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Can Trump Break the Middle East's Non-Tariff Barriers?

Steve L. Monroe

On August 7, 2025, the Trump administration upended decades of United States trade policy in the Middle East and North Africa by raising tariffs on non-oil imports from the region. Neither ally nor adversary was spared. Jordan — the third largest recipient of US foreign assistance in the region and a longstanding US partner — faced a 15 percent tariff on exports to the US, one of its biggest markets. Though the US Supreme Court recently halted these tariffs, the Trump administration has vowed to continue its tariff agenda through other legal means.¹ The administration believes that reciprocal tariffs on non-oil imports from the Middle East and North Africa (MENA) can bludgeon barriers to US exports and narrow trade imbalances. It correctly recognizes that non-tariff barriers (NTBs) — non-fiscal obstacles to trade such as complex regulations or intellectual property theft — obstruct US exports to the region.

The administration's remedy, however, is misguided. Reciprocal tariffs will not counter an alternative source of non-tariff protection: neopatrimonial protectionism. This form of protectionism relies on policymakers' and bureaucrats' preferential treatment against foreign competition. Uncompetitive procurement, insider access and information, and fiscal and regulatory forbearance exemplify neopatrimonial protectionism. Dismantling non-tariff protectionist policies will not help US exports to the region as long as poor governance allows policymakers and bureaucrats to privilege local producers over foreign competition. Furthermore, the Trump administration still relies on MENA allies for geopolitical ends, whether to help normalize Saudi-Israeli relations, contain Iran, hasten Israeli-Palestinian peace talks, or repel China's economic incursions into the region. This dependence gives these allies leverage to dilute the administration's trade demands. Security interests have derailed the US' past democratizing efforts in the region.² They will undermine the Trump administration's trade agenda as well.

US TRADE POLICY IN THE REGION BEFORE TRUMP

Trump's tariffs are the stick accompanying the carrot of US trade diplomacy in the region: tariff-free access to US markets. Historically, hopes for peace motivated US

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1. Kathryn Watson, "Trump administration takes steps to impose new tariffs, announcing investigations into key trading partners," *CBS News*, March 11 2026, <https://www.cbsnews.com/news/trump-tariffs-301-investigation-trade/>.

2. Erin A. Snider, "US Democracy Aid and the Authoritarian State: Evidence from Egypt and Morocco," *International Studies Quarterly* 62, no. 4 (Dec 2018): 795–808, <https://doi.org/10.1093/isq/sqy042>; Amaney A. Jamal, *Of Empires and Citizens: Pro-American Democracy or No Democracy at All?* (Princeton, NJ: Princeton University Press, 2012).

openness to Arab allies' exports. US policymakers believed that greater trade with and among Arab states and Israel would incentivize peace through prosperity and weaken the lure of extremism.

Starting in the mid-1990s, the US granted duty-free access to Egyptian and Jordanian exports from qualified industrial zones, conditional on a percentage of those exports' inputs being imported from Israel.³ The US then signed a free trade agreement (FTA) with Jordan in 2000, the latter being the fourth country to do so. A decade later, the US ratified FTAs with three other Arab allies. To deepen bilateral trade, the US initiated Trade & Investment Framework Agreements with half a dozen other Arab states.⁴ These efforts to liberalize Arab markets continued throughout the 2000s. After the start of the Arab Spring, President Barack Obama introduced the MENA Trade and Investment Partnership Initiative which called on US federal agencies to bolster trade in the region.⁵

US-MENA trade has grown over the past two decades. The value of US exports to the region more than doubled from \$21 billion in 2000 to \$57 billion in 2022.⁶ Likewise, non-oil MENA exports to the US, which are targeted by the Trump administration's reciprocal tariffs, have also risen from \$14 billion in 2013 to \$22 billion in 2024.⁷ Some MENA industries have profited from preferential access to US markets. Jordan's textile industry, for example, has expanded exponentially in the wake of the Jordan-US FTA. Bahrain's aluminum industry has also benefited from tariff-free access to US markets. FTAs have helped these two US allies' export industries. Nevertheless, relative to MENA countries' other export markets, non-oil trade with the US is much lower than trade with the EU and trade within the region.⁸

TRUMP'S TARIFFS: NEW MEANS, SAME ENDS

Though the Trump administration's tariffs are a stark departure from past US trade policies in the region, their objective is the same: more trade in the Arab world. While President Trump is skeptical about trade's benefits for the US, he believes — like presidents before him — that greater trade will help the Arab world prosper. Indeed, one of his most touted diplomatic achievements to date, the Abraham Accords, formalized trade between Israel and a number of countries including the United Arab Emir-

3. Pete W. Moore, "QIZs, FTAs, USAID and the MEFTA: A Political Economy of Acronyms," *Middle East Report* 234 (2005): 18–23, <https://www.merip.org/2005/03/qizs-ftas-usaid-and-the-mefta/>.

4. Riad Al Khoury, "National Security Aspects of Western-Middle East Free Trade Agreements," *Aussenwirtschaft* 62, no. 2 (2007): 183, <https://hdl.handle.net/10419/231125>.

5. Shayerah Ilias Akhtar, Mary Jane Bolle, and Rebecca M. Nelson, *U.S. Trade and Investment in the Middle East and North Africa: Overview and Issues for Congress* (Washington, DC: Congressional Research Service, 2013) Report No. R42153, https://www.congress.gov/crs_external_products/R/PDF/R42153/R42153.9.pdf.

6. World Bank, *Middle East and North Africa Trade Summary 2022* (Washington, DC: World Bank Publications, 2022), <https://wits.worldbank.org/CountryProfile/en/Country/MEA/Year/2022/SummaryText>.

7. United Nations Economic and Social Commission for Western Asia (ESCWA), *United States Tariff Shockwaves: Impacts on the Arab Region* (Beirut: ESCWA, 2025), <https://ent.news/2025/4/1279.pdf>.

8. Yara Aziz, "Tariffs: Impact on MENA Will Be Indirect but Far from Irrelevant," *OMFIF*, April 30, 2025, <https://www.omfif.org/2025/04/tariffs-impact-on-mena-will-be-indirect-but-far-from-irrelevant>.

ates, Bahrain, Morocco, and Sudan. The first Trump administration's Israel-Palestine peace plan called on greater trade between Palestine and its neighbors and a possible Palestine-US FTA.⁹ The Trump administration's 2025 peace plan between Hamas and Israel proposes building a special economic zone in Gaza where exports would receive preferential tariff rates.¹⁰ This echoes Egypt and Jordan's qualified industrial zones in the 1990s, which granted access to US markets in exchange for trading with Israel.

Trump's reciprocal tariffs on the region are not a renunciation of trade, but an attempt to make trade more equal between the US and its trading partners. The administration views trade deficits as a symptom of unfair competition. In particular, the administration has spotlighted non-tariff barriers (NTBs) as a cause for this unfair competition, with President Trump posting on social media that "non-tariffs are just as bad as tariffs – maybe worse."¹¹ NTBs are policies and practices that protect local producers from international competition that do not rely on taxes on imports (i.e. tariffs). These include import quotas, regulations, and subsidies. Neopatrimonial protectionism is also an NTB.¹² It is harder for US firms to export to markets where their local competitors can evade taxes and regulations while US firms cannot.

CORRECT DIAGNOSIS, WRONG REMEDY

The administration is right to tackle NTBs in the region and beyond. Though NTBs are harder to measure than tariffs, economists suspect that NTBs have risen globally over the past two decades as tariff rates generally declined.¹³ One study estimates that NTBs accounted for half the reduction in US exports to China during the 2018–19 US-China trade war.¹⁴

The MENA region has some of the most stifling NTBs in the world.¹⁵ US diplomats have long decried non-tariff protectionism in the region. For example, four years after

9. White House, *Peace to Prosperity: A Vision to Improve the Lives of the Palestinian and Israeli People* (Washington, DC: The White House, 2020), sec. 11.

10. BBC News, "Trump's 20-point Gaza peace plan in full," *BBC News*, October 9, 2025, <https://www.bbc.com/news/articles/c70155nked7o>.

11. Vrinda Goel, "Trump Slams 'Non-Tariff Cheating' in Detailed 8-Point Easter Warning," *Business Standard*, April 21, 2025, https://www.business-standard.com/world-news/donald-trump-non-tariff-cheating-japan-bowling-ball-test-easter-125042100291_1.html.

12. See Markus Loewe, Jonas Blume, and Johannes Speer, "How Favoritism Affects the Business Climate: Empirical Evidence from Jordan," *The Middle East Journal* 62, no. 2 (2008): 259–76, <https://doi.org/10.3751/62.2.14>; Oliver Schlumberger, "Structural Reform, Economic Order, and Development: Patrimonial Capitalism in the Arab World," *Review of International Political Economy* 15, no. 4 (Oct 2008): 622–49, <https://doi.org/10.1080/09692290802260670>; Charles Tripp, "States, Elites and the Management of Change," in *The State and Global Change: The Political Economy of Transition in the Middle East and North Africa*, ed. Hassan Hakimian and Ziba Moshaver (London: Routledge, 2000), 211–31.

13. Melvin Spreij and Shane Sela, "Trade's Hidden Barriers: Navigating Non-Tariff Measures," *The Trade Post*, World Bank Blogs, May 21, 2025, <https://blogs.worldbank.org/en/trade/trade-s-hidden-barriers--navigating-non-tariff-measures>.

14. Tuo Chen, Chang-Tai Hsieh, and Zheng Michael Song, "Non-Tariff Barriers in the U.S.-China Trade War," NBER Working Paper Series no. 30318 (Aug 2022), <https://www.nber.org/papers/w30318>.

15. Bassem Awadallah and Adeel Malik, "The Economics of the Arab Spring," *World Development* 45 (May 2013): 296–313, <https://doi.org/10.1016/j.worlddev.2012.12.015>.

the signing of the Jordan-US FTA in 2000, the US Ambassador to Jordan warned that import regulations dissuaded US firms from exporting to Jordan.¹⁶ Some of the NTBs in the region that have frustrated US diplomats over the past year include import licensing requirements for chicken in Jordan,¹⁷ weak intellectual property rights enforcement in Egypt,¹⁸ and environmental regulations that privilege EU over US car exports to Saudi Arabia — one of the US car industry's largest export markets.¹⁹ Evidently, the Trump administration hopes that tariffs on non-oil MENA exports will push governments in the region to dismantle their NTBs on US products in exchange for tariff relief.

Reciprocal tariffs are the Trump administration's cure for NTBs. These tariffs "adjust for unfairness of international trade practices."²⁰ These tariffs are also contingent; the US can remove them depending on trade partners resolving the underlying causes for US exports' non-reciprocal treatment. Indeed, in the five months after the administration first announced tariff hikes, trade deals with Indonesia, Japan, and other countries have lowered reciprocal tariff rates based on commitments to dismantling NTBs, investing in the US, or purchasing US imports.²¹

Trump's tariffs, however, are unlikely to flatten NTBs in the MENA region for three reasons. First, outside of oil, the US imports relatively little from the region. Europe and neighboring markets import a higher share of MENA states' non-oil exports. Jordan is an exception. Due to Jordan's recently terminated FTA with the US, a quarter of Jordanian exports go to the US — a rate comparable to Vietnam and Cambodia.²² Lebanon is the country in the region with the second highest non-oil export exposure to US markets, with the US receiving 10 percent of the country's total exports (see Figure 1). UN estimates show that Trump's tariffs will be less consequential for MENA countries that have lower volumes of exports to the US or that export almost exclusively hydro-carbons. MENA exports to the US may now become relatively cheaper than exports from countries that might bear the brunt of Trump's tariffs.

16. US Embassy Amman, "Removing Hurdles to Deeper U.S.-Jordan Economic Relations," cable 04AMMAN4582, June 6, 2004, Wikileaks, https://forum.wikileaks.org/plusd/cables/04AMMAN4582_a.html.

17. Office of the United States Trade Representative, *2025 National Trade Estimate Report on Foreign Trade Barriers* (Washington, DC: US Government, 2025), 240, <https://ustr.gov/sites/default/files/files/Press/Reports/2025NTE.pdf>.

18. US Trade Representative, *2025 National Trade Estimate Report on Foreign Trade Barriers*, 119.

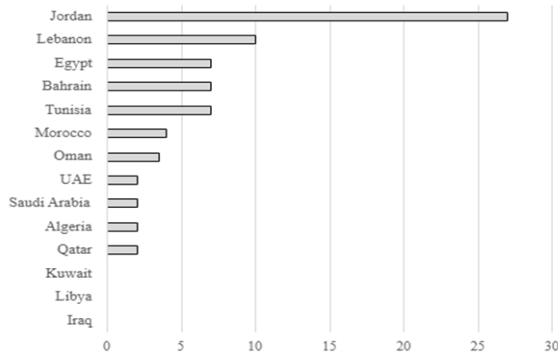
19. US Trade Representative, *2025 National Trade Estimate Report on Foreign Trade Barriers*, 177.

20. The Whitehouse, "Fact Sheet: President Donald J. Trump Declares National Emergency to Increase Our Competitive Edge, Protect Our Sovereignty, and Strengthen Our National and Economic Security," April 2, 2025, <https://www.whitehouse.gov/fact-sheets/2025/04/fact-sheet-president-donald-j-trump-declares-national-emergency-to-increase-our-competitive-edge-protect-our-sovereignty-and-strengthen-our-national-and-economic-security/>.

21. Klaus Heinrich Raditio, "Indonesia's Trump Tariff Deal Reinforces the United States' Old Image in Southeast Asia," East Asia Forum (Sept 2025), <https://eastasiaforum.org/2025/09/04/indonesias-trump-tariff-deal-reinforces-the-united-states-old-image-in-southeast-asia/>; Anniek Bao, "Trump finalizes Japan trade deal with 15% tariffs as Ishiba faces discontent from within party," *CNBC*, September 4, 2025, <https://www.cnbc.com/2025/09/05/trum-japan-trade-deal-tariffs-ishiba-ldp-party.html>.

22. ESCWA, *United States Tariff Shockwaves*, 5.

Percentage of Total Exports Affected by US Tariffs



Source: UN Economic and Social Commission for Western Asia, "United States tariff shockwaves: impacts on the Arab Region," E/ESCWA/CL3. SEP/2025/Policy brief, 1, 5, <https://www.unescwa.org/publications/united-states-tariff-shockwaves-impact-arab-region>.

Second, as highlighted by the Trump administration's recent peace efforts in Gaza, the US still depends on regional allies to advance its interests. The Trump administration needs Arab allies to build momentum in the Israeli-Palestinian peace negotiations and to isolate Iran. Getting regional allies to buy in on US strategic priorities requires compromise. As with past administrations, the Trump administration will likely demote its demands for greater trade in the region in exchange for greater cooperation in supporting the Israel-Hamas peace plan, Saudi-Israeli normalization, or even constraining China's economic and military presence in the region. These competing geopolitical interests will weaken this administration's campaign against NTBs. By explicitly listing trade *and* security commitments as a basis for renegotiating reciprocal tariff rates, the Trump administration is allowing trade partners to avoid removing NTBs through security commitments.²³ This might explain why Jordan, despite having one of the region's largest non-oil trade surpluses with the US, received a much lower tariff increase (15 percent) than Tunisia (25 percent) or Algeria (30 percent), countries that the US regards as less strategically significant.²⁴

ENDURING PROTECTIONISM AFTER TRADE POLICY REFORM

The last reason the Trump administration's reciprocal tariffs are unlikely to liberalize Arab markets is because protectionism can and has endured even after the removal of protectionist policies. In my new book, *Mirages of Reform: The Politics of Elite Protectionism in the Arab World* (Cornell University Press, 2025), I show that some Arab regimes respond to foreign pressures to liberalize their mar-

23. The White House, "Modifying the Scope of Reciprocal Tariffs and Establishing Procedures for Implementing Trade and Security Agreements," Executive Orders, September 5, 2025, <https://www.whitehouse.gov/presidential-actions/2025/09/modifying-the-scope-of-reciprocal-tariffs-and-establishing-procedures-for-implementing-trade-and-security-agreements/>.

24. Dana Alomar and Deena Kamel, "Middle East businesses expected to face higher costs after Trump announces new tariffs," *The National*, August 1 2025, <https://www.thenationalnews.com/business/economy/2025/08/01/middle-east-businesses-brace-for-higher-costs-after-trump-announces-new-tariffs/>.

kets by replacing protectionist policies with neopatrimonial protectionism. Businesses once sheltered by tariffs remain sheltered from international competition with informal, illicit means of protection like insider access and information, or uncompetitive procurement.

This substitution of protectionist policies with neopatrimonial protectionism is most likely to happen when regimes have political and economic support from the US or the EU and strong social ties to businesses opposed to trade liberalization. Strong social ties to the regime, often embedded in shared kinship or party membership, buttress these opponents' trust that they will be compensated with neopatrimonial protection after the removal of protectionist policies. Facing a choice between retaining key regional allies for backing on Arab-Israeli peace and other strategic measures, or demanding trade partners eliminate neopatrimonial protectionism, Western states often choose the former. When regimes have less support from the US or the EU and weak social ties to opponents of trade liberalization, free trade opponents are less likely to trust their regime's promises of neopatrimonial protectionism after trade policy reform. Businesses opposed to trade liberalization are more likely to mobilize to defend existing protectionist policies, hamstringing trade policy reform.

The Jordanian regime's efforts to liberalize its trade policies in the 2000s exhibit these dynamics. By using interviews with Jordanian policymakers, civil servants, and business leaders, as well as archival and industry level data, I show that industries with stronger social connections to the government underwent more trade liberalization on paper than in practice. Industries dominated by economic elites of East Bank descent, the ancestral group that has historically monopolized the Jordanian public sector, endured greater tariff cuts from trade agreements with the US and the World Trade Organization (WTO). Many of these socially connected industries were energy intensive, such as aluminum, iron, and ceramics. Trade threatens these industries with imports from countries with cheaper energy costs. However, despite greater tariff cuts, these industries did not encounter greater imports than industries with weaker social connections. US diplomatic cables from the early 2000s and interviews suggest that preferential access to government contracts helped socially connected industrialists manage Jordan's turn towards more open trade policies.²⁵

Jordanian industries headed by Jordanians of Palestinian descent and small and medium-sized enterprises had much less hope of government favoritism. Instead, they tended to mobilize collectively against trade policy reform. Representatives of these industries, like Jordan's pharmaceutical industry, spoke out against Jordan's entrance into the WTO to the press.²⁶ Others, like shoe manufacturers, successfully lobbied to raise tariffs, albeit temporarily.²⁷

25. US Embassy Amman, "Removing Hurdles to Deeper U.S.-Jordan Economic Relations"; US Embassy Amman, "Jordan's Economic Reforms After Five Years," cable 04AMMAN9312, November 22, 2004, Wikileaks, <https://forum.wikileaks.org/plusd/cables/04AMMAN9312.html>.

26. William Orme Jr., "The Business World; Jordan's Long Road to the Free-Trade Club," *New York Times*, May 21, 2000, <https://www.nytimes.com/2000/05/21/business/the-business-world-jordan-s-long-road-to-the-free-trade-club.html>.

27. World Trade Organization, "Notification Under Article 12.1(A) of the Agreement on Safeguards on Initiation of an Investigation and the Reasons for it," Jordan, G/SG/N/6/JOR/11 and G/SG/N/8/JOR/6/Suppl.1 (Aug 2006), <https://docs.wto.org/dol2fe/Pages/>.

US and EU officials were aware of the Jordanian government's history of favoring businesses with close ties to the regime. Nevertheless, US officials hoped that trade policy reform tied to Jordan's trade agreements and WTO membership would curb neopatrimonialism by bringing greater international competition to Jordanian markets.²⁸ What they missed, however, was that neopatrimonial protectionism facilitated trade policy reform by protecting key regime allies from greater trade. US diplomats occasionally flagged neopatrimonial protectionism in Jordan over the next decade. They especially noted non-competitive government procurement.²⁹ One diplomat in the early 2000s, for example, described the "almost no transparency in government contracting" and the "under-the-table payments and/or influence peddling" that are "a routine part of major deals."³⁰ These complaints were to no avail. Jordan has still not endorsed the WTO's agreement on government procurement to make government contracting more transparent for WTO members.³¹ Meanwhile, Jordan remained an indispensable ally in the US campaigns in Iraq, the war on terror, and in Israeli-Palestinian peace negotiations. Trade disputes faded into the background, enabling the substitution of protectionist policies with neopatrimonial protectionism to continue.

Jordan is not alone in adopting these neopatrimonial methods to compensate some of the losers of trade liberalization. The second part of my book examines trade policy reform in Egypt, Morocco, Lebanon, Syria, and Tunisia, highlighting how social connections and geopolitics shape the extent and quality of trade policy reform. Different types of social connections matter — kin, ethnic, partisan — for each country. But across all cases, social connections facilitate replacing protectionist policies with neopatrimonial protectionism. Geopolitics suborned these arrangements. US diplomats were more insistent about better governance and stronger commitments for structural reform from the Ben Ali regime in Tunisia than they were in Jordan — a country of far greater geopolitical interest to the US.³²

POLICY IMPLICATIONS

The replacement of protectionist policies with neopatrimonial protectionism is disastrous for trade and private sector development in the region. While tariffs protect all firms in an industry from import competition, neopatrimonial protectionism confines protectionism to a regime's favored businesses. This heaps the costs of trade liberalization onto businesses with weaker ties to the state.

Policymakers aiming to open the MENA region to trade should focus equally on trade policies — like tariff rates, import regulations, and trade agreements — as on the

28. US Embassy Amman, "Jordan: Pillars of the Regime, Part IV of IV - The Economic Elite," cable 03AMMAN1063, February 19, 2003, Wikileaks, <https://forum.wikileaks.org/plusd/cables/03AMMAN1063.html>.

29. US Embassy Amman, "Removing Hurdles to Deeper U.S.-Jordan Economic Relations."

30. US Embassy Amman, "Jordan's Economic Reforms After Five Years."

31. World Trade Organization, "Agreement on Government Procurement: Parties and Observers," https://www.wto.org/english/tratop_e/gproc_e/memobs_e.htm.

32. US Embassy Tunis, "Tunisia: Minister Tells A/S Welch Tunisia Serious about Trade Talks," cable 06TUNIS645_a, March 21, 2006 Wikileaks, https://forum.wikileaks.org/plusd/cables/06TUNIS645_a.html.

institutions governing trade. Better governance in customs agencies, regulatory bodies, and procurement practices — both in terms of accountability and capacity — will impede the emergence of neopatrimonial protectionism after trade policy reform.

There are many ways to strengthen trade institutions. These include greater training and oversight of customs officials, enhancing and disseminating trade data, streamlining and digitizing import and export licensing requirements, and legislating more transparent procurement procedures. The WTO's Institute for Training and Technical Cooperation aids countries in these endeavors.

Yet regimes in the region are unlikely to find help from the Trump administration in strengthening their trade institutions. The current administration's trade agenda focuses largely on trade policies and less on the institutions governing trade. Plans to cut US funding to the WTO and the pause on enforcing the Foreign Corrupt Practices Act, which banned US companies from bribing foreign officials, can only harm trade governance in the region. Furthermore, the Trump administration's openness to including security commitments and investment pledges in trade negotiations will help regimes minimize trade policy concessions and blunt pressures to improve trade governance.

Strengthening trade governance in the region ultimately depends on regimes' political will. A powerful political logic dictates substituting protectionist policies with neopatrimonial protectionism. This shunts the costs of greater trade onto those with weaker ties to their regime while rewarding Western allies with trade policy reform. Eliminating neopatrimonial protectionism requires MENA regimes to forfeit targeted and short-term political rewards in favor of broader, more transformative market reform. International organizations and countries committed to open and competitive markets can help these leaders make that choice by valuing and rewarding better trade governance before better trade policy.