



TOPICAL RESEARCH AND HIGHLIGHTS

CHANGES IN US TRADE POLICY

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At the beginning of Donald Trump's second term as President of the United States, the new government placed the main emphasis of its economic policy on introducing significant changes to foreign trade relationships. On 20 January 2025, the US President signed an executive order to undertake a review of, and identify, any unfair trade practices by other countries until 1 April 2025 and prepare recommendations for introducing reciprocal tariff rates where such practices exist. By the end of April 2025, tariffs introduced or planned to be introduced by the US can be divided depending on their scope into country-specific or group-specific duties and product-specific duties (sector tariffs).

The first group of tariff rates includes:

- A tariff rate on imports from China, which was set at 10 per cent on 4 February and subsequently increased several times to 145 per cent under the reciprocal tariffs;
- A 25 per cent tariff rate on imports from Mexico and Canada. Initially, it had to enter into force on 4 February 2025, but was twice postponed by 30 days, and on 2 April the postponement was extended indefinitely;
- 'Reciprocal tariffs' which will apply to imports from almost all countries having trade relationships with the US. The reciprocal tariffs are imposed in response to the existing duties, tax policies and other policies of these countries, including with regard to exchange rates and unfair foreign trade practices. Reciprocal tariffs do not apply to goods subject to specific duties, such as steel and aluminium, cars and car parts, as well as to an additional list of energy and certain other goods. A 10 per cent baseline tariff on imports from all trade partners (excluding Canada and Mexico) took effect on 5 April 2025, along with higher rates reaching 50 per cent for some countries, depending on the size of their trade surplus with the US. On 9 April, the US President announced that reciprocal tariffs would be paused for 90 days for all countries, except China. The baseline tariff of 10 per cent was sustained;
- The US Government announced it would introduce a 25 per cent duty rate on imports of goods from the European Union which had not been introduced by the end of April. On 2 April, President Trump noted that the reciprocal tariff on goods imports from the EU would be 20 per cent.

The second group of specific duty rates introduced for specific products includes:

- A 25 per cent tariff rate on imports of steel and aluminium, announced on 10 February and entered into force on 12 March 2025;
- A 25 per cent duty rate on imports of cars and certain car parts. The tariff rate for cars became effective on 3 April 2025 and that for car parts should be introduced before 3 May;
- The US Government plans to introduce specific tariffs also for other commodity groups, such as pharmaceutical products, semiconductors, *etc.*

The period after the new presidential administration took office on 20 January 2025 has been characterised by a considerable uncertainty in international financial markets caused by frequent changes in President Trump's positions on the size and scope of the new tariffs. A particularly strong impact on international financial markets came from the introduction and subsequent postponement of increased tariffs for Canada and Mexico; the application and temporary

suspension of reciprocal tariffs; and the drastic increase in import tariffs for China to 145 per cent. At the end of April, the US President stated that his administration was in talks with the Government of China to conclude a tariff agreement.

Despite the provisional and changing nature of the US government's trade policy, most of the current analyses on the impact of increased tariffs on global trade, inflation and growth concluded that effects on the global economy would be negative. The IMF model-based assessment published in April 2025¹ shows that as a result of the increased tariffs, the negative impact on global economic growth in the short term (until 2027) would be between 0.4 and 1.0 percentage points of global GDP. Assuming that the tariffs introduced by the US are constant, the long-term negative impact on global economic growth (within ten years) is estimated to be between 0.9 and 0.2 percentage points of global GDP.

¹ [World Economic Outlook](#), International Monetary Fund, April 2025.

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