

Macro Note

Singapore: Limited direct impact from higher Section 232 tariffs on steel & aluminum

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- On 3 Jun, US President Donald Trump issued a [proclamation](#) to raise existing Section 232 tariffs on imports of steel articles and derivative steel articles, and aluminum articles and derivative aluminum articles from 25% to 50% with effect from 4 Jun although tariff rates on imports from the UK are subject to a different treatment following the US-UK trade deal on 8 May ([The Guardian](#), 3 Jun).
- While the direct impact on Singapore's economy is likely to be minimal given Singapore's low exposure to aluminum and steel exports, the spillover effects on Singapore's key export partners and to the extent this could derail existing trade negotiations between US and its trading partners bears watching.
- On the former, the higher Section 232 tariffs on US' steel and aluminum imports could weigh further on manufacturing activity in Asian economies such as South Korea, India, Taiwan, China, Japan and Vietnam with spillover effects to Singapore via **weaker external demand**. On the latter, **risks of a tariff re-escalation exacerbated by the higher steel and aluminum tariffs (and other trade actions) cannot be discounted** with China noting that the US has "severely" violated their trade truce ([BBC](#), 4 Jun) while the EU warned that it could speed up retaliatory measures if President Donald Trump follows through on his tariff threats ([Bloomberg](#), 2 Jun).

Fig 1: Origin of US' imports as % of total (HS76 - Aluminum and articles)

Source: UN Comtrade, UOB Global Economics & Markets Research

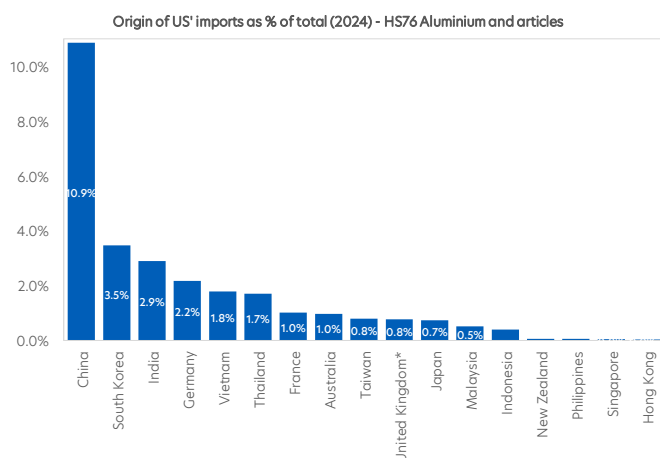


Fig 2: Origin of US' imports as % of total (HS72/73 - Iron and Steel and articles)

Source: UN Comtrade, UOB Global Economics & Markets Research

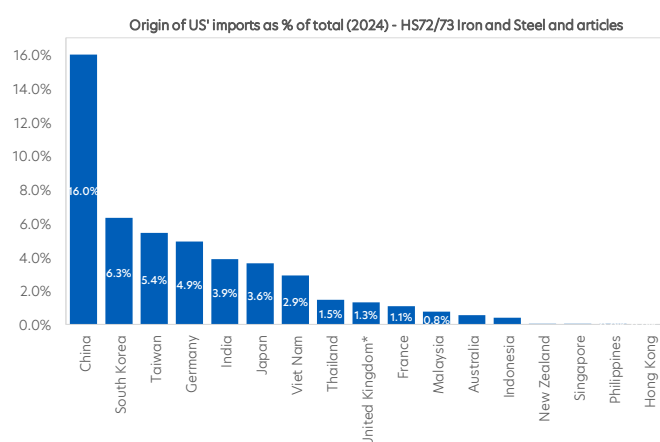


Fig 3: Share of HS72/73/76 in US' imports (2024) from trading partner

Source: UN Comtrade, UOB Global Economics & Markets Research

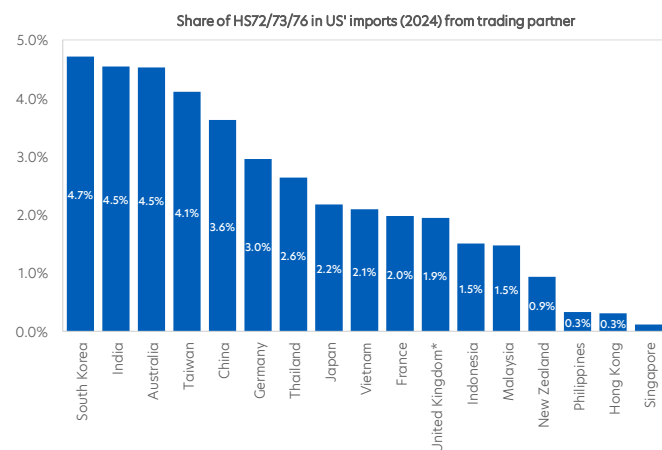


Fig 4: Singapore's DVA in final demand from trading partners

Source: OECD, Macrobond, UOB Global Economics & Markets Research

2018-2020 Average	Singapore's DVA from Trading Partner (% of nominal GDP)
China	9.5%
EU	7.0%
Japan	4.3%
India	4.1%
Indonesia	2.7%
Malaysia	1.8%
Australia	1.8%
South Korea	1.8%
Philippines	1.5%
Thailand	1.5%
United Kingdom	1.4%
Taiwan	1.2%
Vietnam	0.7%
New Zealand	0.4%

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