

Economists warn of economic havoc in wake of Trump tariffs

If Liberation Day proved a celebration for supporters of tariff-loving President Trump, the following day brought a sharp dose of reality.

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Image: whitehouse.gov

Asian stock markets were the first to plunge on Thursday morning, but were followed quickly by sharp losses on European bourses, and then the [US](#), with American investors seeming to take the worst hit, at least in early trading. World leaders were forthright in their criticism of Trump's protectionist strategy, while economists scratched their heads in seeming disbelief.

'Mindless tariffs to cause economic havoc', warned The Economist newspaper.

As analysts have explained in recent days, there are far-reaching implications for shipping, with owners in a number of sectors directly in the firing line. Challenges facing container lines on the trans-Pacific and Atlantic trades are being well-documented. But the backdrop is extremely complex, with far-reaching repercussions in other market sectors.

The recently buoyant vehicle carrying sector is one example. Car manufacturers in the EU will pay a high price as US demand falls away in the face of 20% tariffs on imported vehicles and parts. Car imports from Asia to west coast ports will fall sharply, with [Japanese](#) and [South Korean](#) manufacturers facing a 25% tax. For the rapidly growing [Chinese](#) car production sector, the outlook is truly grim, with potential tariffs of more than 50%.

Meanwhile, US energy exports will be affected by Trump's port fees on Chinese-built ships. Until early this decade, the construction of highly complex LNG carriers was centred on South Korea and Japan. But recently, owners have blazed a trail to Chinese builders. Rising US crude oil exports will also be hit in a similar way, with analysts warning of a possible two-tier market, with Chinese-built ships available at a discount.

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As shipping lines factor in the planned port fees, rates will go up. This has significant implications for consumers in Europe who now take much more US gas and oil to replace Russian supplies.

In his diatribe, delivered from the White House Rose Garden, Trump reaffirmed his plans to stimulate US shipbuilding. This followed his announcement a month ago of a new White House shipbuilding office to oversee his strategy of 'making shipbuilding great again'.

Some experts asked how long the 78-year-old President has got. American shipbuilders have focused on the building of Jones Act tonnage for US trades and produce a tiny fraction of the world's commercial vessels. New ship prices are two to three times the global average, and ships built there take years to build, rather than months. Trump's aim to revitalise American shipbuilding could take a while.