



US threatens secondary tariffs

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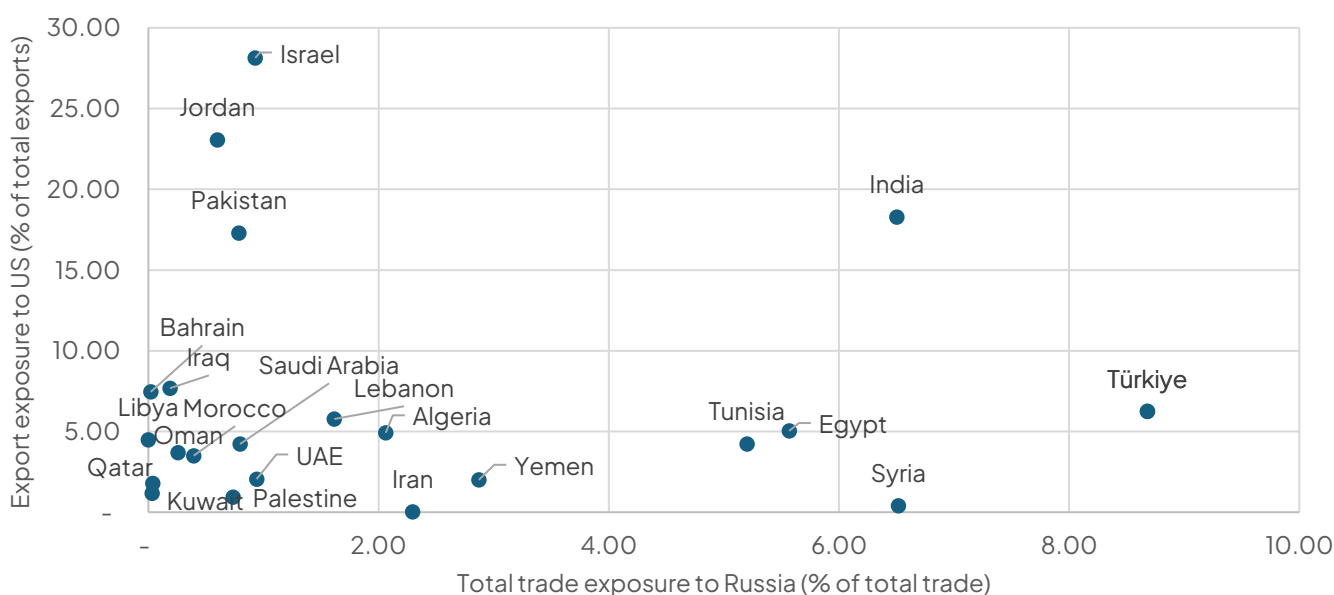
- The US has threatened to impose “secondary tariffs” on countries that trade with Russia, in particular targeting countries that import Russian oil.
- Regional exposure is varied with GCC economies having limited exposure to trade with Russia while economies in North Africa, Türkiye and India have a greater reliance.

US President Donald Trump has threatened to impose what he described as “secondary tariffs” on countries that trade with Russia to a level of as high as 100%. The US commerce secretary, Howard Lutnick, said that tariffs and sanctions were “both tools in his toolbox” while the US’ ambassador to NATO was more explicit, stating that the tariffs would target countries importing Russian oil.

The threat of secondary tariffs on countries reliant on trade with Russia would be most acute in CIS countries—Belarus for example relied on Russia for almost 64% of its total trade in 2024 while its export exposure to the US was minimal at less than 0.4% of its total exports. China is much more exposed to US trade than it is to Russia with almost 15% of total exports heading to the US (USD 523bn) compared with Russia representing 4% of its total trade (USD 250bn).

Across MENAT economies, exposure to Russia is highly varied. The UAE’s total goods trade exposure to Russia is less than 1% (USD 9.9bn) of its total while exports to US represents slightly more than 2% of total exports at USD 10.7bn. For Saudi Arabia, Russia accounts for just 0.8% (USD 4.3bn) of the country’s total trade while exports to the US account for more than 4% at nearly USD 13bn. By contrast, Türkiye relied on Russia for nearly 9% of its total trade in 2024 while the US market received 6% of total Turkish exports.

Exposure to Russia total trade vs US exports across selected economies



Source: UNCTAD, Emirates NBD Research



Russian flows vary by economy

For economies across MENAT and India, Russia is a major source of food, energy and manufactured goods imports. In 2024, India received almost 29% of its total energy imports from Russia, Türkiye imported almost half of its energy imports from Russia while Saudi Arabia has also been an importer of Russian fuel oil. For imports of food, Egypt, Türkiye, Pakistan and Tunisia are all highly reliant on Russian exports, principally of grains and oilseeds.

Punitive US tariffs related to exposure to Russian energy flows could represent an opportunity for economies such as the UAE and Saudi Arabia to further expand their market share in oil and refined product flows. Food import dependency may be harder to switch away from particularly as global wheat production and stockpiles are set to decline in the 2024/25 crop year and projections for next year have also recently been downgraded by the USDA.

Imports from Russia as share of total category (%)

	Fuel	Food	Manufactured goods	Beverages	Crude materials ex fuel	Animal/veg oils	Chemicals	Machinery and transport	Miscellaneous	Commodities (precious metals)
Türkiye	48.09	18.35	10.51	2.76	3.18	25.33	3.32	0.83	0.30	33.96
India	28.48	3.94	1.96	0.04	0.84	13.41	2.58	0.09	0.33	1.28
Saudi Arabia	14.49	4.77	1.75	0.89	1.07	8.68	0.60	0.10	0.30	-
UAE	8.33	1.31	4.31	0.37	0.85	1.36	1.00	0.18	0.09	2.68
Egypt	1.63	25.99	12.76	0.00	2.26	26.67	1.09	0.19	4.12	-
Oman	1.33	0.86	0.69	0.04	0.19	0.17	0.09	0.03	0.02	2.31
Kuwait	0.12	0.14	0.16	0.04	0.04	0.07	0.05	0.01	0.01	-
Qatar	0.04	0.16	0.62	0.15	0.01	0.85	0.02	0.01	0.01	-
Pakistan	0.00	16.01	0.03	-	0.00	0.00	0.49	0.00	0.11	0.00

Source: UNCTAD, Emirates NBD Research

The “secondary tariffs” from the US would be due to take effect in 50 days if the US, Russia and Ukraine do not secure an arrangement to end the Russia-Ukraine war. The proposal comes amid protracted US negotiations with its trading partners on new trade deals already under threat of US tariffs.



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