.S. market absorbs 17.7% of their non-agricultural exports. In agriculture, a gap has emerged with rich countries: while both groups paid the same average tariff in January 2025 (6.3% and 6.2%), at the end of September 2026 developing countries face a higher average tariff than developed countries (14.9%, against 11.6%). In this sector, China is an exception (39.7%), as is now Brazil (31%), hit since July 2026 by a 25% duty under an investigation of its own. As for India and Thailand, their agricultural tariff has more than doubled, to 13.8% and 15.7% respectively, entirely under the Section 301 "forced labor" duties.

Graphique 1: Average tariffs applied by the United States on 29 September 2026, by legal basis and level of development of the exporter, and share of exports going to the United States in 2024



Reading: on 29 September 2026, the United States applies an average 24.9% to the non-agricultural products of developing countries (excluding LDCs), of which 9.6 points under Section 232; these countries send 17.7% of their non-agricultural exports to the United States.
Note: agriculture: chapters 01 to 24 of the Harmonized System. Least developed countries (LDCs): the 44 countries on the United Nations list (October 2026). Tariffs: MFN and preferential tariffs from MAcMap-HS6 (ITC-CEPII), additional duties from U.S. executive orders and proclamations, aggregation by the reference-group method (Guimbard et al., 2012); "Before 2025": MFN or preferential tariff, Section 301 on China from 2018-2019 and sanctions. Under each group: share of its exports of the product block going to the United States in 2024, excluding trade between EU countries (BACI).
Sources: IFE-CEPII, "US import tariffs 2025-2026" database (vintage of 20 October 2026); MAcMap-HS6 (ITC-IFE-CEPII) for MFN and preferential tariffs; BACI (CEPII) for 2024 trade; United Nations (UN-OHRLLS) for the list of LDCs; author's calculations., OFCE's computations.

4 LDCs spared in agriculture, not in industry

For LDCs, the decline is spectacular in agriculture. The average tariff on their agricultural products, still 17% in November 2025, is back to 6.3%, barely above its January 2025 level (5.4%). Most LDCs are not among the economies targeted by the Section 301 "forced labor" duties, and their main agricultural products, Ethiopian or Ugandan coffee, Malagasy vanilla, are tropical products that the United States chose to spare. But this respite concerns a tiny share of their sales to the United States.

For it is in industry that their dependence on the U.S. market is concentrated: it absorbs 10.4% of their non-agricultural exports, against only 2.9% of their agricultural exports. Yet the average tariff on their non-agricultural products has doubled, from 5.3% to 10.9%. Bangladesh and Cambodia, large garment exporters, are among the economies targeted by the Section 301 "forced labor" duties. The trade preferences enjoyed by LDCs do not protect them: the additional duties are added to the preferential tariff rather than replacing it.

In practice, LDCs in principle enjoy preferences: reduced or zero tariffs granted without reciprocity, such as AGOA for sub-Saharan Africa. The duties decided since 2025 apply

on top of these preferential tariffs: a product that used to enter duty-free now pays the full additional duty, for example 10 points under the Section 301 “forced labor” duties for Bangladesh or Cambodia.

5 Protection that weighs on the industrialization of the South

Taken together, these figures outline a protection structure differentiated by level of development. For rich countries, agriculture and industry are taxed at the same level. For developing countries as for LDCs, industrial products are taxed about 1.7 times more than agricultural products: 24.9% against 14.9% for the former, 10.9% against 6.3% for the latter. And it is precisely these industrial products that make up the bulk of their sales to the United States.

This asymmetry is far from trivial. It is by exporting manufactured goods, textiles and clothing first, then electronics and equipment, that developing countries have diversified and moved up value chains. U.S. protection that spares their agricultural raw materials but taxes their industry encourages them to remain specialized in primary products. The United States, which long championed trade openness as a tool for development, thus applies to the South a tariff structure reminiscent of tariff escalation (tariffs that rise with the degree of processing: low on raw materials, higher on finished products, which discourages local processing), which these countries used to hold against rich countries.

The Trump administration was targeting rich countries; the figures show that this is indeed the case, but that developing countries remain the most exposed, first and foremost in industry, where their dependence on the U.S. market is strongest. The second Section 301 investigation, into the industrial overcapacity of sixteen economies, including China, India and Mexico, could further accentuate this imbalance.

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