

## US Reciprocal Tariffs

### President Trump Announced Details of Reciprocal Tariffs

April 3, 2025

## Stricter Than Expected Measures Could Lead to Continued Risk-Off Sentiment if Retaliatory Actions Escalate

On April 2 (local time), President Trump unveiled the specifics of the reciprocal tariffs, indicating a minimum uniform tariff of 10% on all countries. Additionally, higher tariffs are planned for certain countries with significant non-tariff barriers, such as unfair subsidies, regulations, currency manipulation, and inadequate intellectual property protection. In practice, the US intends to impose tariffs equivalent to 50% of the broad tariff rates calculated independently by the US for each country. Notably, Mexico and Canada are currently exempt from the reciprocal tariffs, and certain items already subject to individual tariffs are also excluded.

The 10% uniform tariff is set to be implemented on April 5, with higher tariffs on specific countries scheduled for April 9. Given the time before implementation, there is a possibility that negotiations could lead to the postponement of higher tariffs. Conversely, strong opposition from entities such as the European Union and China may result in retaliatory tariffs from various countries.

Overall, the reciprocal tariffs are stricter than initially expected, prompting risk-off sentiment. The tariff increases are likely to drive US inflation higher while acting as a drag on economic growth, intensifying stagflation concerns. Moving forward, it will be crucial to monitor the implementation of reciprocal tariffs and their impact on economic and price trends. If retaliatory measures escalate, the risk of global economic downturn will increase, and risk-off sentiment is likely to persist in financial markets.

#### Main reciprocal tariff rates

Country Name	Broad Tariff rate (%)	Reciprocal Tariff Rate (%)
China	67	34
European Union	39	20
Vietnam	90	46
Taiwan	64	32
Japan	46	24
India	52	26
Korea	50	25
Thailand	72	36

Source: The White House; Compiled by Daiwa Asset Management

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