

Trump's tariffs cause trepidations in Asia

by [Manik Mehta](#) 14 hours ago

President Donald Trump's April 2 "tariff bombshell", as one Indian TV commentator called it, has caused trepidations among Asian nations, some of which face steep tariff increases and depend on the U.S. as their major market.

Trump has not spared Asian nations deemed to be allies or friends. Taiwan, for instance, was handed down a 32% tariff imposition on its exports to the U.S. Taiwan's former Premier Cho Jung-tai said that the island would make "serious representations" to Washington.

South Korea's acting President Han Duck-soo, reacting to the 25% tariff for his country, said that the global trade war had "become a reality"; his government would look for possibilities to overcome the "trade crisis".

Japan described its 24% tariff rate as "extremely regrettable", adding that the U.S. was violating not only the World Trade Organization (WTO) but also bilateral US-Japan agreements. Other Asian nations facing tariffs include Vietnam (46%), Cambodia (49%), Thailand (36%), Indonesia (32%), Malaysia (24%), the Philippines (17%), Singapore (10%), etc. Indian shippers, on the other hand, were saying that things could have been "far worse" for India's exports which face a flat 26% rate, though many businesses, dependent on exports to the U.S. market, feel that the tariff rate would particularly hit "labor-intensive exports". India, whose initial reaction was subdued, wants a bilateral trade deal with the U.S. and is cautious to avoid any public criticism so as not to jeopardize the negotiations. India's pharmaceutical industry, which is the largest supplier of generic medicines to the U.S. and accounts for exports totaling \$13 billion annually, was spared of Trump's reciprocal tariffs.

India's electronics exports could also benefit as higher tariffs on competing suppliers such as Vietnam could lead to re-routing of trade.

Priyanka Kishore, founder/principal economist of the consultancy Asia Decoded, cautioned in the consultancy's report that the U.S. tariffs, if implemented, would affect U.S. growth. "With heightened policy uncertainty and rising downside risks to investments, we now anticipate U.S. growth to falter in the coming months."

Impact on Asian Economies

Both U.S. and global economic growth is set to be lower than previously projected as President Donald Trump's proposed tariffs on goods imported to the U.S. weigh on growth, according to the latest estimates from the Organization for Economic Co-operation and Development. "Global GDP growth is projected to moderate from 3.2% in 2024, to 3.1% in 2025 and 3.0% in 2026, with higher trade barriers in several G20 economies and increased geopolitical and policy uncertainty weighing on investment and household spending," the OECD said in its interim Economic Outlook report.

While risks of tariff retaliation have risen, Kishore and others believe that Asian retaliatory action, generally, would not be strong.

China, which was slapped with a further 34% tariff after the already existing 20% tariff levy, thus totaling 54%, has already announced retaliatory tariffs. Its Commerce Ministry announced a 34% import duty level on all U.S. imports, besides banning exports of seven types of rare earths, and adding some U.S. tech firms to an “unreliable entity” list.

India Strategizes as Maneuvering Room Narrows

While Indian officials know that Trump’s 26% tariffs will create some disruptions, they are trying to see the “silver lining”; India’s industry sees opportunities in major areas such as semiconductors, pharmaceuticals and chemicals which are exempt from tariffs.

“If you study India’s initial reaction, it seemed rather muted ... the government is trying to offset the tariffs’ negative effects by accelerating negotiations over a bilateral trade agreement with the U.S., (Indian Commerce Minister Piyush Goyal visited Washington in March in pursuit of this goal),” says Dr. Jyoti Gupta, a Mumbai-based economist.

Indian experts say tariffs are accelerating India’s pace towards ironing out new free trade agreements (FTAs) with the U.K., Canada and the EU. India pursues the ambitious goal of increasing trade with U.S. to \$ 500 billion by 2030, up from some \$ 130 billion last year.

However, a report by India-based SBI Research suggests that U.S. tariffs may cause a 3-3.5% decline in India’s exports to the U.S., though India’s growing strength in manufacturing and services would soften the tariff blow.

Malaysia Holds Special Cabinet Session to Discuss Tariffs

Malaysian Prime Minister Anwar Ibrahim summoned a special cabinet meeting April 4 to discuss Trump’s tariffs and possible actions to alleviate the country’s economic pressures.

While emphasizing that U.S. remained a key trading partner, Prime Minister Anwar said that Malaysia, which chairs the ASEAN community in 2025, is holding talks with ASEAN leaders to discuss this issue and find the best agreement in facing the economic pressures.

But The Small and Medium Enterprises Association of Malaysia (SAMENTA) expressed deep concern over Trump’s tariffs. SAMENTA’s President, William Ng, said the tariffs would impact key export sectors such as electronics, palm oil derivatives, rubber-based products, and textiles, and reduce Malaysian exporters’ competitiveness.

Tariffs Can Impact Ocean Shipping

Tariffs can hit ocean shipping which would see a decline in shipments and transport demand.

Global container shipping giants – from MSC and Maersk to CMA CGM and Hapag Lloyd – which account for about 80% of global trade, rely on companies that face Trump’s tariffs.

To circumvent the resulting retaliatory tariffs, importers rushed to place huge import orders in the weeks preceding the tariff enforcement. U.S. container imports soared as companies stockpiled toys, furniture, bedding, machinery and parts from China. Some U.S. importers resorted to using other vessels or even airplanes to import cars, wine, cheese, prescription drugs, etc.

Shipping circles fear the tariffs would be followed by U.S. port-call fees on ships with links to China, leading to chaotic port disruptions from huge traffic of cargo vessels, and reminding of the past pandemic disruptions. This could lead to “uneven” traffic, with some ports getting the bulk of cargo ships while others would face low traffic. With the “rules of the game changing all the time”, as some lament, trade analysts envisage a drop of nearly one percent this year in the volume of U.S. ocean

container imports. This may appear as a small percentage figure, but it is huge in terms of tonnage and revenue losses.

Indeed, according to S&P Marketing Global Market Intelligence, there may be strong growth in the first quarter, but the second quarter of this year could produce a reversal, once tariffs take effect. The U.S. Customs and Border Protection agency is also re-programming its systems to determine the calculation of new tariffs applied to individual exporting country.

China had its worst Q1 for freight orders in two decades. According to data from the international shipping association BIMCO, there was a 28% fall in China's Containerized Freight Index during the first 2025 quarter, the "worst first quarter in 20 years", as BIMCO sources say.

U.S. ports could face serious problems if port-call fees are imposed; the US Trade Representative (USTR) has proposals to impose substantial 'service fees' on ships with Chinese "connections", be that Chinese ownership or Chinese-built vessels. Revenue of U.S. ports could be hit, if vessels start avoiding port-calls.

Manik Mehta

CORRESPONDENT

[Contact Author](#)