Some Key Points to Understand the Tariff Measures Taken by the USA and Their Impact on the Algerian Economy

Mouloud Hedir - CARE – May 2025

It is difficult to properly assess the external trade policy decisions implemented by President Trump in early April 2025, given the scale of the measures announced, the unpredictability they introduce into the global trade system, and the variability of their implementation modalities. The purpose of this CARE policy brief is to grasp the essence of this new trade policy promoted by the United States and, consequently, to evaluate its implications for the Algerian economy.

1. What is it about?

- The USA has determined that the current global trade system is largely unfavorable to its economy. It is seen as contributing to the deindustrialization of the country and the outsourcing of production and jobs to other parts of the world. In their view, this is evidenced by a long-standing and growing trade deficit, which they consider a threat that must be addressed through the **following major measures**:

- *Starting April 9, 2025, a so-called "reciprocal tariff" will be applied to all imports from countries with which the USA has a trade deficit. This tariff ranges between 11% and 50%, depending on the size of the bilateral deficit;*

- *For other countries where no deficit is recorded, a minimum tariff of 10% will be applied starting April 5, 2025;*

- *These new tariffs are in addition to the existing MFN (Most-Favored Nation) tariff previously applied to US imports;*

- *Annex 1 of President Trump's declaration dated April 2, 2025, outlines the reciprocal tariffs to be applied per country. Annex 2 lists product categories (8-digit tariff positions) temporarily excluded from these measures — notably hydrocarbons;*

- *The declaration opens the possibility of bilateral negotiations between the US and each affected country, suggesting that tariffs could be lifted in exchange for specific trade concessions;*

- *A three-month moratorium was announced shortly after, delaying implementation while maintaining the 10% minimum tariff for all countries — except China, which remains sanctioned. The moratorium is scheduled to last until July 9, 2025..*

2. What Justifications Has the US Administration Provided for These Tariff Measures?

As sharp and surprising as they may seem, these American tariff measures were clearly presented in President Trump's electoral platform and were therefore largely predictable. To understand their underlying motivation, one only needs to examine the extent of the trade deficit the US has accumulated over many years.

Evolution of the US Trade Deficit – 2005 to 2024 – in USD Billions:S

2005	2010	2015	2020	2021	2022	2023	2024
834	690	813	982	1 181	1 313	1 153	1 295

The US trade balance has been structurally in deficit for decades, and this imbalance has continued to worsen over time. The desire to curb this growing deficit is, in itself, a perfectly understandable objective.

However, the method chosen — a sudden and systematic adjustment of tariffs on all imports, across all trading partners — raises several concerns. One of the key questions concerns the legality of the process itself.

3. What About the Legality of President Trump's Executive Order Regulating Imports into the United States?

The U.S. Constitution, in Article I, Section 7, states that:

"All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills."

Section 8 of the same article also stipulates that it is **Congress that holds the power to regulate trade with foreign nations**.

To bypass this constitutional constraint, President Trump invoked Section §1701 of the National Emergencies Act (NEA), which provides that: *“The President of the United States may declare a national emergency when he identifies an unusual or extraordinary threat to the United States, its territories, or its citizens, whether military, economic, technological, or otherwise.”.*

This declaration activates a set of exceptional powers, including the regulation of imports and exports. It may also go further — allowing for the blocking of foreign assets, imposing economic sanctions, restricting foreign entry, and more.

While the President’s emergency powers do indeed extend to foreign trade control, it is difficult to argue that **trade balance deficits** constitute an “unusual and extraordinary threat” to national security. This is even harder to justify considering that **tariff schedules** are part of international commitments ratified by the U.S. Congress, particularly within the framework of **WTO membership** — an organization that the U.S. has neglected politically but never formally withdrawn from.

Furthermore, both **China and Canada** have filed official complaints before the **WTO Dispute Settlement Body** to contest these U.S. tariff measures.

This situation is therefore highly paradoxical: the United States is now invoking its own economic legislation as a threat warranting a national emergency declaration.

In sum, it is likely that the new tariff measures will give rise to multiple legal challenges in U.S. courts. However, given the inherently slow and complex nature of such legal proceedings, it is expected that many of the affected trade partners will opt for **direct negotiations**, which may, in practice, contribute to a **restructuring of the global trade system** — though its contours remain undefined at this stage.

4. A Powerful Shock Disrupting the Global Economy

The tariff measures introduced by the Trump administration — due to their scale, brutality, and implementation uncertainty — are contributing to a profound disruption of global supply chains, threatening the overall functioning of the global economy.

All indications suggest that the immediate shock following the announcement of these new U.S. customs duties will likely persist and, barring a major reversal, may even intensify over the coming months and potentially years:

- Several of the USA's major trade partners have already announced retaliatory measures that could seriously impact trade with the U.S. The risks of escalation are real — particularly with China, and to a lesser extent, the European Union, the two other largest global economies alongside the United States;

- President Trump's April 2, 2025 declaration calls for direct bilateral negotiations with each affected partner. However, even if such negotiations were to begin promptly, their scope — involving all U.S. traded goods and all global partners — would require months, during which time the damage to global economic growth would already be considerable.

As of now, we are facing the imminent risk of a global economic standstill, with potentially recessionary effects for all countries, including the U.S. itself. This led President Trump to announce a three-month suspension of the reciprocal tariff measures. However, he maintained the application of a minimum additional tariff of 10%, which remains in effect.

Importantly, this temporary suspension does not apply to Chinese imports, thus escalating into an open trade war between the world's two leading economic powers.

Even if this moratorium has been positively received by financial markets, the threat of a severe global recession remains ever-present. One of the most telling signs is the sharp and rapid decline in global oil prices, which reflects growing concern and uncertainty over the future state of the world economy in the months ahead.

5. A Hazardous and Incoherent Tariff Approach by the USA

While the intention of restoring a better balance in U.S. trade with the rest of the world may appear legitimate, the approach adopted to achieve this goal seems inadequate and, in many respects, incoherent.

Even disregarding the inevitable inflationary pressures within the U.S. market — due to higher import costs — several critical questions remain:

i) Targeting all imports indiscriminately

The stated objective is to stimulate domestic production of goods currently imported. One might have expected the U.S. administration to set specific and well-defined goals for industries it considers strategic or high-priority, and to offer them protection from external competition.

Instead, by applying blanket additional tariffs to virtually all imported goods, the U.S. has created an unnecessarily complex system — one that may well generate more problems than it solves.

ii) Questionable logic behind agricultural product targeting

The blanket targeting of all agricultural imports also seems illogical. How will higher tariffs help the U.S. produce Brazilian coffee, Madagascan spices, Ivorian cocoa, or Algerian dates?

iii) Arbitrary tariff levels

The logic behind the specific levels of reciprocal tariffs is equally difficult to grasp. For example:

- A 50% tariff on the **$242 million** of Lesotho's exports,
- 47% on the **$750 million** from Madagascar,
- 44% on the **$683 million** from Myanmar…

How will these punitive measures help reduce the **$1.265 trillion** U.S. trade deficit recorded in 2024?

iv) Missed diplomatic opportunities

If the underlying objective is to open negotiations with countries responsible for the U.S. trade deficit, then why not seek reasonable compromises from the outset — avoiding global recession risks and needless diplomatic aggression?

This is even more apparent when one considers that just **10 trading partners** (China, EU, Mexico, Vietnam, Chinese Taipei, Canada, Japan, South Korea, India, and Thailand) account for **97.4%** of the 2024 U.S. trade deficit.

Except for China, all these countries are longstanding allies of the United States. A calm, constructive negotiation would have been far more appropriate.

In conclusion, the entire strategy adopted by the current U.S. administration appears risky, both in its design and execution.

6. What Impact on Algerian Exports?

This is the central question that concerns us and to which CARE invites a national debate.

6.1 – The Hydrocarbon Dominance

As is well known, Algeria exports mainly hydrocarbon products to the United States — as it does to the rest of the world. In 2024, hydrocarbons represented **about 82%** of Algeria's total exports to the U.S. The remaining 18% consisted mostly of fertilizers, tires, cement, and steel — all highly energy-intensive goods.

From this perspective, it is clear that the primary concern lies not in the tariffs themselves, but rather in the macroeconomic disruptions these measures have triggered globally — particularly the decline in oil prices, which poses a major threat to Algeria's export revenues.

Thus, the main risk for Algeria is not only reduced trade with the U.S., but also a significant drop in the value of global exports, due to deteriorating oil markets over the coming months or even years.

6.2 – Immediate Threat on Non-Hydrocarbon Exports

A more direct threat concerns Algeria's future non-hydrocarbon exports to the U.S.

Originally, a **30% "reciprocal" tariff** was scheduled to apply to Algerian goods starting **April 9, 2025**, as part of the U.S. effort to "rebalance" trade deficits.

Two important points to retain:

- First, hydrocarbon exports are currently exempt from this 30% tariff. However, this exemption is not permanent. U.S. authorities have indicated it could be reconsidered at any time — particularly if trade partners (like Algeria) are seen as failing to improve access for U.S. products to their domestic markets.
- Second, due to market instability, the implementation of the 30% tariff was postponed by three months. In the meantime, a 10% flat-rate tariff applies to all imports into the U.S., including those from Algeria. While the suspension of the harsher tariff is welcome, it is only temporary.

6.3 – Snapshot: Algeria's Access to the U.S. Market in 2024

A detailed table in the original document presents the structure of Algerian exports to the U.S. by product type, with tariff codes, export values from 2022–2024, market shares, and applicable tariff rates (MFN, reciprocal, and under moratorium).

Key insights from the data:

- Distillates and crude oil dominate, but several growing product lines (e.g., urea, cement, ammonia, steel) face 30% tariffs from July 2025 if no agreement is reached.
- Exporters will face a 10% tariff until then, giving them a short window to adjust their strategies.

Trade Access Overview – Algerian Export Conditions to the US Market									
Tariff Code	**Product**	**Exports (Million $US)**			**2024 Market Share**		**MFN Tariff**	**Reciprocal Tariff**	**Moratorium Tariff**
		2022	**2023**	**2024**	**DZ Export**	**USA Import**			
	All products	3166.4	3150.9	2540.9	5.50%	0.10%			
271019	Distillates	1844.7	1865.3	1745.0	63.70%	4.90%	5.25 cts/Bl	No	No
270900	Crude oil	615.2	530.8	334.3	3.40%	0.30%	5.25 cts/Bl	No	No
310210	Urea	175.9	231.6	157.0	17.30%	11.50%	0%	30%	10%
252329	Standard cement	18.3	53.3	64.6	71.60%	2.40%	0%	30%	10%
721420	Steel bars	301.9	285.8	53.5	60.60%	31.90 %	0%	55% (**)	30% (**)
281410	Anhydrous ammonia	0.0	10.6	43.4	2.50%	0.80%	0%	30%	10%
721391	Steel wire rod	84.8	18.6	26.6	15.40%	3.00%	0%	55% (**)	15.5% (**)
280429	Rare gases	0.7	7.0	21.7	1.90%	4.70%	3.7% (*)	No	No
80410	Dates	10.8	9.5	15.0	7.20%	12.10 %	13.2 ct/Kg	30%	10%
252321	White cement	0.0	6.8	14.3	32.30%	2.40%	0%	30%	10%
310280	Ammonium nitrate	0.0	10.7	13.7	99.60%	1.30%	0%	30%	10%
252310	Clinker cement	0.0	16.2	7.4	3.90%	19.00 %	0%	30%	10%
271112	Liquefied propane	15.4	0.0	6.2	0.00%	0.00%	0%	No	No
711292	Platinum waste	0.0	0.0	6.0	0.00%	0.00%	0%	No	No
401110	Tires	7.6	4.2	2.1	41.40%	0.00%	4% (*)	55% (**)	20% (**)
700529	Glass sheets	0.0	0.1	1.4	0.20%	0.10%	0%	30%	10%
310540	Phosphate ammonium	0.0	6.8	0.2	100.00%	1.10%	0%	30%	10%
841459	Fans	0.2	0.0	0.2	11.60%	0.00%	0%	30%	10%
200570	Olives	0.0	0.0	0.1	0.00%	0.00%	5.4 cts/Kg	30%	10%
220210	Mineral water	0.1	0.2	0.1	1.20%	0.00%	0.2 cts/L	30%	10%
970610	Antique objects	0.0	0.0	0.1	0.00%	0.00%	0%	30%	10%
150930	Virgin olive oil	0.0	0.1	0.1	10.50%	0.20%	5 cts/Kg	30%	10%

Explanatory Notes:
(*) – The two products referred to here (tires and rare gases) were effectively exempt from customs duties (0%) under the GSP – Generalized System of Preferences of the USA.
(**) – As of March 12, 2025, the USA decided to apply a 25% customs duty rate on all steel products and on inputs used in the manufacturing of motor vehicles. During this moratorium period, this additional rate ranges from 5% to 20%, depending on the product; it is added to the minimum base rate of 10%.

MFN Tariff (Most Favored Nation): The base tariff applied to U.S. imports of the concerned product, excluding preferential measures.

Reciprocal Tariff: A tariff applied on a reciprocal basis to countries with which the U.S. runs a trade deficit. In Algeria's case, this rate is 30% and should be added to the MFN tariff. The application of this reciprocal tariff is suspended for three months (until July 9, 2025) following the moratorium announced by President Trump on April 10, 2025.

Moratorium Tariff: Following the three-month moratorium announced by the U.S. administration on April 10, 2025, a minimum 10% customs duty rate will apply in the interim to all imports from all countries worldwide.

6.4 – Strategic Interpretation

- The three-month moratorium provides a temporary status quo, which is relatively manageable: a 10% tariff applies uniformly to all countries, so Algerian exporters are not competitively disadvantaged.
- However, if the 30% tariff is enforced in July as planned, non-hydrocarbon exports will suffer a severe blow. Many Algerian exporters would not be able to absorb such a price shock, especially now that non-hydrocarbon exports were just beginning to grow.

6.5 – A Call for Proactive Negotiation

This challenge affects Algeria and more than 60 other countries. The three-month moratorium should be used to explore solutions. The most likely path is bilateral negotiation.

- The U.S. Trade Representative (USTR) has published a report listing trade barriers faced by U.S. exports worldwide.
- Algeria is mentioned in this report, particularly for intellectual property and market access issues.

It is imperative for Algerian authorities to examine these criticisms, whether justified or not, and prepare a technical, constructive response. This may be the most effective way to approach negotiations and protect access to the U.S. market.

Point de Situation - Accès au Marché US pour les Exportations Algériennes

Code Tarifaire	Produit	Exportations en Millions de $US			Part de marché Année 2024		Tarif NPF	Tarif Réciproque	Tarif Moratoire
		2022	2023	2024	Export DZ	Import USA			
	Tous Produits	**3 166,4**	**3 150,9**	**2 540,9**	**5,5%**	**0,1%**			
271019	Distillats	1 844,7	1 865,3	1 745,0	63,7%	4,9%	5,25 cts/Bl	Non	Non
270900	Pétrole brut	615,2	530,8	334,3	3,4%	0,3%	5,25 cts/Bl	Non	Non
310210	Urée	175,9	231,6	157	17,3%	11,5%	0%	30%	10%
252329	Ciment normal	18,3	53,3	64,6	71,6%	2,4%	0%	30%	10%
721420	Barres en aciers	301,9	285,8	53,5	60,6%	31,9%	0%	55% (**)	30% (**)
281410	Ammoniac anhydre	0	10,6	43,4	2,5%	0,8%	0%	30%	10%
721391	Fil machine en aciers	84,8	18,6	26,6	15,4%	3,0%	0%	55% (**)	15,5% (**)
280429	Gaz rares	0,7	7	21,7	1,9%	4,7%	3,7% (*)	Non	Non
80410	Dattes	10,8	9,5	15	7,2%	12,1%	13,2 ct/Kg	30%	10%
252321	Ciments blancs	0	6,8	14,3	32,3%	2,4%	0%	30%	10%
310280	Nitrate d'ammonium	0	10,7	13,7	99,6%	1,3%	0%	30%	10%
252310	Ciments 'clinkers'	0	16,2	7,4	3,9%	19,0%	0%	30%	10%
271112	Propane liquéfié	15,4	0	6,2	0,0%	0,0%	0%	Non	Non
711292	Déchets de platine	0	0	6	0,0%	0,0%	0%	Non	Non
401110	Pneumatiques	7,6	4,2	2,1	41,4%	0,0%	4% (*)	55% (**)	20% (**)
700529	Feuilles en verre	0	0,1	1,4	0,2%	0,1%	0%	30%	10%
310540	Ammonium Phosphaté	0	6,8	0,2	100,0%	1,1%	0%	30%	10%
841459	Ventilateurs	0,2	0	0,2	11,6%	0,0%	0%	30%	10%
200570	Olives	0	0	0,1	0,0%	0,0%	5,4 cts/Kg	30%	10%
220210	Eaux minérales	0,1	0,2	0,1	1,2%	0,0%	0,2 cts/L	30%	10%
970610	Objets d'antiquité	0	0	0,1	0,0%	0,0%	0%	30%	10%
150930	Huile d'olive vierge	0	0,1	0,1	10,5%	0,2%	5 cts/Kg	30%	10%

Source: ITC & USTR – Harmonized Tariff Schedule, Revision 9, April 2025

Notes explicatives :

(*) – Les deux produits visés ici (pneumatiques et gaz rares) bénéficiaient en pratique de l'exemption de droits de douane (0%), au titre du SGP – Système Général des Préférences des USA

(**) – Depuis le 12 mars 2025, les USA avaient décidé d'appliquer un taux de droit de douane de 25% sur l'ensemble des produits en aciers et pour les intrants dans la fabrication des véhicules automobiles. Durant cette période moratoire, ce taux additionnel varie entre 5% et 20%, selon les produits ; il s'additionne au taux minimal de 10%

Tarif NPF (Nation la plus favorisée) : Tarif de base applicable aux importations US du produit concerné, hors mesures préférentielles

Tarif réciproque : Tarif applicable à titre de réciprocité aux pays avec lesquels les USA sont en déficit commercial. Dans le cas algérien, ce taux est de 30% : il devrait s'additionner au tarif NPF. L'application de ce tarif réciproque est suspendue pour trois mois (jusqu'au 9 juillet 2025), suite au moratoire annoncé par le président Trump, le 10 avril 2025.

Tarif Moratoire : Suite au moratoire de trois mois, annoncé par l'administration US en date du 10 avril 2025, il a été retenu d'appliquer dans l'intervalle le taux minimal de 10% de droits de douane applicable à l'ensemble des importations et pour tous les pays du monde.

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7. What Are the Possible Developments in the Coming Months?

In the weeks following what President Trump called his "Liberation Day", it became clear that the result was not a reset, but rather a wave of disorder. The global economy has entered a period of serious turbulence, and the way forward remains highly uncertain.

7.1 – A Structural Challenge, Not Just a Policy Misstep

Even if these latest protectionist measures, introduced in April 2025, are poorly designed and executed, the underlying issues they address are real — at least from a U.S. perspective:

- A massive trade deficit,
- Accelerating deindustrialization,
- A slow but steady loss of global economic dominance, especially to emerging powers like China.

Attacks against the current global trade architecture — particularly against the WTO system of rules — are not new. They reflect grievances that span multiple U.S. administrations and enjoy broad bipartisan support in Washington.

Therefore, it is likely that contestations of the current trade order will continue to shape U.S. foreign trade policy for years to come.

7.2 – The Hidden Monetary Battle: Dollar Dominance

Another key issue behind this trade war is the role of the U.S. dollar as the primary global reserve and transaction currency.

Since President Nixon ended dollar-gold convertibility in 1971, the dollar has acquired quasi-hegemonic status in regulating global financial and trade flows.

- The U.S. trade deficits may be seen as a necessary byproduct of this system.

- Over time, these deficits became a condition for global financial balance.

But this balance is now under threat:

- The U.S. sees these deficits as weakening its own economy.
- Other nations criticize the overreach of U.S. monetary power, particularly through extraterritorial sanctions and the financing of U.S. deficits using international capital.

The resolution of this monetary equation will likely be part of any future settlement to this trade conflict.

7.3 – Uncertainty and Absence of a Clear Strategy

The erratic behavior of U.S. authorities offers no clarity on:

- What outcome they actually seek,
- What concessions they expect from trading partners,
- Or what new global trade system they hope to build.

The current WTO-based trade system (originally GATT), built largely by the U.S. after World War II, was only adopted globally with the creation of the WTO in 1995.

While many countries — developed and developing — may wish to reform the WTO, most remain broadly satisfied with its framework.

In contrast, the United States is actively undermining the WTO's functioning, without officially withdrawing from the organization.

Despite being a major trade player, the U.S. accounted for less than 11% of global trade in 2024 — meaning it cannot unilaterally redefine the rules of the global trade system.

7.4 – A Deeper Geostrategic Conflict with China

Finally, this trade conflict must also be understood in the context of a long-standing U.S. strategy to counter China's rise.

For over a decade, the U.S. has taken measures to contain China's ambition to become the world's leading economic power by 2049.

It is no surprise, then, that the trade confrontation is intensifying between Washington and Beijing — the only country so far to respond with significant countermeasures.

Even if a negotiated compromise is reached in the short term, the U.S.–China rivalry is unlikely to subside anytime soon.

8. Conclusions from an Algerian Perspective

i) A Situation That Must Be Taken Seriously

Regardless of the motivations behind the U.S. administration's decision to launch a global trade confrontation with its partners, the implications for Algeria are real and must be taken seriously — both in the short and long term.

While a complete closure of the U.S. market to Algerian exports may not be the most likely outcome, it cannot be ruled out entirely. For this reason, the scenario must be examined in-depth and without delay.

ii) Algeria on the USTR Watchlist

It is worth recalling that Algeria is routinely listed on the annual "watch list" of the U.S. Trade Representative (USTR), particularly regarding:

- Intellectual property rights,
- Pharmaceutical patents,
- And more broadly, market access issues.

The USTR's annual reports also identify several restrictions in Algerian trade law that impact U.S. exports — even if these observations are not always accompanied by explicit criticism.

This context calls for a formal review of the concerns raised by the USTR and the preparation of possible technical responses by the relevant Algerian institutions.

iii) A Continental Response Could Be Beneficial

While the restrictions planned by the U.S. may be severe for Algeria, many African countries are even more heavily impacted.

It would be worth exploring joint initiatives within the African Union framework, aiming to open a collective dialogue with the U.S. administration.

iv) The Need for Strategic Monitoring

More broadly, no one can predict today what the global trade system will look like tomorrow, especially under the pressure of U.S. protectionist policy.

What Algeria must do now is at the very least establish a strategic monitoring mechanism, to track:

- The potential long-term implications of these changes,
- Their effects on Algeria's economic relations with key partners like China and the European Union, who are also being targeted by U.S. tariffs.

v) A Reminder of Our Vulnerability: The Oil Dependence Trap

Finally, all of this turmoil in the global economy — particularly the drop in oil prices — reminds us once again of the structural vulnerability of Algeria's economy.

Our excessive reliance on hydrocarbons remains the greatest long-term threat to national economic resilience.

This moment underscores the urgent and absolute necessity to finally undertake structural reforms — reforms that Algeria has needed for years, but which now can no longer be postponed.