ASEAN Connect
By Global Economics & Markets Research

ASEAN: Implications of US tariffs on pharmaceutical and furniture

Summary

US imposes sweeping tariffs on pharmaceuticals, furniture, and trucks – posing new risks for ASEAN exporters, especially Singapore and Vietnam. The latest announcement is yet another confirmation of the changing and disrupted global trade landscape since US President Trump took power in Jan 2025.

Impact of these tariffs on ASEAN is uneven, with Singapore and Vietnam the most exposed. Singapore's biomedical sector faces potential disruption, but exemptions may apply for firms investing in US manufacturing. Vietnam's furniture exports to the US – now nearly 10% of its total US trade – could be hit hardest with some tariffs rising to 50% from Jan 2026.

Outlook: ASEAN has benefited from supply chain shifts, but these new sector-based tariffs introduce fresh uncertainty. With semiconductor tariffs still pending, and ASEAN's GDP growth projected to slow to 4.4% in 2025 and 2026 on average, the region faces a more cautious outlook as exporters adjust to evolving trade risks and pricing pressures.

From Pills to Sofas: New Tariffs Signal Broader Trade Risks for ASEAN

In yet another sign of further disruptions to the global trade system, US President Donald Trump on 25 Sep unleashed a fresh round of tariffs on a broad range of imported goods, including pharmaceutical, wood products/furniture, and truck sectors.

The industry-focused plan would impose a 100% levy on some patented pharmaceutical products, a 50% tariff on kitchen cabinets and bathroom vanity units, a 30% tariff on upholstery, and a tariff of 25% on medium- and heavy-duty trucks imported into the US.

While no further details have been provided, the latest development is a clear negative for exporters, including those from ASEAN. Here is what is known:

Pharmaceuticals: US President Trump announced in his social media account on 25 Sep that the US would impose 100% tariff on "any branded or patented Pharmaceutical Product", though the tariff would not apply to companies building manufacturing plants in the US, which he defined as either "breaking ground" or "under construction." The tariff rate would take effect from 1 Oct.

Wood products (including timber, lumber, cabinets, vanities): Differentiated levies are being imposed with additional hikes taking place in Jan 2026. These include bathroom vanities and kitchen cabinets (25% global tariff on kitchen cabinets and vanities, which will increase to 50% on 1 Jan) and furniture with upholstery (25% global tariff on certain upholstered furniture, which will increase to 30% on 1 Jan). Wood products imported from countries with trade agreements with the US, including the UK and Japan, will not be subjected to these tariff rates. The tariff for this segment is to be effective from 14 Oct 2025 (link).

The fact remains that these rates are generally far higher compared to the country-specific tariff rates announced in Aug (US: Tariff reset offers clarity, but trade uncertainty persists, 4 Aug 2025 link). The White House statement on 29 Sep (link) states that it is "vital for the United States to possess manufacturing capabilities in the wood and lumber sector to ensure readiness and guarantee the national security."

Trucks: Mexico is the largest source of medium- and heavy-duty trucks into the US. Reuters noted that imports of larger vehicles from Mexico have tripled since 2019 to around 340,000 now. Based on the United States-Mexico Canada agreement (USMCA), medium and heavy-duty trucks move tariff free if roughly 64% of a heavy truck's value originates in the U.S., with parts like engines and axles, raw materials such as steel, or assembly labor.

Implications for ASEAN – Uneven Exposure with Singapore and Vietnam Most at Risk

Except for the truck sector, ASEAN is exposed to the latest tariff rates on pharmaceutical and wood products. However, the broad impact is not clear at this point due to lack of details, exemptions that may be available, and whether these tariffs would be in addition to, or separate from, the latest country-specific tariff rates announced on 31 Jul (link). Nonetheless, this is a clear reminder that trade risks continue to linger for ASEAN exporters, especially coming from the US.

Pharmaceuticals: The tariff's impact on the region is relatively narrow and affects mostly Singapore, which has a sizeable biomedical sector.

US imports of pharmaceuticals from Singapore (under HS code 30 using US Census data) amounted to USD 8.2 bn in the Jan-Jul 2025 period, or 6% share of the total pharmaceutical imports of USD 138.7 bn in the same period.

In 2024, US imports of pharmaceuticals (HS code 30) came to USD 211 bn, with EU the largest source (USD 127 bn, or 60% share), followed by Ireland (23.7%), Switzerland (8.9%), and Singapore (7.2%, more than doubled from 3% in 2019).

This broad classification of HS30 covers branded/patented medicines, generics, mixed/unmixed products, pharmaceutical ingredients, among others.

Deputy PM Gan Kim Yong said on 27 Sep that Singapore's exports of pharmaceuticals to the US were about USD 3.1 bn (SGD 4 bn), or 13% domestic exports to the US. DPM Gan noted that Singapore's pharmaceutical exports to the US are primarily patented and branded products and that many pharmaceutical companies in Singapore already have plans to invest in the US, and the companies are clarifying with the US administration whether they will be exempted from the tariffs (link).

According to Economic Development Board, Singapore's pharmaceutical/biomedical sector output was worth more than SGD 18.7 bn in 2022, more than 3x the amount since 2000. More than 9,000 people are employed in the biopharmaceutical sector, doubling the number since the early 2000s (link). Based on data from Singapore Department of Statistics, Singapore pharmaceutical sector's share of industrial output is about 8.3%, while total number of employees in the "petroleum, chemical and pharmaceutical" sector was the third largest manufacturing cluster, amounting to 79,700 employees in 2Q 2025, or about 16% share of total manufacturing workers, an increase from 11% share in 2015.

As such, the tariff on pharmaceuticals would have broad implications to the supply chain within Singapore including upstream research & development, chemicals production and downstream logistics and transportation, sales and marketing, among others. However, with exemptions being granted for companies that already have plans to invest in the US, it is conceivable that the impact may not be as significant, although this remains to be seen given that negotiations may be ongoing.

Wood products: YTD to Jul 2025, US imports of wood products (HS code 94) came to USD 37.1 bn, with ASEAN the largest source at USD 11.9 bn, or 32.2% of the total, followed by China (22.8%), EU (9%) and Canada (8%).

Among the ASEAN members, Vietnam is the largest contributor, amounting to 22.1% share of US' total imports of wood products, followed by Malaysia (2.8%), Indonesia (2.6%), Cambodia (2.1%) and Thailand (2%).

In 2024, US' total imports of wood products totaled USD 67 bn, an increase of 5% from 2023. ASEAN overtook China for the first time to be the largest source of imports at 28.7% share, compared to China's 27.7%. This is a major reversal from 2019 when US tariff rates against China's products imposed during Trump 1.0 started to sink in – During that year, China commanded 42.5% share of US' imports of wood products, while ASEAN took only 17.2% share, with Vietnam being the major contributor. YTD 2025 data showed that ASEAN has further entrenched itself and pulled further ahead of China, with shares of 32.2% and 22.8%, respectively, with Vietnam trailing China just marginally at 22.1% share. This would rank – by countries – Vietnam as the second largest source of furniture import to the US.

Since 2018, supply chain shifts have clearly accelerated in favour of ASEAN as companies shifted away from China, resulting in a reversal in import share trends in the furniture sector.

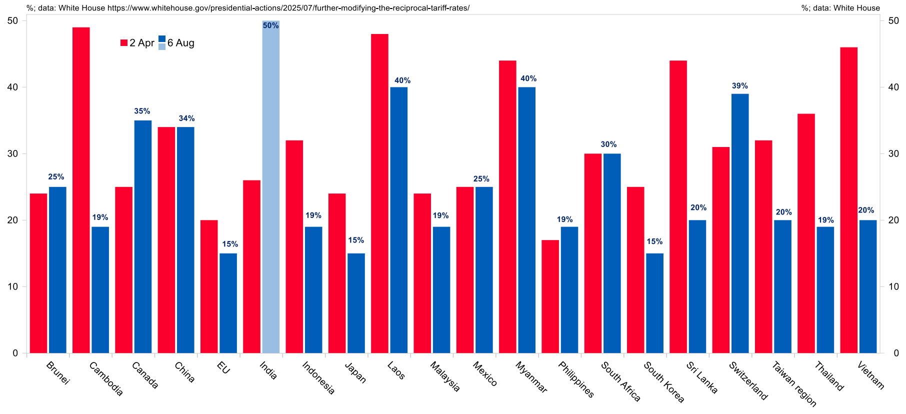
With Vietnam the key source within ASEAN, furniture exports have become one of the main drivers for Vietnam's external trade. According to official data from Vietnam, in the Jan-Sep 2025 period, "wood & wooden products" segment ranked the 7th largest exports category, amounting to USD 12.4 bn or 3.6% share of the total exports of USD 347.7 bn during this period. Based on exports of USD 85.2 bn in the Jan-Jul period to the US, and US data showing USD 8.2 bn furniture import from the country during the same time, this would mean that furniture accounted for nearly 10% Vietnam's exports to the US. In contrast, the amount of furniture exports to the US from countries like Malaysia and Indonesia is relatively small in scale, at just around USD 1-1.5 bn a year.

This means that negative impact from tariffs on furniture would be significantly greater on Vietnam, particularly the fact that some of the products could face as much as 50% levy starting from 1 Jan 2026, compared to the 20% tariff rate that Vietnam is facing. It is unclear at this point whether these sector tariffs would be treated differently than the country-specific rate. Nonetheless, this is yet another risk posed to exporters in Vietnam and other countries, and more may be coming as semiconductor tariffs remain outstanding.

Notwithstanding the latest tariff announcements, we expect most ASEAN members' overall growth pace to slow in 2025 compared to 2024, while 2026 outlook would be even more cautious as the prior frontloading of exports fade off and inventories are being drawn down and new prices reflecting the full impact of the various tariff rates, which could dampen consumer demand. On average, our projections put real GDP growth rates for ASEAN at 4.4% both in 2025 and 2026, from about 5% in 2024.

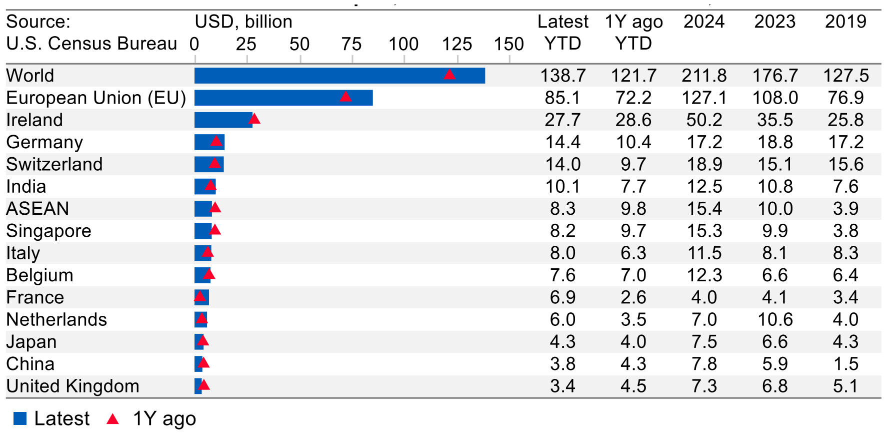
US: Selected Tariff Rates (effective 2025-08-07)

Source: Macrobond, UOB Global Economics & Markets Research



US: Main sources of imports of pharmaceutical (HS30), in USD

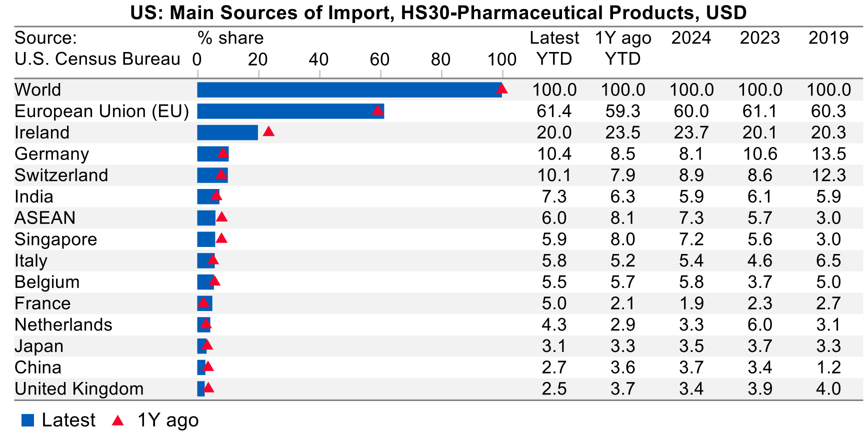
Source: Macrobond, UOB Global Economics & Markets Research



Source: U.S. Census Bureau	Latest YTD	1Y ago YTD	2024	2023	2019
World	138.7	121.7	211.8	176.7	127.5
European Union (EU)	85.1	72.2	127.1	108.0	76.9
Ireland	27.7	28.6	50.2	35.5	25.8
Germany	14.4	10.4	17.2	18.8	17.2
Switzerland	14.0	9.7	18.9	15.1	15.6
India	10.1	7.7	12.5	10.8	7.6
ASEAN	8.3	9.8	15.4	10.0	3.9
Singapore	8.2	9.7	15.3	9.9	3.8
Italy	8.0	6.3	11.5	8.1	8.3
Belgium	7.6	7.0	12.3	6.6	6.4
France	6.9	2.6	4.0	4.1	3.4
Netherlands	6.0	3.5	7.0	10.6	4.0
Japan	4.3	4.0	7.5	6.6	4.3
China	3.8	4.3	7.8	5.9	1.5
United Kingdom	3.4	4.5	7.3	6.8	5.1

US: Main sources of imports of furniture (HS30), in % share

Source: Macrobond, UOB Global Economics & Markets Research

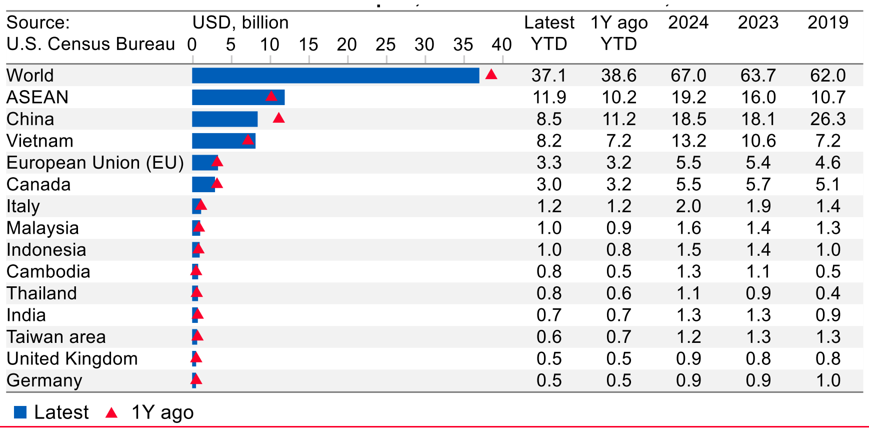


US: Main Sources of Import, HS30-Pharmaceutical Products, USD

Source: U.S. Census Bureau	Latest YTD	1Y ago YTD	2024	2023	2019
World	100.0	100.0	100.0	100.0	100.0
European Union (EU)	61.4	59.3	60.0	61.1	60.3
Ireland	20.0	23.5	23.7	20.1	20.3
Germany	10.4	8.5	8.1	10.6	13.5
Switzerland	10.1	7.9	8.9	8.6	12.3
India	7.3	6.3	5.9	6.1	5.9
ASEAN	6.0	8.1	7.3	5.7	3.0
Singapore	5.9	8.0	7.2	5.6	3.0
Italy	5.8	5.2	5.4	4.6	6.5
Belgium	5.5	5.7	5.8	3.7	5.0
France	5.0	2.1	1.9	2.3	2.7
Netherlands	4.3	2.9	3.3	6.0	3.1
Japan	3.1	3.3	3.5	3.7	3.3
China	2.7	3.6	3.7	3.4	1.2
United Kingdom	2.5	3.7	3.4	3.9	4.0

US: Main sources of imports of furniture (HS94), in USD

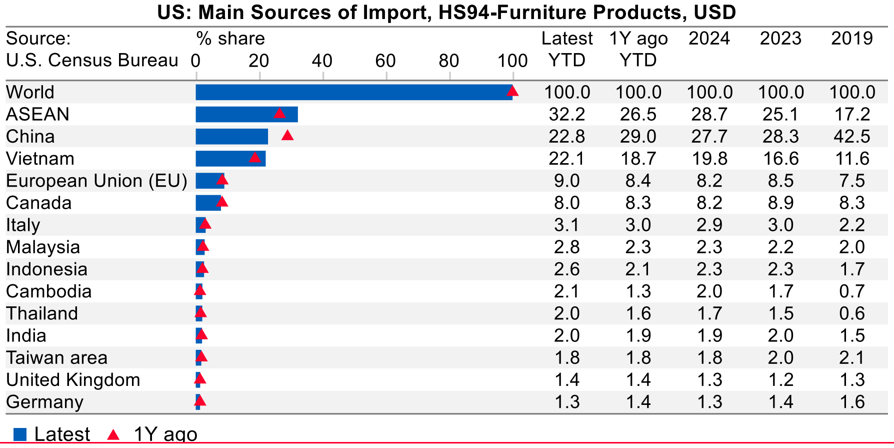
Source: Macrobond, UOB Global Economics & Markets Research



Source: U.S. Census Bureau	Latest YTD	1Y ago YTD	2024	2023	2019
World	37.1	38.6	67.0	63.7	62.0
ASEAN	11.9	10.2	19.2	16.0	10.7
China	8.5	11.2	18.5	18.1	26.3
Vietnam	8.2	7.2	13.2	10.6	7.2
European Union (EU)	3.3	3.2	5.5	5.4	4.6
Canada	3.0	3.2	5.5	5.7	5.1
Italy	1.2	1.2	2.0	1.9	1.4
Malaysia	1.0	0.9	1.6	1.4	1.3
Indonesia	1.0	0.8	1.5	1.4	1.0
Cambodia	0.8	0.5	1.3	1.1	0.5
Thailand	0.8	0.6	1.1	0.9	0.4
India	0.7	0.7	1.3	1.3	0.9
Taiwan area	0.6	0.7	1.2	1.3	1.3
United Kingdom	0.5	0.5	0.9	0.8	0.8
Germany	0.5	0.5	0.9	0.9	1.0

US: Main sources of imports of furniture (HS94), in % share

Source: Macrobond, UOB Global Economics & Markets Research

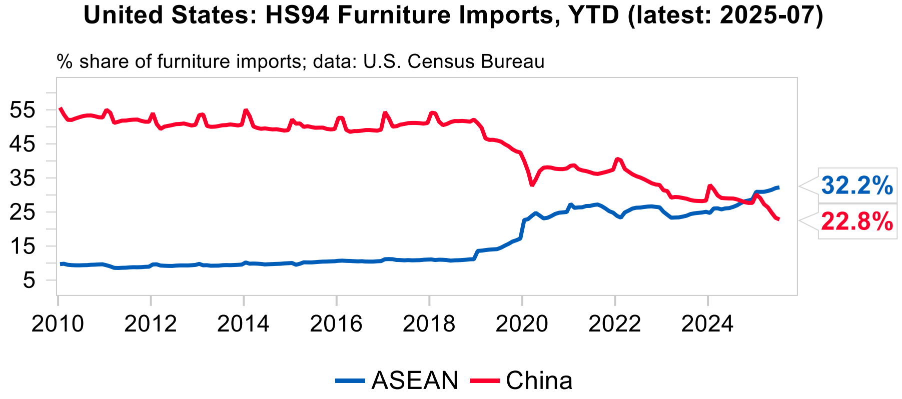


US: Main Sources of Import, HS94-Furniture Products, USD

Source: U.S. Census Bureau	Latest YTD	1Y ago YTD	2024	2023	2019
World	100.0	100.0	100.0	100.0	100.0
ASEAN	32.2	26.5	28.7	25.1	17.2
China	22.8	29.0	27.7	28.3	42.5
Vietnam	22.1	18.7	19.8	16.6	11.6
European Union (EU)	9.0	8.4	8.2	8.5	7.5
Canada	8.0	8.3	8.2	8.9	8.3
Italy	3.1	3.0	2.9	3.0	2.2
Malaysia	2.8	2.3	2.3	2.2	2.0
Indonesia	2.6	2.1	2.3	2.3	1.7
Cambodia	2.1	1.3	2.0	1.7	0.7
Thailand	2.0	1.6	1.7	1.5	0.6
India	2.0	1.9	1.9	2.0	1.5
Taiwan area	1.8	1.8	1.8	2.0	2.1
United Kingdom	1.4	1.4	1.3	1.2	1.3
Germany	1.3	1.4	1.3	1.4	1.6

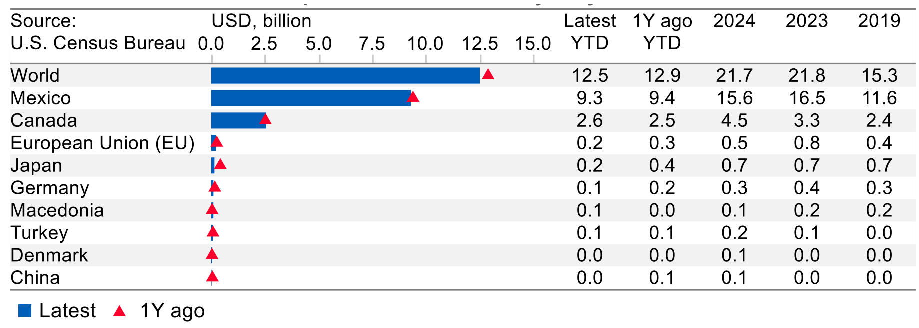
US: Shifting in shares of furniture import as ASEAN takes the lead

Source: Macrobond, UOB Global Economics & Markets Research



US: Main sources of imports of heavy-duty trucks (NAICS33612), in USD

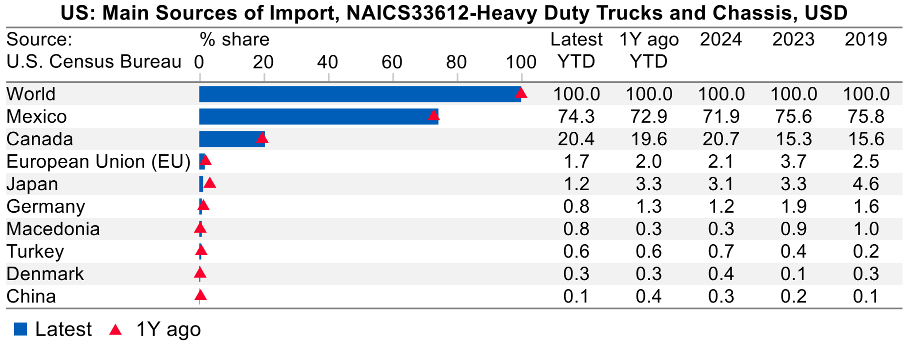
Source: Macrobond, UOB Global Economics & Markets Research



Source: U.S. Census Bureau	Latest YTD	1Y ago YTD	2024	2023	2019
World	12.5	12.9	21.7	21.8	15.3
Mexico	9.3	9.4	15.6	16.5	11.6
Canada	2.6	2.5	4.5	3.3	2.4
European Union (EU)	0.2	0.3	0.5	0.8	0.4
Japan	0.2	0.4	0.7	0.7	0.7
Germany	0.1	0.2	0.3	0.4	0.3
Macedonia	0.1	0.0	0.1	0.2	0.2
Turkey	0.1	0.1	0.2	0.1	0.0
Denmark	0.0	0.0	0.1	0.0	0.0
China	0.0	0.1	0.1	0.0	0.0

US: Main sources of imports of heavy-duty trucks (NAICS33612), in % share

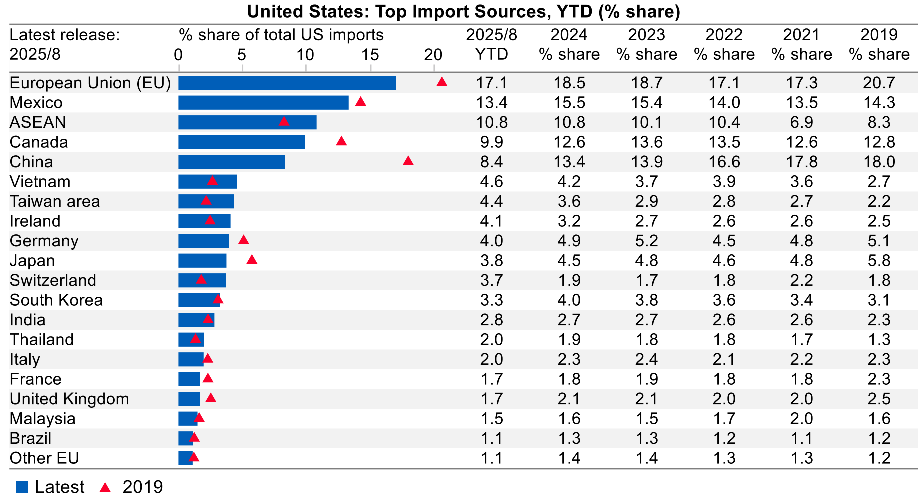
Source: Macrobond, UOB Global Economics & Markets Research



Source: U.S. Census Bureau	Latest YTD	1Y ago YTD	2024	2023	2019
World	100.0	100.0	100.0	100.0	100.0
Mexico	74.3	72.9	71.9	75.6	75.8
Canada	20.4	19.6	20.7	15.3	15.6
European Union (EU)	1.7	2.0	2.1	3.7	2.5
Japan	1.2	3.3	3.1	3.3	4.6
Germany	0.8	1.3	1.2	1.9	1.6
Macedonia	0.8	0.3	0.3	0.9	1.0
Turkey	0.6	0.6	0.7	0.4	0.2
Denmark	0.3	0.3	0.4	0.1	0.3
China	0.1	0.4	0.3	0.2	0.1

United States: Top Import Sources, YTD (% share)

Source: Macrobond, UOB Global Economics & Markets Research

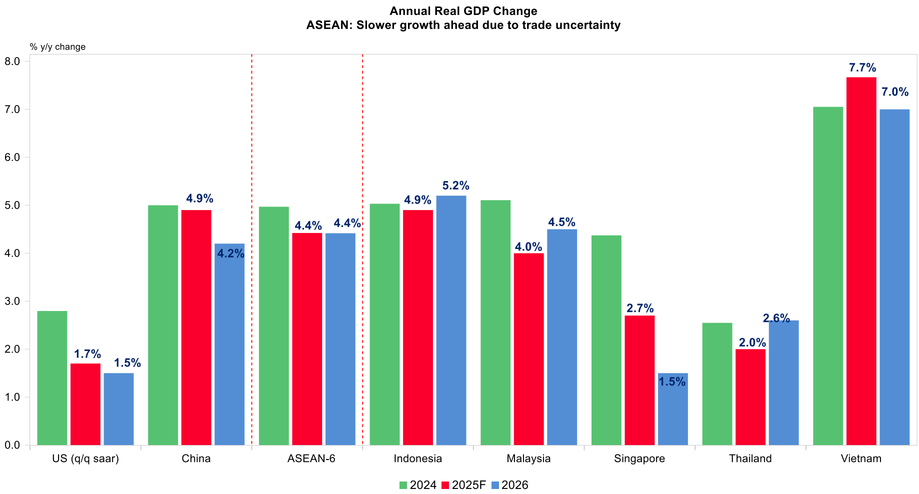


United States: Top Import Sources, YTD (% share)

Latest release: 2025/8	2025/8 YTD	2024 % share	2023 % share	2022 % share	2021 % share	2019 % share
European Union (EU)	17.1	18.5	18.7	17.1	17.3	20.7
Mexico	13.4	15.5	15.4	14.0	13.5	14.3
ASEAN	10.8	10.8	10.1	10.4	6.9	8.3
Canada	9.9	12.6	13.6	13.5	12.6	12.8
China	8.4	13.4	13.9	16.6	17.8	18.0
Vietnam	4.6	4.2	3.7	3.9	3.6	2.7
Taiwan area	4.4	3.6	2.9	2.8	2.7	2.2
Ireland	4.1	3.2	2.7	2.6	2.6	2.5
Germany	4.0	4.9	5.2	4.5	4.8	5.1
Japan	3.8	4.5	4.8	4.6	4.8	5.8
Switzerland	3.7	1.9	1.7	1.8	2.2	1.8
South Korea	3.3	4.0	3.8	3.6	3.4	3.1
India	2.8	2.7	2.7	2.6	2.6	2.3
Thailand	2.0	1.9	1.8	1.8	1.7	1.3
Italy	2.0	2.3	2.4	2.1	2.2	2.3
France	1.7	1.8	1.9	1.8	1.8	2.3
United Kingdom	1.7	2.1	2.1	2.0	2.0	2.5
Malaysia	1.5	1.6	1.5	1.7	2.0	1.6
Brazil	1.1	1.3	1.3	1.2	1.1	1.2
Other EU	1.1	1.4	1.4	1.3	1.3	1.2

ASEAN: GDP growth forecasts for 2025 and 2026

Source: Macrobond, UOB Global Economics & Markets Research



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