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Navigating Trump Tariffs in the Gulf

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Summary

- On April 2, 2025, President Donald Trump imposed a 10% baseline tariff on all US imports, followed by a stiff 50% tariff on steel and aluminium on June 4. The latter is the only tariff of major concern for the Gulf Cooperation Council (GCC) countries, since the key hydrocarbons, petrochemicals, and fertilisers are mostly exempted, and the 10% baseline rate applies uniformly to all countries, which doesn't particularly harm the competitiveness of the Gulf states.

- The impact of tariffs would obviously depend on the degree of openness and diversification, since an economy that relies completely on exempted hydrocarbons exports, as an example, is not expected to be concerned by the tariffs. In this regard, data shows that export diversification was achieved at varying degrees in the Gulf states, while exports of steel and aluminium to the distant US market – the main focus of the Insight – remain important for some countries.

- The aluminium industry contributes to the GCC countries' diversification and industrialisation, with the main aluminium-exporting GCC countries being the UAE, Bahrain, Saudi Arabia, and Qatar. The steel industry is also a key component of the GCC states' industrialisation strategies; Saudi Arabia's Iron and Steel Company (Hadeed) serves its national Vision 2030 and Jindal Steel Oman is an essential part of the Gulf–India industrial corridor.

- The Insight shows that in the last two quarters of 2025, the GCC countries' steel and aluminium exports to the US market fell significantly, indicating a bite from Trump's decisions. The GCC states also have limited direct exposure to the US market; the share of their merchandise exports to the US is very low, reaching 2% in Kuwait and the UAE, 6.2% in Qatar, 7.9% in Oman, and 8.6% in Bahrain. This is due to the US's distance from the region; the GCC states have developed strong ties to closer and growing markets in Asia, Europe, and Africa.

- An additional factor in this analysis is the regional conflict that began on February 28, 2026, which increased the exposure of GCC exports to turmoil; exports moving through the Strait of Hormuz were severely disrupted. Aluminium Bahrain (Alba), for instance, suspended its shipments, and Qatalum in Qatar implemented production cutbacks.

- The Insight recommends that the GCC countries can navigate the tariffs' impact if they leverage their role of indispensable non-NATO allies demonstrated during the conflict with Iran, and lobby for enhanced access to the US market. To achieve this, they need to:

  » Adopt a two-pronged approach: one, government-to-government negotiations arguing that instead of being a threat, steel and aluminium exports serve the US national interest, by providing key inputs to strategic military industries and others; and two, business-to-business outreach to American importers with strong lobbying capabilities like Boeing and others in the automotive, defence and aerospace sectors, seeking 'Product-Specific Exclusions', which are duty waivers that can be granted by the Department of Commerce.

» At the producer level, emulate Emirates Global Aluminium's (EGA) direct investment in Oklahoma state, by building steel and aluminium plants in the US, thereby bypassing tariffs and export difficulties from the region, while positioning themselves at the centre of high demand from key American industries and specific businesses.

» Expand ports capacity on the Gulf of Oman and the Red Sea to reroute steel and aluminium exports, when necessary, while also investing in new deep-sea ports as an alternative to the Strait of Hormuz to minimise costs.

» Finally, seize the strategic location of the Gulf to deepen partnerships with less distant buyers in Europe, Asia and Africa, while capitalising on competitive advantages, such as adopting green technologies that are increasingly required by the European Union, for example.

The Issue

US President Donald Trump has used tariffs on imports from abroad as a tool to protect the national economy. On April 2, 2025, President Trump made a 'declaration of economic independence', announcing baseline tariffs of 10% on all countries, and stating that he will impose a higher individualised reciprocal tariff on the countries with which the US has the largest trade deficits. This was followed by doubling tariffs on all steel and aluminium imports to 50% on June 4.

President Trump explained the rationale behind these decisions, promising that jobs and factories will roar back as both domestic and foreign companies will be incentivised to invest more locally. Of course, tariffs are not Trump inventions but rather reflect the views of the centuries-old Mercantilist School in economic thought, according to which the maximisation of countries' wealth requires setting tariffs to favour domestic producers, minimise imports and improve the trade balance. This was the rationale behind the Corn Law, which was issued in 1815 in Great Britain, seeking to protect domestic farmers by keeping grain prices artificially high through tariffs on imports. However, this occurred at the expense of consumers and the rising industrialist class that needed to pay higher wages to compensate for more costly food.

The scepticism surrounding tariffs is not only connected to the problem of vested interests that they create. Economists in general consider tariffs to be a distortion that benefits less efficient domestic producers at the expense of more efficient foreign exporters, leading to a net loss for the economy, dubbed 'deadweight loss'.

Moreover, global supply chains today are making tariffs even more problematic, as local producers are being harmed by the higher prices of imported inputs and semi-finished products. It is thus unsurprising that financial markets plunged after Trump's announcements, and the resulting uncertainties will more than counteract the incentives that the recent tariffs could provide to US domestic producers.

For the Gulf Cooperation Council (GCC) countries, the key oil and natural gas exports as well as most petrochemicals are exempted from the tariffs; and the 10% base rate is relatively moderate and applies to all countries, which does not harm the competitiveness of GCC exports. As a result, the only tariffs that could be of concern are the 50% levies on Gulf steel and aluminium. The Insight's focus is specifically on these tariffs and how the Gulf authorities could respond to them.

Additionally, the regional conflict since February 28, 2026, significantly increased the vulnerability of GCC exports to the US. Aluminium Bahrain (Alba) declared force majeure and halted shipments, while other producers initiated cutbacks. In some cases, the losses are amplified by rerouting shipments to safer facilities that resulted in higher freight rates, longer delivery times, and increased logistical uncertainty. The rise in costs was mitigated, at least partially, by a surge in international prices.

Openness and Diversification in the GCC Countries

Tariffs and trade policy in general would be of concern only to diversified and open economies. Historically, the GCC countries opted for low or no tariffs on imports, a fixed exchange rate for the local currencies, and free movement of capital, both inward and outward. As a result, and with the support to the private sector, GCC economies opened to the outside world, albeit at varying degrees.

Data for total imports plus exports for 2024 show that foreign trade to GDP ratios were above 90% in GCC countries except for Qatar and Saudi Arabia. The highest ratios were observed in Oman and Bahrain, whose oil reserves are the lowest of the GCC. The UAE stands as the only resource-rich economy in the region with foreign trade reaching 208% of GDP (see Table 1).

Table 1. Foreign Trade to GDP (%)

Country	2020	2021	2022	2023	2024
UAE	185.3	186.1	188.9	202.3	207.8
Bahrain	135.5	153.8	167.1	157.4	147.1
Kuwait	82.0	82.0	90.9	96.87	94.7
Oman	91.9	95.9	105.7	105.9	116.4*
Qatar	90.0	92.8	100.2	90.75	87.5
Saudi Arabia	47.5	50.9	56.8	54.2	55.2

Source: World Development Indicators (WDI), The World Bank, and the WTO

Another indicator of openness is the rising share of non-hydrocarbons in total exports. In 2023 Oman and Bahrain had a ratio of 30% and 50% of non-oil exports to total exports, respectively, while the UAE achieved the highest ratio overall (see Table 2).

The UAE openness and diversification was led by the emirate of Dubai, which has a history of foreign trade, especially after being declared a duty-free port in 1901. The 'neighbourhood effect', whereby economic success in one place acts as a powerful catalyst for neighbouring areas, encouraged the other emirates to establish port-anchored free zones, offering state-of-the art transport and logistics services, such as Abu Dhabi's Khalifa Economic Zones, and Sharjah's Hamriyah Free Zone.

In other words, success is contagious. Therefore, the other GCC countries began to emulate the UAE model. Oman set up the Duqm special economic zone (SEZ), adding a heavy industry layer with refineries, ship repair, and recently a green hydrogen hub. Meanwhile, Saudi Arabia waited until the lunch of Vision 2030 to set up the Saudi Integrated Logistics Zone (SILZ) linked to King Khalid International Airport in Riyadh, and the King Salman Energy Park (SPARK), using its flagship Aramco to pull in foreign manufacturers in the energy sector.

Table 2. Share of Non-oil Exports in Total Exports in the GCC (2023, in USD millions)

Country	Total Exports	Non-Oil Export	Share of Non-Oil Export (%)
Bahrain	24,814	12,407	50.0
Kuwait	83,981	5,841	7.0
Oman	59,011	17,904	30.3
Qatar	97,751	13,155	13.5
Saudi Arabia	320,018	71,642	22.4
UAE	570,245	288,180	50.5

Source: WTO and ComTrade.com

High non-oil exports are the result of a successful and long-run diversification endeavour, aiming to mitigate the exposure to oil price volatility. In the Gulf states nonetheless, such strategy faces important challenges due to the so-called 'Dutch Disease' which refers to the possible negative side effects of a boom in oil or other mineral and agricultural commodities. The appreciation of the local currency, due to the exports from the new promising sector attracting foreign currency inflows, ends up harming other exporting sectors, the competitiveness of the economy and its diversification, while encouraging imports.[1]

Table 3 summarises the GCC countries' scores in the Global Economic Diversification Index, published by the Mohammed bin Rashid School of Government, in comparison with the oil-producing benchmarks of Malaysia and Norway. A higher index value means less dependence on a single sector (typically hydrocarbons). The three pillars of the index are: (1) the government revenue sub-index measuring the fiscal revenue diversification, (2) the output sub-index capturing the diversification of domestic economic activity by assessing whether the economy's value added is shifting away from the primary commodity sector, and (3) the trade sub-index measuring trade diversification. The overall composite score and the countries' global rankings are also reported below. The index reveals significant differences among the GCC countries, with a clear gap between the frontrunners, primarily the UAE, and the laggers, notably Kuwait and Oman.

Table 3. Economic Diversification Index (EDI) scores for GCC (2025)

Country	Revenuesub-index	Output sub-index	Trade sub-index	Average(overall EDI)	Global Rank (out of 114 countries)
UAE	105.9	99.2	94.6	99.9	56
Bahrain	89.4	96.8	97.1	94.5	75
Saudi Arabia	97.5	97.7	86.0	93.9	76
Qatar	91.3	97.6	91.0	93.3	85
Oman	91.1	97.4	79.5	89.3	99
Kuwait	87.6	98.1	79.0	88.2	103
Benchmarks					
Malaysia	111.16	98.80	105.58	105.18	34
Norway	98.95	103.36	100.82	101.04	50

Source: Mohammed bin Rashid School of Government

For this Insight, however, the most important is the degree of exposure of steel and aluminium exports to the US, since that is particularly the item of concern when it comes to the US tariff.

Limited Direct Exposure to US Markets

Although US–GCC ties are historically significant with regard to investment and energy cooperation, the share of GCC merchandise exports destined for the US market remains very low, reaching only 2% in Kuwait and the UAE; 6.2% in Qatar driven by refined petroleum, mineral fuels and fertilisers; 7.9% in Oman driven by metals, chemicals, and manufacturing products; and 8.6% in Bahrain driven by aluminium and related products, plastics, fertilisers, and pearls and precious stones (see Table 4). This relatively low exposure to the US market is due to its distance from the region, as the GCC countries have developed strong ties to closer and growing markets mostly in Asia, but also in Europe and Africa.

	Non-Oil Exports (Mil. USD)	Non-Oil Exports to the US (Mil. USD)	Share of Non-Oil Exports to the US (%)
Bahrain	12,407	1,070	8.6
Kuwait	5,841	115	2.0
Oman	17,904	1,407	7.9
Qatar	13,155	817	6.2
Saudi Arabia	71,642	2,384	3.3
UAE	288,180	5,527	1.9

Source: WTO and ComTrade.com

Table 4. Share of the US in GCC Non-oil Exports (2023)

It is also important to note that what matters for the GCC countries currently is how to react to the 50% tariff on aluminium and steel. To this end, the first step is to assess the importance of the US market for these products.

The aluminium industry plays a strategic role in the industrialisation and diversification of the GCC countries, especially given the fact that it uses intensively energy which is in ample supply in the region. Downstream, aluminium smelting provides valuable inputs to plants producing cables, automotive parts, and construction materials. The region has also been transitioning to green aluminium, in tandem with recycling initiatives to reduce the environmental impact of the industry. The sector provides job opportunities and practical training for nationals in the highly regarded fields of engineering and related technical skills.

The industry is also export-oriented, which is why aluminium smelters are generally anchored to free trade zones and ports, like Jebel Ali in Dubai. The most important countries in this regard are the UAE, Bahrain, Saudi Arabia, and Qatar (see Table 5).

Table 5. GCC Aluminium Total Non-Oil Exports (2023, in USD millions)

	Total Non-Oil Exports	Aluminium Exports	Share of Aluminium in Non-Oil Exports (%)
Bahrain	12,407	4760.1	38.4
Kuwait	5,841	77.5	1.3
Oman	17,904	1115.3	6.2
Qatar	13,155	1790.9	13.6
Saudi Arabia	71,642	2148.7	3.0
UAE	288,180	8046.7	2.8

Source: ComTrade.com

Bahrain was a regional pioneer, with the establishment of one of the world largest smelters in 1971 (Aluminium Bahrain or Alba), and six years later creating Bahrain Aluminium Extrusion Co. (BALEXCO), satisfying some downstream businesses, and exporting the rest. In 2023, Bahrain's aluminium exports amounted to 38.4% of its total non-oil exports.

As for the UAE, it established Emirates Global Aluminium, the result of a merger in 2014 of two state-owned companies: Dubai Aluminium (Dubal), owned by the Investment Corporation of Dubai (ICD), and Emirates Aluminium (Emal), owned by Abu Dhabi's Mubadala Investment Company, becoming the world's fifth largest aluminium producer. The value of the UAE's total aluminium exports in 2023 was approximately 2.8% of total non-oil exports.

The Qatari aluminium industry is primarily driven by the Qatalum smelter, a large, integrated facility jointly owned by QatarEnergy (51% stake) and the Norwegian company Norsk Hydro (49% stake). In **2023, the total value of** Qatar's aluminium exports reached 13.6% of total non-oil exports.

Finally, Oman succeeded in creating an aluminium cluster around the primary smelter, Sohar Aluminium, and downstream companies like Oman Aluminium Processing Industries (OAPIL) and Oman Aluminium Rolling Company (OARC). Sohar Aluminium and OAPIL products are exported to over 45 countries, reaching in 2023 6.2% of total non-oil exports.

Overall, aluminium plays an important role in the non-oil exports of GCC countries. When it comes to the importance of the US market for the GCC countries' aluminium exports, Oman comes first with a share of 24.3%, followed by the UAE (20.1%), Qatar (16.8%), and 14.8% for Bahrain (see Table 6).

Table 6. Share of the GCC Aluminium Exports to the US in Total Aluminium Exports (2023, in USD millions)

	Aluminium Exports to the US	Aluminium Exports to the World	Share of the US Market (%)
Bahrain	671.2	4760.1	14.1
Kuwait	0.003	77.5	0.0
Oman	271.1	1115.3	24.3
Qatar	300.2	1790.9	16.8
Saudi Arabia	62.7	2148.7	2.9
UAE	1616.6	8046.7	20.1

Source: WTO and ComTrade.com

The steel industry also constitutes a core pillar of the industrialisation strategies of the GCC states. For example, Saudi Arabia's Iron and Steel Company (Hadeed) supports Vision 2030 megaprojects such as NEOM, Qiddiya, and Red Sea developments, while Jindal Steel Oman constitutes an integral part of the Gulf–India industrial corridor, strategically located at the crossroads of Europe, Asia, and Africa. These countries still need to import the primary input, but the low cost of natural gas, the early adoption of green steel technologies, the rapid shift toward green hydrogen and solar energy, and strong domestic demand generated by major construction projects have given the sector a competitive advantage.

Table 7. Share of GCC Steel Exports (2023, in USD millions)

	Steel Exports to the US	Total Steel Exports	Share of the US Market (%)
Bahrain	0.5	517.1	0.1
Kuwait	0	118.6	0.0
Oman	102.3	538.1	19.0
Qatar	3.7	233.4	6.0
Saudi Arabia	97.2	1,252.20	7.8
UAE	374.9	6,770.80	5.5

Source: WTO, Comtrade.com

The distance of the US market however, likely explains the limited exposure of Gulf exporters to it, except for Oman (19% of steel exports to the US), and (7.8%) for Saudi Arabia (see Table 7).

How the GCC Countries Could Respond to the 50% Trump Tariffs

As indicated in Table 8, US aluminium and steel imports declined in the third and fourth quarters of 2025 for all GCC countries except Saudi Arabia, and the fall in quantities is more important as prices increased during this period.

Table 8. US Steel and Aluminium Imports from the GCC (CIF, in USD millions)

Combined Iron, Steel & Aluminium (HTS 72, 73, 76) — Quarterly 2025				
Country	**Q1 2025**	**Q2 2025**	**Q3 2025***	**Q4 2025***
Bahrain	206.6	208.4	169.3	188.1
Oman	110.3	138.3	86.3	54.9
Qatar	32.5	36.0	18.8	25.3
Saudi Arabia	85.2	54.3	85.7	95.4
United Arab Emirates	731.1	581.3	546.7	438.4

Source: US Census Bureau / DataWeb; CIF values in USD millions. HTS Chapters 72 (Iron & Steel), 73 (Articles of Iron/Steel), 76 (Aluminium).

Tit-for-tat actions, whereby one country responds to tariffs with similar retaliatory measures, are not the most appropriate to address the issue, and fortunately as stated by the IMF Managing Director "the world has avoided a tit-for-tat slide into trade war—so far." [2]

Economists are also of the view that emerging economies need to avoid trade retaliation in this respect (avoid imposing tariffs of their own in response to US tariffs) and instead should strengthen relationships with less distant and friendly partners. An analysis of the resilience of 20 of the biggest emerging markets concluded that they could weather US tariffs without excessive pain.[3]

In their negotiation with the Trump administration, the GCC countries may need to mirror strategies adopted by other countries or blocs, such as the EU's 2025 tariff framework agreement, which capped US duties at 15% on a majority of EU exports, including key products such as automotive exports, machinery, and chemicals,[4] in counterpart of a commitment to purchase through 2028 US energy products worth $750 billion, mostly liquefied natural gas, oil, and nuclear fuel, $700 billion worth of military equipment, and $40 billion worth of AI Chips. Similarly, Vietnam's Framework for an Agreement on Reciprocal, Fair, and Balanced Trade, which lowered tariffs from 46% to a 20%

reciprocal rate, was reached based on Vietnam's pledge to recognise US Federal Motor Vehicle Safety Standards, streamline regulatory approvals for US pharmaceuticals, and to refrain from imposing customs duties on electronic transmissions to boost digital trade from the US.

Two courses of action can take place in this respect: government-to-government negotiations and business-to-business reach out. For government-to-government negotiations, the optimal option is to have them conducted through the GCC General Secretariat because negotiating as a bloc might provide more leverage than negotiating as individual country. This does not seem like a realistic option in the current circumstances, especially in the case of products like steel and aluminium. Therefore, country-to-country negotiations are needed. In this context, the UAE had already made an agreement with President Trump, during his visit to Abu Dhabi in May 2025, to start discussing a potential bilateral trade agreement that could ease tariffs on its steel and aluminium exports.[5] To this end, it can use its massive investment commitments of about $1.4 trillion in the US as a bargaining chip, as well as the strategic importance of its high-purity aluminium exports to critical sectors, such as Boeing and defence-related industries, in addition to the fact that the US has a large trade surplus with the UAE.

Meanwhile, Bahrain[6] and Oman[7] have Free Trade Agreements with the US, which should grant them duty-free access for industrial goods to US market. In practice, however, the Trump decision did not exempt steel and aluminium exports. As a result, they are the subject of current negotiations. Bahrain framed its request around its unique military role, as it is the only GCC member country actively participating in Operation Prosperity Guardian to protect the Red Sea shipping from Houthi attacks. The Joint Statement of the Fifth United States-Bahrain Strategic Dialogue that took place in January 2026 stressed the "benefit from extensive and expanding economic and commercial ties".[8] Nonetheless, it could have done more, like seeking a Tariff-Rate Quota (TRQ) that would allow a certain volume of Alba's aluminium to enter the US at a preferential rate.

In the same vein, the Joint Statement on the Third US-Oman Strategic Dialogue that took place on 25 January 2026[9] "welcomed the enduring benefits of the US-Oman Free Trade Agreement (FTA) for US and Omani companies" and discussed opportunities to deepen commercial ties, but without referring to tariffs on Oman's aluminium exports. The issue can be brought in future negotiations where Omani officials can argue that their steel and aluminium exports do not constitute a threat to US national security or domestic industries, the main justification underpinning the US Section 232 tariffs. They may also emphasise that Omani companies are not merely re-exporting raw metal imported from abroad but are carrying out substantial transformation within the country. Sohar Aluminium imports bauxite and other inputs to process them and produce high-purity aluminium, which is essential for the US aerospace, automotive and electronics industries, with credible rules of origin certification regularly provided to the US Treasury.

Saudi Arabia does not have an FTA with the US but it can leverage its massive investment pledges to the order of one trillion dollars, and the deal made with the US Department of War which will finance a 49% equity stake in a new rare earths refinery in Saudi Arabia to benefit from the Kingdom's substantial reserves of heavy rare earth elements, to argue for a favourable access to the US market. This is consistent with the White House position expressed at the end of Saudi Crown Prince Mohammed bin Salman's visit to Washington in November 2025, reiterating "the importance of the existing Trade and Investment Framework Agreement and intend to use this mechanism for their intensified engagement to support the goal of facilitating bilateral trade."[10]

With respect to business-to-business relations, major GCC exporters of steel and aluminium can reach out to their American customers in industries with strong lobbying capabilities like Boeing and the automotive, aerospace, and construction sectors, seeking a duty waiver from the Department of Commerce. It is under this clause that the UK is currently having a favourable 25% tariff on certain aluminium exports to the US.

Another well know business strategy, that could be worth exploring by other regional players, was used by Emirates Global Aluminium. When facing high import tariffs, companies can opt for delocalisation, or foreign direct investment, instead of exports. Hence, EGA partnered with US firm Century Aluminium to build a smelter and processing plant in the state of Oklahoma, as the most direct measure to become a domestic producer, bypassing the Trump tariffs altogether.

Finally, an alternative path would be to deepen partnerships with less distant and friendlier partners. The October 2025 Qatar–India Joint Commission on Economic and Commercial Cooperation, for example, agreed to intensify efforts toward doubling bilateral trade by 2030 and launching negotiations for a Free Trade Agreement.[11]

Similarly, the EU enhanced its engagement with the Gulf[12] in security, economic, renewable energy, AI and cultural partnerships. The Gulf partnerships with Africa[13] target infrastructure, renewable energy, agriculture, and mining, with the UAE, Saudi Arabia, and Qatar emerging as major investors across these sectors, serving as a catalyst for economic growth, helping to close Africa's infrastructure gap, improve energy access, and support the continent's industrialisation goals.

This reorientation of trade flows toward markets with lower barriers and expanding demand mitigates the impact of US tariffs and enhances long-term resilience by reducing structural dependence on a single trading partner.

Impact of the Iran war

The regional conflict that erupted on February 28, 2026 has substantially heightened the exposure of GCC exports to turmoil. Export flows via the Strait of Hormuz, through which more than 5 million tons of GCC aluminium transit annually, were severely disrupted. Aluminium Bahrain (Alba) invoked force majeure and suspended its shipments, while Qatar's Qatalum initiated production cutbacks, removing an estimated 570,000 tons of annual capacity from global markets.[14]

To bypass the closure of the Strait of Hormuz, countries managed to reorient their steel and aluminium exports to ports like Fujairah and Khor Fakkan in the UAE, Sohar port on the Gulf of Oman, while Bahrain's steel and aluminium was loaded onto trucks to Saudi ports of Jeddah and Yanbu on the Red Sea. Work is underway to expand and reconfigure these ports to ensure they can handle heavy industrial logistics, not just oil and gas.

This disruption is also reflected in rising prices for aluminium from $3,146 per ton on the eve of the escalation to $3,190 in early March, remaining in the $3,180–$3,200 range in the subsequent trading period, indicating a rapid pricing-in of geopolitical risk.[15]

For trade negotiations with the US, the conflict with Iran has created a unique opportunity for the GCC states to position themselves as key non-NATO allies and indispensable pillars of global energy and maritime stability.

At the same time, exporters are increasingly incentivised to explore alternative trade routes and markets. Initiatives such as the India–Middle East–Europe Economic Corridor (IMEC) are gaining renewed importance by offering land–sea connectivity that can partially bypass traditional and potentially vulnerable maritime chokepoints, thereby facilitating the redirection of aluminium exports toward Europe and Asia.[16]

Conclusion and Policy Recommendations

The central argument of this Insight concerns the GCC's strategic response to President Trump's prohibitive tariffs on steel and aluminium, sectors that are critical to GCC industrialisation and export diversification. The regional conflict has further amplified uncertainty and reshaped geopolitical alignments in ways that create new strategic leverage for the Gulf states.

The main recommendations in this regard for concerned countries are as follows:

- Leverage the unique opportunity that the conflict with Iran has created to position themselves as key non-NATO allies and indispensable pillars of global energy and maritime stability, thereby pledging for favourable trade terms with the US.
- Cement government-to-government negotiations, arguing that steel and aluminium exports reinforce US national intertest not threatening it, while Bahrain and Oman can refer to the clauses of existing free trade agreements according to which bilateral trade qualifies for duty-free entry as long as it adheres to the rules of origin (35% of the Value-Added is locally produced).
- Strengthen business-to-business reach out, seeking duty waiver from the US Department of Commerce under the 'Product-Specific Exclusions' clause.
- Where a full waiver proves elusive, pursue Tariff-Rate Quotas (TRQs) as a middle path, letting a pre-agreed volume of GCC steel and aluminium enter the US at a preferential or zero rate, with the 50% duty applying only to quantities above the quota, a compromise that preserves the tariff's protective signal while safeguarding supply to the US industries.

- Emulate EGA's direct investment in Oklahoma state, building large steel and aluminium plants in the US as an alternative to bypass both Trump tariffs and export difficulties from the region, while still serving high demand from key sectors like defence and aerospace industries.
- Take a holistic approach to the escalating geopolitical risks to enhance trade with less distant and growing markets in Asia, Europe and Africa, thereby building resilient value chains that reduce vulnerability to external shocks, while capitalising on competitive advantages, such as adopting green technologies that are increasingly required by the European Union.
- Domestically, continue expanding port capacity on the Gulf of Oman, the Red Sea and even the Mediterranean (through Egypt) to handle large quantities of dry-bulk commodities like steel and aluminium, and invest in new deep-sea ports on these costs, as an alternative to the strait of Hormuz where new threats may materialise in the future.

Endnotes

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