An overview of US reciprocal tariffs

The 2 April "Liberation Day" tariff announcement by US President Trump, was more significant and broad-based than projected. A 10% baseline tariff is imposed on all imports to the US, effective 5 April. Additional reciprocal tariffs are also imposed on several economies as well as the EU. This has realised our pessimistic case of trade scenarios and materially impacted our growth and inflation outlook for the US.

For Asia, there will be negative implications for growth in 2025 and beyond, given the high tariff rates and especially on export-oriented economies. The potential for growth downgrade will likely range between -0.4 and -1.0 ppts if no further improvements in the tariff situation.

US's trade deficit with its key trading partners and the reciprocal tariffs imposed

	US trade deficit with top 10 economies and blocs (USD billion)	Tariffs charged to the US^	US reciprocal tariffs*
China	-295.4	67%	34%**
EU	-235.6	39%	20%
ASEAN-10	-227.6	Please refer to chart below	
Mexico	-171.8	Not applicable in this latest announcement	
Vietnam	-123.5	90%	46%
Taiwan	-73.9	64%	32%
Japan	-68.5	46%	24%
South Korea	-66.0	50%	25%
Canada	-64.2	Not applicable in this latest announcement	
India	-45.7	52%	26%

	US trade deficit/surplus with ASEAN-10 (USD billion)	Tariffs charged to the US^	US reciprocal tariffs*
Vietnam	-123.5	90%	46%
Thailand	-45.6	72%	36%
Malaysia	-24.8	47%	24%
Indonesia	-17.9	64%	32%
Cambodia	-12.3	97%	49%
Philippines	-4.9	34%	17%
Laos	-0.8	95%	48%
Myanmar	-0.6	88%	44%
Brunei	-0.1	47%	24%
Singapore	+2.8 the only economy in ASEAN with which the US has a trade surplus	10%	10%

^ inclusive of currency manipulation and trade barriers
* inclusive of baseline tariff 10%
** in addition to the 20% tariff imposed since Trump's inauguration in Jan 2025

Changes to our US forecast for 2025

GDP growth lowered to 1.0% from 1.8%

CPI inflation raised to 4.0% from 2.5%

Number of rate cuts has been raised to three of 25bps each from one cut

The probability of US entering into an economic recession or stagflation is now more material and we estimate it at 40% chance, from 20-25% prior to Liberation Day.

For further insights on Trump's reciprocal tariffs - Report
For a preliminary assessment of Trump's tariffs on Singapore - Report

Source: The White House, US Census Bureau, CEIC, Global Economics & Markets Research
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