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UN trade & development UNCTAD

Global trade update

Policy Insights

Who wins when trade policies shift?

New rules are reshaping global export competition — and determining which countries gain ground.

HIGHLIGHTS

1. **Changes in trade policy generate gains and losses among exporters**, influencing competitive dynamics across foreign suppliers.
2. **Divergent tariff increases can further affect trade patterns**, as importers adjust sourcing toward suppliers facing relatively lower tariff rates.
3. **Recent tariff changes have made market access more restrictive and uneven**, altering competition between exporters.
4. **Uneven tariff shifts can create new exports opportunities** for some developing countries, especially when combined with preferential programs

Trade policy: who are the winners and losers?

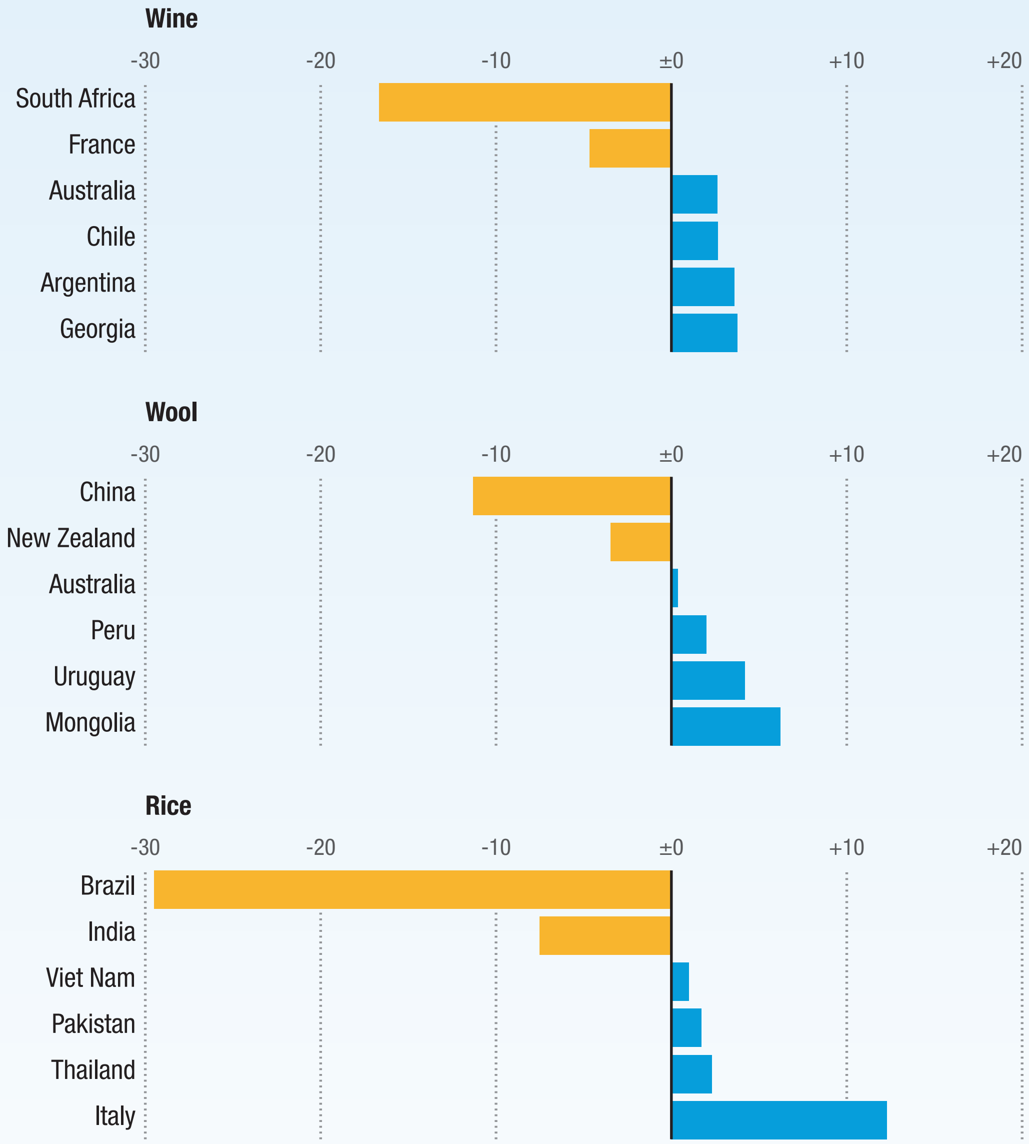
Changes in trade policy generate distributional effects both within economies and across foreign suppliers. Measures such as regional trade agreements, preferential schemes, tariff adjustments, and localized trade cost frictions modify demand conditions and relative prices in domestic and international markets. These shifts affect the competitive positions of countries and firms, influencing their ability to compete with domestic producers and with other foreign suppliers. As a result, trade policy changes can reallocate market shares not only between domestic and foreign firms, but also among foreign producers and exporters. Over time, these developments shape production, sourcing decisions, and the configuration of global value chains, influencing broader patterns of trade and investment.

In the context of recent United States trade measures, the scale and direction of tariff changes have had measurable implications for exporters' competitiveness in accessing the United States market. The effects have been uneven, as suppliers have moved from largely uniform tariff treatment to sharply differentiated tariff levels depending on the origin. For instance, as of early 2026, United States imports of South African wine are roughly 17 percentage points more expensive relative to other wine-exporting countries than they were in 2024 (Figure 1). For rice, United States imports from Italy have become, on average, about 12 percentage points cheaper than rice imported from other suppliers. Although product quality and variety continue to influence sourcing decisions, these relative tariff differences are likely to shape procurement strategies and may gradually shift trade flows.

Figure 1

A tale of three sectors: winners and losers in wine, wool and rice markets

Change in relative tariff position in exporting to the United States market, selected products and countries, percentage points, February 2026 vs 2024



Source: UNCTAD estimates based on United States national statistics and UNCTAD Comtrade.

Note: Change in relative tariff position is measured using the "relative preferential margins", which measure how much better or worse a country's exports are treated tariff-wise relative to its competitors. This measure is calculated at the HS 8-digit level and then averaged across groups using trade weights. A negative change reflects a deterioration in relative tariff conditions, while a positive change indicates an improvement.

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The new reality of differentiated treatment

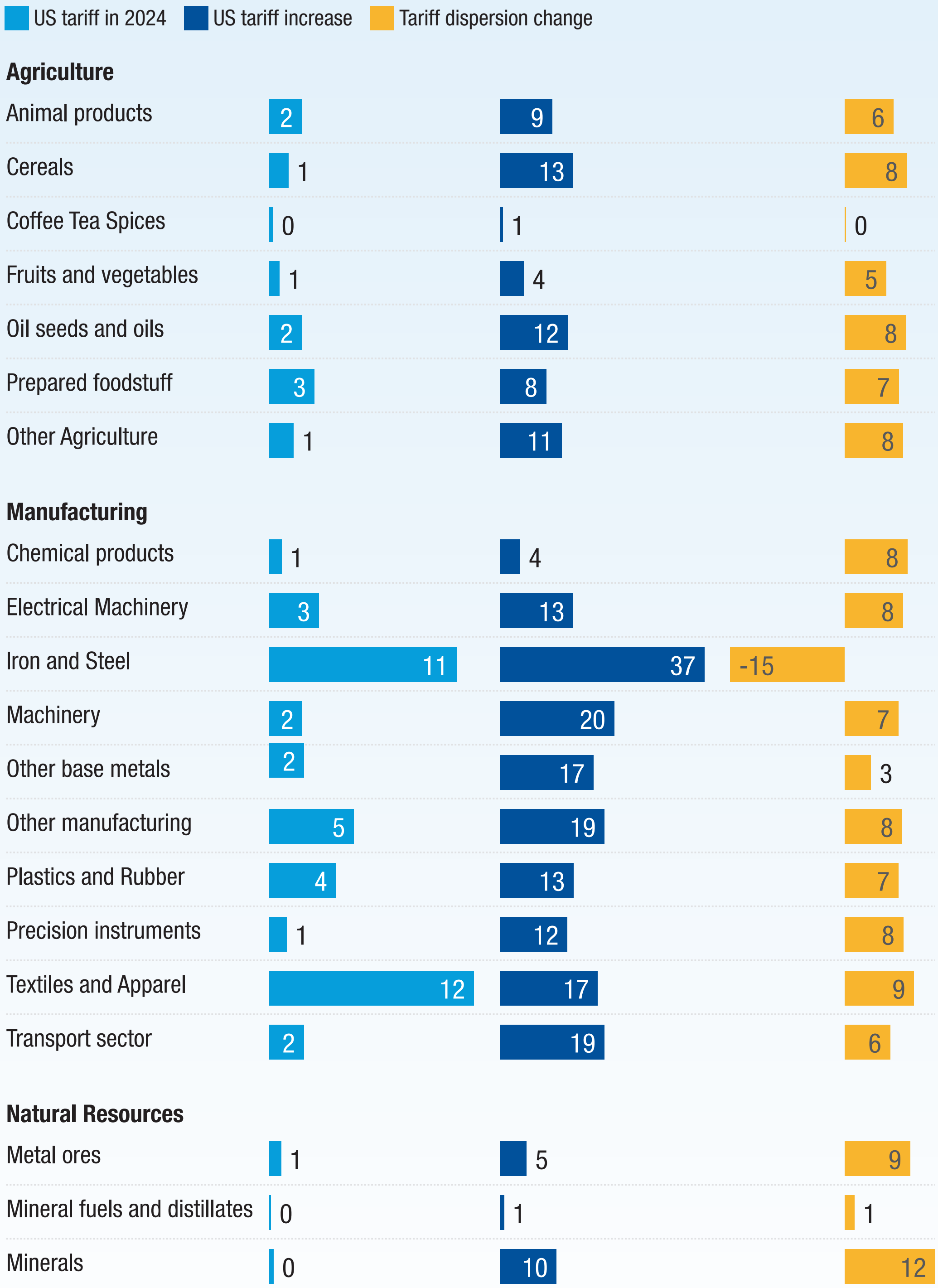
In 2024, access to the United States market was primarily governed by World Trade Organization (WTO) most favoured nation (MFN) rules, under which most trading partners faced similar tariff rates. Exceptions applied to trade conducted under preferential arrangements, including free trade agreements and unilateral preference schemes, which provide duty-free access for eligible products from beneficiary countries. Overall, nearly two-thirds of United States imports entered under MFN tariff rates in 2024. Since then, average applied tariffs increased by nearly 15 percentage points, and by early 2026, only about 20 per cent of United States imports were subject to MFN or duty-free rates. This marked a shift toward a more differentiated tariff structure shaped by reciprocal measures, bilateral arrangements, sector-specific policies, and targeted exemptions for goods not produced or cultivated domestically.

Tariffs rose across all major sectors (Figure 2); however, both the magnitude of the increases and the degree of variation across suppliers - the dispersion - differed significantly. A narrower dispersion in tariff rates indicates more uniform treatment across exporting countries, while a wider dispersion reflects greater differentiation among trading partners. For example, tariffs on iron and steel have increased substantially but in a relatively uniform manner across suppliers, resulting in limited dispersion. By contrast, average tariffs on chemicals rose only moderately, yet the variation across exporters widened considerably, creating more pronounced differences in competitive conditions among suppliers.

Figure 2

Rising tariffs have uneven magnitude and spread across sectors

United States tariffs, per cent, 2024 and changes in tariff levels and tariff dispersion change, by sector, percentage points, February 2026 vs 2024



Source: UNCTAD estimates based on United States national statistics.

Note: Tariff changes are trade-weighted, using 2024 as base. Tariff spread or dispersion is measured by the interquartile range (IQR), the difference between the 75th percentile and 25th percentile. IQR of a specific sector is the simple average of the IQRs of tariffs faced by economies at HS 6-digit level.

Trade policy changes can have far-reaching consequences

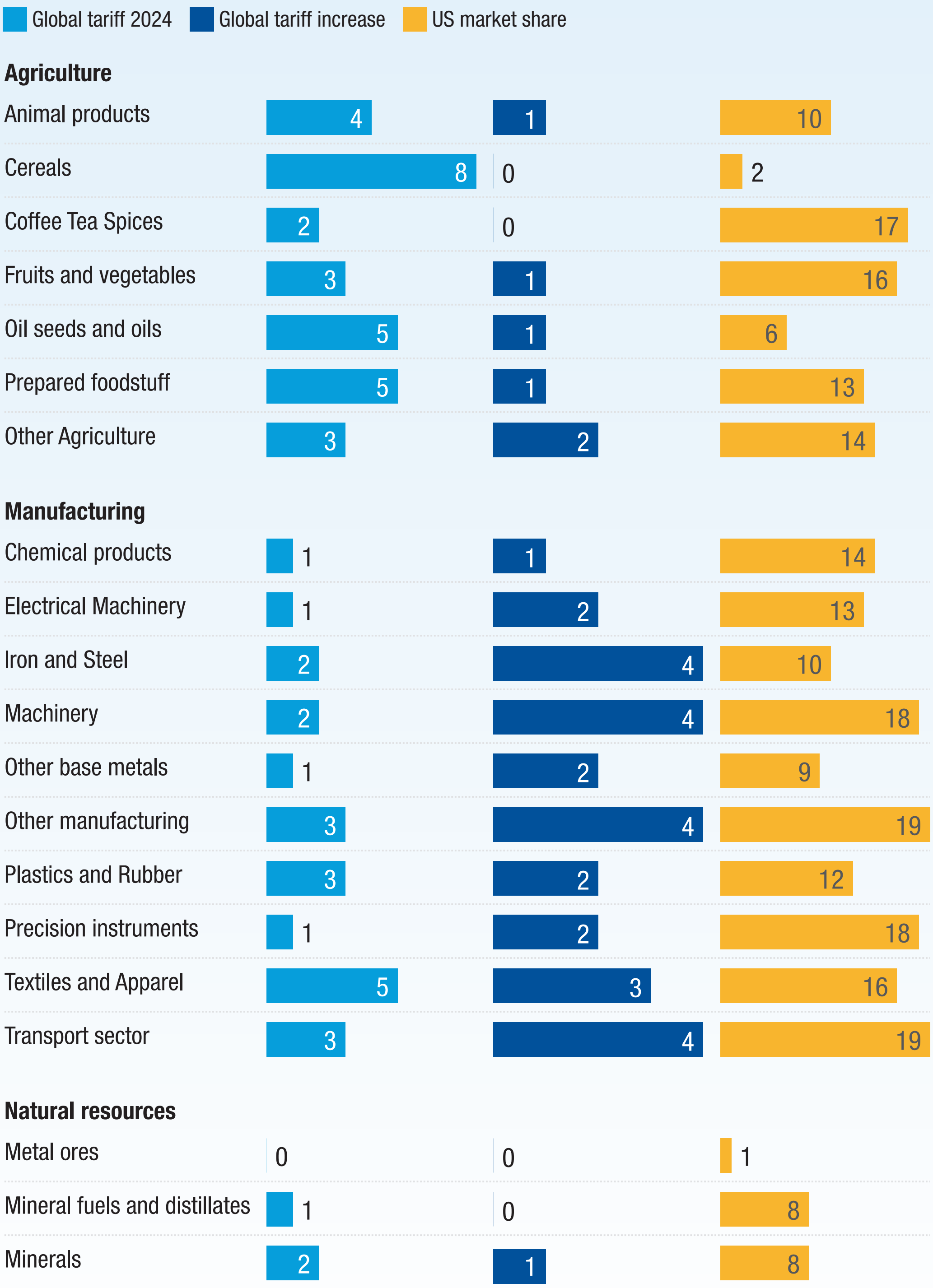
The international effects of United States tariff adjustments depend on several factors, including the magnitude of the tariff change, the relative importance of the United States market in global trade for the products concerned, and how sensitive importers and consumers are to price changes.

One practical way to gauge sectoral exposure is to examine the average change in global tariffs associated with United States tariff adjustments (Figure 3). For instance, although the United States is a significant market for coffee, tea, and spices, tariffs in these categories have changed little, likely reflecting limited domestic production alternatives and suggesting relatively modest global impacts. While tariff increases have been higher for cereals, the United States represents only a small share of global cereal imports, so global effects have been limited. The automotive and transport equipment sector exhibits greater sensitivity to United States tariff changes: the United States accounts for nearly 20 per cent of global imports in this sector, and its average tariff has increased by almost 20 percentage points, indicating the potential for significant global repercussions.

Figure 3

Tariff shifts have uneven global spillovers across sectors

Global tariff, per cent, 2024, average global tariff increase, percentage points, February 2026 vs 2024 and United States market share in global imports, per cent, 2024



Source: UNCTAD estimates based on United States national statistics and UNCTAD TRAINS database.

Note: Change in global tariffs is computed as to the average change in tariffs on global trade resulting exclusively from United States tariff changes.

Major tariff changes in key trading powers, and implications for developing economies

Recent tariff increases in the United States have varying implications across trading partners, reflecting both the scale of the tariff adjustments and the extent to which individual economies depend on the United States market. While the effects can be calculated for each exporter, they can also be illustrated by grouping countries into three broad categories: developed economies, developing economies, and least developed countries (LDCs).

On average, developed economies appear less exposed to recent United States tariff changes (Figure 4). They tend to face smaller tariff increases and ship a relatively limited share of their exports to the United States. Their diversified export structures and relatively modest tariff adjustments help moderate the overall impact.

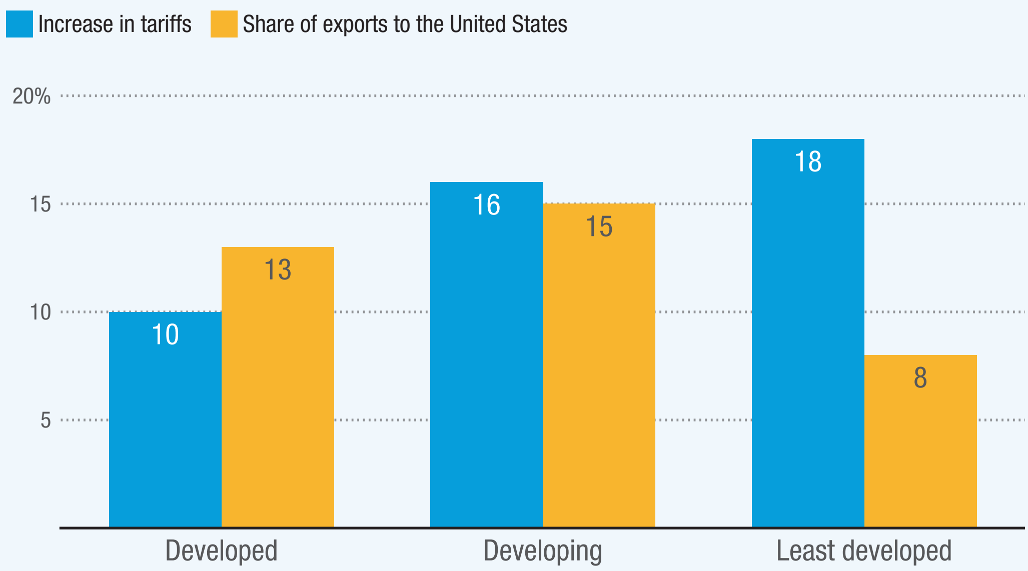
Developing economies show higher levels of exposure. They generally face larger tariff increases and export a higher proportion of their goods to the United States. As a result, changes in United States tariff policy may have more noticeable effects on their price competitiveness and export performance.

LDCs exhibit a distinct pattern of exposure. Although the United States represents a smaller share of their total exports, LDCs face some of the steepest tariff increases, even though many benefit from preferential access under the African Growth and Opportunity Act (AGOA) program. While lower export shares reduce direct exposure, the magnitude of the tariff changes, combined with their typically narrow export bases and limited capacity to reorient trade, may still lead to significant effects.

Figure 4

Developing economies are more exposed to tariff changes

Average tariff increases, percentage points, February 2026 vs 2024 and the share of exports destined for the United States, per cent, 2024



Source: UNCTAD estimates based on United States national statistics and UNCTAD Comtrade.

Note: Tariff changes are trade-weighted with 2024 as base.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Economies face uneven tariff increases

A closer look beyond averages shows that recent United States tariff changes are highly uneven across economies, even within the same country groups (Figure 5). Some economies have experienced substantial increases in the tariffs applied to their exports, while others have seen relatively small adjustments. Approximately 37 economies, mostly developing economies, including 10 LDCs, have faced an average tariff increase of less than 5 percentage points. By contrast, the largest number of economies fall within the 5–15 percentage points range.

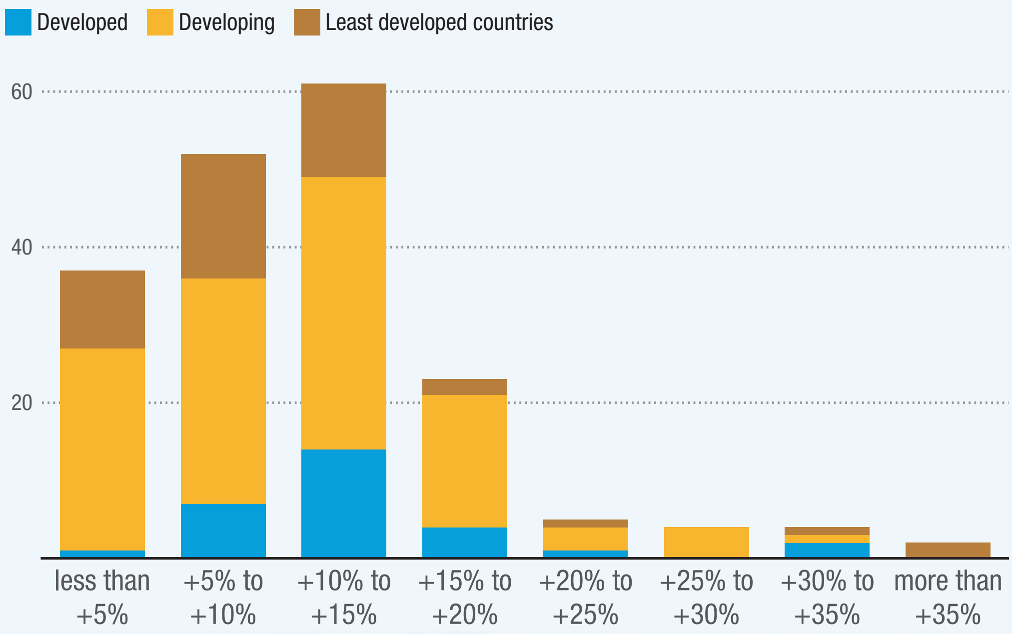
A significant group of economies, predominantly developing economies, along with several developed economies and four LDCs, have experienced average tariff increases exceeding 20 percentage points. For two LDCs, the increase exceeded 35 percentage points. Such large adjustments can considerably reduce the price competitiveness of affected exporters in the United States market.

Overall, the wide dispersion in tariff changes indicates that recent United States trade policy adjustments have had diverse effects across economies. This heterogeneity reflects differences in sector-specific tariff changes, the structure of country-specific tariff schedules under United States trade policy, and variations in trading partners' export baskets. As a result, the global effects of the tariff increases are unevenly distributed, with some economies facing significantly greater adjustment challenges than others.

Figure 5

Tariff hikes hit some developing and least developed countries hard

Distribution of economies by the magnitude of United States tariff increases, number of countries, February 2026 vs 2024



Source: UNCTAD estimates based on United States national statistics.

Note: Tariff changes in the horizontal axis are trade-weighted with 2024 as base and measured in percentage points changes.

Varying tariff increases shift export competition

Differentiated tariff structures tend to produce uneven market access conditions among trading partners. Even when tariff levels increase across all suppliers, non-uniform tariff adjustments can alter relative costs and generate both gains and losses for exporters. For many products, domestic production cannot rapidly substitute for all imported inputs or final goods, so imports continue but may shift toward suppliers facing smaller tariff increases. Such changes in sourcing patterns are consistent with well-documented trade diversion effects. On average, the changes in relative competitiveness associated with recent United States tariff measures appear to favour suppliers from developed economies (Figure 6). The uneven application of tariff increases changes cost structures for United States importers, incentivizing a shift toward exporters that face comparatively lower duties.

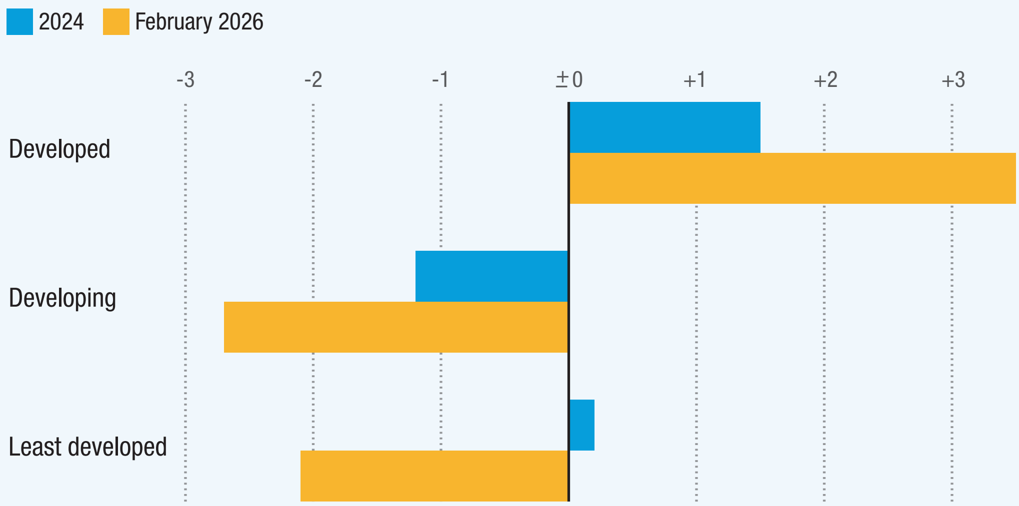
Prior to the latest measures, exporters from developed economies had an average tariff advantage of roughly 1.5 percentage points in the United States market. This margin has increased by about 2 percentage points. By contrast, developing economies have experienced a widening of their relative tariff disadvantage, from approximately one percentage point to nearly three. Least developed countries, previously in a broadly neutral position, now face an estimated relative disadvantage of about two percentage points. LDCs' disadvantage in tariff treatment has been mitigated by the recent renewal of AGOA.

These changes do not imply that imports from developing economies or least developed countries will stop. However, higher relative tariffs increase costs and may reduce the competitiveness of their exports. This can raise the likelihood that United States importers adjust sourcing toward suppliers facing lower duties, potentially reinforcing existing structural challenges related to market access and competitiveness.

Figure 6

New tariffs erode developing economies' competitiveness

Relative competitiveness in the United States market, percentage points, February 2026 vs 2024



Source: UNCTAD estimates based on United States national statistics.

Note: Change in relative tariff position is measured using the "relative preferential margins", which measure how much better or worse a country's exports are treated tariff-wise relative to its competitors. This measure is calculated at the HS 8-digit level and then averaged across groups using trade weights. A negative change reflects a deterioration in relative tariff conditions, while a positive change indicates an improvement.

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Some economies may see reduced competitiveness, while others may find opportunities

For many trading partners, the recent United States tariff measures are expected to alter relative competitiveness in the United States market. In several product categories, tariffs have increased more sharply for some large emerging economies, including Brazil, China and South Africa, resulting in comparatively smaller increases for other suppliers. In such cases, exporters facing relatively lower tariff adjustments may experience improved cost competitiveness.

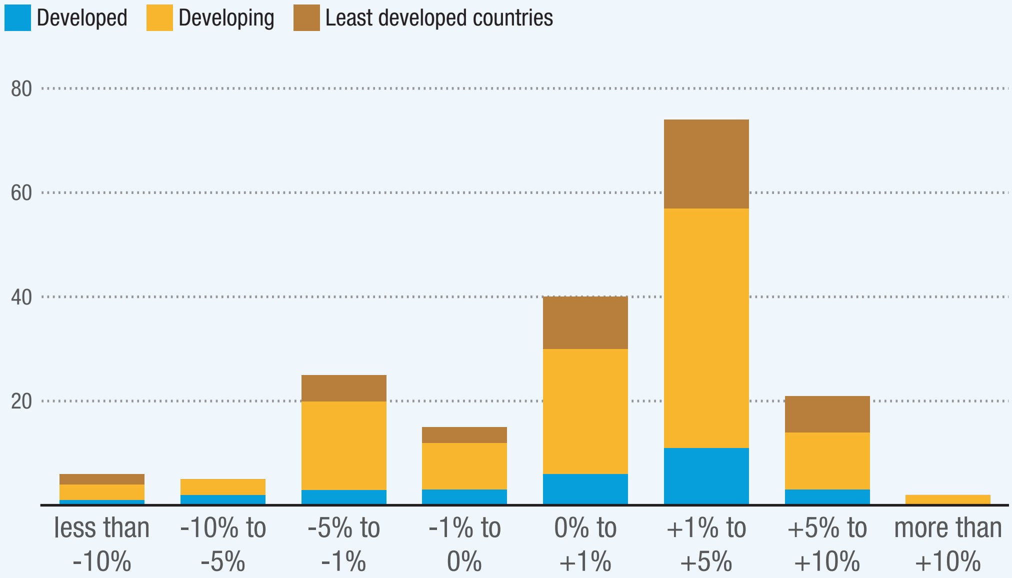
The analysis of relative preferential margins, which measure how much better or worse a country's exports are treated tariff-wise relative to its competitors, indicates that approximately three-quarters of United States trading partners could see some degree of improvement in their relative tariff position, while roughly one-quarter may experience a decline (Figure 7). Looking beyond averages, the change in relative competitiveness in accessing the United States market varies widely, even among countries within the same group. Most economies seeing a deterioration are developing economies and LDCs, while a few developed economies may also be affected. In many instances, the change in relative competitiveness is modest - below 5 percentage points - though some economies, including a few LDCs, experience more pronounced shifts.

Overall, these developments illustrate how differentiated tariff changes can generate varied impacts across and within country groups, influencing exporters' relative positions in the United States market depending on the sectoral composition and magnitude of tariff adjustments.

Figure 7

Relative competitiveness increases for most economies

Distribution of change in relative competitiveness in the United States market, number of countries, February 2026 vs 2024



Source: UNCTAD estimates based on United States national statistics.

Note: Change in relative tariff position is measured using the "relative preferential margins", which measure how much better or worse a country's exports are treated tariff-wise relative to its competitors. This measure is calculated at the HS 8-digit level and then averaged across groups using trade weights. A negative change reflects a deterioration in relative tariff conditions, while a positive change indicates an improvement.

Countries' competitiveness varies across sectors

As a result of the United States tariff increases, changes in relative competitiveness in the United States market vary widely across both sectors and country groups (Figure 8). Developed economies generally maintain strong competitive positions, with improved preferential margins in most sectors, although competitiveness has declined slightly in a few areas, such as base metals and fuels.

Developing economies, by contrast, tend to face greater relative disadvantages, with notable losses in competitiveness across several sectors, including cereals, oilseeds, machinery and plastics. LDCs display the most diverse outcomes: they gain competitiveness in resource-based sectors and many agricultural products, but lose ground in a range of manufactured goods.

While it is still too early to quantify the full trade effects of these tariff changes, the implications for suppliers to the United States market are clear. In several sectors, tariffs are likely to prompt shifts in sourcing across countries. For example, machinery and textiles may see substantial changes in sourcing patterns, largely favouring exporters from developed economies.

Table 1

Developing economies and least developed countries saw declining competitiveness in most sectors

Changes in relative competitiveness in the United States market for selected products and LDCs, percentage points, February 2026 vs 2024

Developed | Developing | Least developed

Agriculture	Developed	Developing	Least developed
Animal products	2	-1	-9
Cereals	5	-8	1
Coffee Tea Spices	0	0	0
Fruits and vegetables	1	0	-1
Oil seeds and oils	7	-7	2
Prepared foodstuff	3	-1	1
Other Agriculture	8	-4	4
Manufacturing	**Developed**	**Developing**	**Least developed**
Chemical products	3	-4	-6
Electrical Machinery	5	-4	-4
Iron and Steel	-12	10	7
Machinery	10	-8	-8
Other base metals	1	-3	2
Other manufacturing	8	-6	-3
Plastics and Rubber	8	-8	-7
Precision instruments	3	-1	-18
Textiles and Apparel	11	-4	-2
Transport sector	9	-4	1
Natural Resources	**Developed**	**Developing**	**Least developed**
Metal ores	2	-2	1
Mineral fuels and distillates	0	0	1
Minerals	7	-6	12

Source: UNCTAD estimates based on United States national statistics.

Note: Change in relative tariff position is measured using the "relative preferential margins", which measure how much better or worse a country's exports are treated tariff-wise relative to its competitors. This measure is calculated at the HS 8-digit level and then averaged across groups using trade weights. A negative change reflects a deterioration in relative tariff conditions, while a positive change indicates an improvement.

Uneven tariffs changes can open opportunities for some exporters, even LDCs

When United States importers have strong incentives to reallocate sourcing toward countries facing lower relative tariffs, trade diversion can occur, even in product lines where a country had minimal or no previous exports to the United States.

In practical terms, large and uneven tariff shifts can allow countries to gain a foothold in the United States market for products they already export successfully to the rest of the world, but where they were previously priced out relative to other foreign suppliers (Table 1). These opportunities can be particularly significant in sectors where tariff differences become wide enough to offset logistical or scale disadvantages. Importantly, such opportunities are not limited to major emerging economies. LDCs can benefit in cases where tariff hikes disproportionately affect their competitors —particularly in agricultural products, resource-based industries, and some low-tech manufacturing sectors—thanks in part to the advantages provided by the AGOA scheme to some of them. While these openings may be narrow or product-specific, they nonetheless represent real prospects for export diversification and upgrading.

Table 2

Uneven tariff changes can offer sector-specific opportunities for many least developed countries

Changes in relative competitiveness in the United States market for selected products and LDCs, percentage points, February 2026 vs 2024

Exporter	Product	Competitiveness gain
Mozambique	Tobacco	+13
Benin	Cotton	+13
Senegal	Mollusks	+12
Bangladesh	Jute	+10
Gambia (the)	Dried fruit	+10
Mauritania	Frozen Fish	+10
Sierra Leone	Palm oil	+9
Liberia	Copra	+9
Haiti	Men's shirts	+9
Rwanda	Women's coats	+9
Cambodia	Rice	+4
Madagascar	Agar-Agar	+4

Source: UNCTAD estimates based on United States national statistics.

Note: Change in relative tariff position is measured using the "relative preferential margins", which measure how much better or worse a country's exports are treated tariff-wise relative to its competitors. This measure is calculated at the HS 8-digit level and then averaged across groups using trade weights. A negative change reflects a deterioration in relative tariff conditions, while a positive change indicates an improvement.

Tariff changes can affect value-addition opportunities

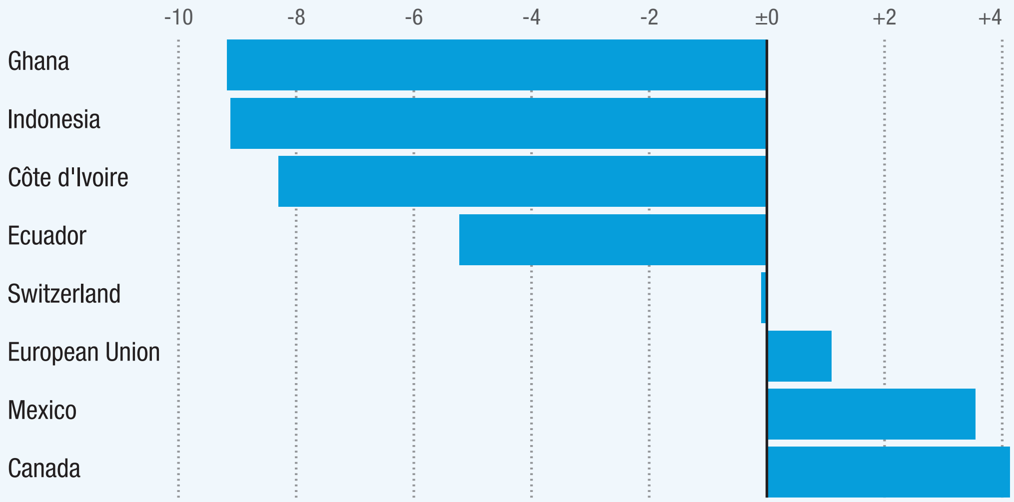
One important aspect of tariff changes is tariff escalation: the pattern in which raw materials typically face low tariffs, intermediate goods moderate tariffs, and processed products face higher tariffs. Non-uniform changes in the tariff structure can either reduce or exacerbate this escalation. In the latter case, it can become more difficult for raw-material exporters to move into higher-value segments of a value chain, as relatively higher tariffs on processed goods provide incentives to locate production closer to consumers.

United States tariff changes along the cocoa–chocolate value chain illustrate this latter scenario (Figure 9). Raw cocoa beans typically enter the United States duty-free, while chocolate products face higher tariffs. Under recent United States tariff changes, duties on cocoa beans remain unchanged, but tariffs on chocolate have increased significantly, and not all exporters have been affected equally. Countries that are already major suppliers of chocolate to the United States, such as Canada, Mexico, Belgium, and Switzerland, have faced smaller tariff increases than many cocoa-producing countries. As a result, while exporting raw cocoa remains viable for producers such as Côte d'Ivoire, Ecuador, Ghana, or Indonesia, upgrading into chocolate exports to the United States has become even more difficult, reinforcing existing patterns of specialization and limiting opportunities for value addition.

Figure 8

Chocolate remains out of reach for cocoa producers

Changes in relative competitiveness in United States chocolate market, selected economies, percentage points, February 2026 vs 2024



Source: UNCTAD estimates based on United States national statistics and UNCTAD Comtrade.

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Reaping opportunities from shifting trade policies requires monitoring and policy responses

Changes in trade policy affect not only a foreign supplier's market access conditions but also those faced by its competitors, shaping relative competitiveness among trading partners. As a result, trade policy shifts reallocate market shares, influence production and supply decisions, and transform global trade and investment patterns. In the case of recent United States tariff changes, the magnitude and direction of these changes have had significant repercussions among foreign suppliers' competitiveness in accessing the United States market. Analysis based on relative preferential margins shows how non-uniform tariff structures generate advantages for some exporters and disadvantages for others. Variation is substantial across sectors and countries, highlighting that trade policy effects cannot be generalized: A country facing higher tariffs may lose competitiveness compared with United States producers, yet still gain a relative advantage over other foreign suppliers.

In the context of shifting trade policies, policy efforts should explore opportunities to diversify export markets when relative market access becomes more restrictive, while also taking advantage of newly improved preferential positions. UN Trade and Development supports these efforts by monitoring changes in tariffs and relative competitiveness, providing technical assistance on trade policy adjustments, and promoting policies that build export resilience as tariff regimes become more differentiated. This evidence-based approach enables countries to respond strategically and proactively to evolving global market conditions shaped not only by economics but also by geopolitical factors.

Through this publication,
UNCTAD provides valuable insights
into current and emerging trade policy
issues and their impact
on economic development in a fast
changing global trade context.

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