AUGUST 1, 2025

Instant Insight: Trade Talks Roll Past U.S. Deadline

U.S. Tariff Rates Imposed on Indo-Pacific Trade Partners

Trade Partner	Deal Announced	Liberation Day (%)	July Update (%)	Latest Rate (%)	Change from Prior (%)
Australia	--	10	--	--	0
Bangladesh	--	37	35	20	-15
Brunei	--	24	25	25	0
Cambodia	--	49	36	19	-17
China	Separate track – according to USTR, current average U.S. tariff rate is now approximately 55%				
India	--	26	25	25	0
Indonesia	✓	32	32	19	-13
Japan	✓	24	25	15	-10
Laos	--	48	40	40	0
Malaysia	--	24	25	19	-6
Myanmar	--	44	40	40	0
Pakistan	✓	29	--	19	-10
Philippines	✓	17	20	19	-1
Singapore	--	10	--	--	0
South Korea	✓	25	25	15	-10
Taiwan	--	32	--	20	-12
Thailand	--	36	36	19	-17
Vietnam	✓	46	20/40*	--	0

**The Vietnam trade deal imposes 20 percent tariffs on all Vietnamese goods and 40 percent tariffs on goods transhipped through Vietnam to the United States.*

Key Takeaways

- **U.S. trade negotiations appear far from complete after the August 1 deadline:** The Trump administration has announced trade deals with the UK, Vietnam, Indonesia, Japan, the Philippines, the EU, South Korea and Pakistan. Additionally, U.S. President Donald Trump unveiled an executive order on July 31 imposing reciprocal tariffs of 10-40 percent on around 60 other countries.

Active negotiations are continuing with several economies including Bangladesh, Brunei, Cambodia, Canada, Laos, Malaysia, Myanmar, New Zealand, Taiwan, and Thailand—with a new implicit deadline of August 7.

- **China remains on a separate negotiation track:** Following three rounds of high-level negotiations, Washington and Beijing have signaled—but not yet confirmed—their intent to extend the August 12 trade negotiation deadline and continue to work toward deliverables for a possible leaders' meeting in China this fall. The temporary détente has resulted in the easing of U.S. export controls and a rollback of Chinese licensing restrictions on rare earth shipments.

- **Indo-Pacific markets are adapting to a new normal:** Indo-Pacific countries have shown great resilience amid shifting U.S. tariff demands, quickly adapting to new baselines and recalibrating their negotiating strategies. Several U.S. trade partners—including Indonesia, Japan, the Philippines, and the EU—made major concessions, such as procurement commitments, large investment pledges, and sizable reductions of tariffs and non-tariff barriers (NTBs), sparking concern from domestic audiences. In return, some secured favorable outcomes on key issues like sectoral tariff reductions.

- **Negotiated outcomes will have a marginal impact on U.S. regional trade:** Each trade deal is highly individualized, with many non-trade issues introduced into the frameworks. The resulting uncertainties have yielded generally negative effects on U.S. relationships with allies and partners, but it will take time to assess the lasting impact. Overall, however, the general shape of U.S. trade relationships in the region may not change significantly given the high tariff rates now set across-the-board on almost all partners, with tariff rates on the largest economies falling mostly within the 15-20 percent range.

Market-By-Market Roundup

AUSTRALIA

State of Play: Australia remains subject to the 10 percent baseline tariff on most goods, with some exemptions for gold, select pharmaceuticals, and a few other articles. Given that only a small share of Australian exports are directly exposed to higher U.S. tariffs, the Albanese government has maintained a low profile. Prime Minister Anthony Albanese suggested that a first meeting with President Trump is likely to occur on the sidelines of the multilateral meetings scheduled for later this year. Ahead of those potential talks, Canberra has unilaterally relaxed biosecurity restrictions on U.S. beef imports, though the government maintains the decision was not tied to U.S. demands.

What to Expect: Australia's political opposition is unhappy with the easing of restrictions on U.S. beef imports, citing biosecurity concerns tied to live cattle from the United States transiting through countries with weaker agricultural regulations. However, the impact on the Australian market will likely be minimal due to higher U.S. beef prices and some major Australian grocery chains favoring local producers. Other concerns for Australian policymakers include President Trump's threatened 200 percent tariffs on pharmaceutical goods and 50 percent on copper, steel, and aluminum products. Canberra's hardline stance on maintaining 'zero changes' to its Pharmaceutical Benefits Scheme (PBS) resonates domestically but misses an opportunity to message key U.S. actors on important reforms recommended in Australia's 2024 Health Technology Assessment Review. Meanwhile, U.S. stakeholders remain concerned about Australian drug price caps and difficulties folding medications into the PBS.

CAMBODIA

State of Play: The Trump administration's July 31 Executive Order lowered Cambodia's reciprocal tariff rate to 19 percent—a sharp drop from the initial 49 percent set on Liberation Day that was then reduced to 36 percent following Cambodia's announcement of a Joint Statement on the Framework for a Cambodia-U.S. Agreement on Reciprocal Trade. The new rate also comes days after Cambodia and Thailand agreed to an unconditional ceasefire on July 28, which President Trump had said was required for a trade agreement with either country. Although U.S. Commerce Secretary Howard Lutnick stated on July 30 that the United States reached an agreement with Cambodia, formal announcements are forthcoming to confirm the deal and offer more details.

What to Expect: The significantly lowered tariff rate is one of the biggest reductions experienced by U.S. trade partners. As of July 2025, the ASEAN+3 Regional Economic Outlook report has downgraded Cambodia's projected 2025 GDP growth from 5.8 percent to 5.2 percent as of July 2025, as tariffs were expected to hit the export-oriented economy.

CHINA

State of Play: U.S.-China trade negotiations, which have been conducted on a separate track from other tariff talks, made limited headway following two days of "constructive" discussions in Stockholm. The Chinese readout says both sides agreed to "continue to push for" a 90-day extension to the August 12 tariff negotiation deadline, while U.S. Treasury Secretary Scott Bessent noted that Trump has the final say on that decision. Although U.S. officials hoped to broaden talks to address structural economic issues such as China's industrial overcapacity and oil trade with Russia and Iran, the discussion outcomes appeared narrowly focused on preventing tariffs from springing back to triple-digit levels. USTR Jamieson Greer, who negotiated alongside Bessent, expressed hope that the two sides can move past discussions on rare earths as long as they flow into the United States. Washington reportedly froze new technology restrictions to avoid derailing trade talks, signaling that export controls are now a potential part of bilateral trade talks for the first time—a significant win for Beijing.

What to Expect: The next few months of engagement may prove pivotal in grounding U.S.-China relations. It is highly probable that a meeting between Presidents Trump and Xi Jinping will take place this fall, potentially in Beijing ahead of the South Korea APEC Summit in late October. When the two leaders meet, they are likely to discuss a range of issues including purchase agreements, fentanyl cooperation, and bargaining over new terms of broad competition, with export control discussions possibly enmeshed in strategic trade talks. Chinese stakeholders will likely work to keep negotiations ongoing and incremental, aiming to minimize domestic disruptions while shaping outcomes that suit Beijing.

INDIA

State of Play: On July 30, President Trump announced a 25 percent tariff rate for India. In response, India reiterated its commitments to negotiating a mutually beneficial trade agreement. The Trump administration has thus far not announced any additional penalties over India's ongoing purchases of Russian energy and defense equipment. New Delhi had previously agreed to eliminate certain tariffs and address specific NTBs, but this interim deal stalled after Trump sought additional concessions, including a higher average U.S. tariff rate closer to 20 percent. Overcoming the impasse likely requires a leader-level call, but engagement with President Trump carries domestic risks for Prime Minister Narendra Modi given the arrival of Indian Parliament's Monsoon Season and sensitivities stemming from U.S. overtures to Pakistan. Working-level talks are ongoing, but Prime Minister Modi will likely not call President Trump until domestic tensions ease.

What to Expect: While the interim agreement has stalled, India and the United States continue to pursue a broader Bilateral Trade Agreement (BTA), with the U.S. negotiating team expected to travel to India on August 25. The 25 percent tariff is expected to marginally affect India's export competitiveness relative to peer economies, especially for labor-intensive exports, and the continued prospect of a trade deal creates an uncertain environment for the private sector. It remains to be seen if President Trump will follow through on additional tariffs related to imports of Russian oil and defense equipment. India had previously received a de facto waiver under the 2017 Countering America's Adversaries Through Sanctions Act (CAATSA) for reducing Russian arms imports.

INDONESIA

State of Play: The July 31 Executive Order confirmed the 19 percent reciprocal tariff rate outlined in the White House's July 22 joint statement with Indonesia. The joint statement, in turn, had provided details on the trade deal President Trump announced a week earlier on social media and reiterated that Indonesia will remove "99 percent of tariff barriers" and purchase over USD 22 billion in U.S aircraft, energy, and agriculture exports. Notably, Indonesia committed to address barriers to digital trade, services, and investment, and to provide certainty regarding clarity on the ability to transfer cross-border personal data transfers to the United States. The joint statement also notes that Indonesia agreed to remove local content requirements and export restrictions on industrial commodities—including critical minerals—to the United States. However, Coordinating Minister for Economic Affairs Airlangga Hartarto specified that only U.S. ICT exports would be exempt, and that Indonesia would continue requiring domestic processing of minerals prior to export.

What to Expect: The deal secures tariff treatment on par with other ASEAN countries, an outcome Jakarta had actively pursued to preserve its competitiveness. Although economists have raised concerns over the challenges that the 19 percent tariff poses for exporters, the government remains confident in achieving its 5 percent economic growth target this year and is preparing a third stimulus package aimed at revitalizing domestic transportation, tourism, and regional economic activity. Jakarta has also continued to diversify its trading partners to mitigate the U.S. tariff impact, including reaching a political agreement to finalize the Indonesia-European Union Comprehensive Economic Partnership Agreement (IEU-CEPA) by September 2025.

JAPAN

State of Play: On July 22, President Trump announced a U.S.–Japan bilateral understanding that capped duties on most Japanese goods at 15 percent, including sectoral tariffs on automobiles and auto parts that had previously been assessed at 25 percent. In return, Japan agreed to buy more American rice and ease domestic market access for U.S. autos by accepting many U.S. vehicle standards. The existing 50 percent tariff on steel and aluminum remains in place. Possible Section 232 tariffs on semiconductors and pharmaceuticals are not dictated by the agreement, but Japan secured a pledge of “no worse than others” treatment on those products if new U.S. tariffs are imposed.

The centerpiece of the U.S.-Japan agreement was Japan’s promise to invest USD 550 billion in the United States, although the mechanisms, content, budgeting, timing and organization of this initiative all remain unclear and may not be mutually agreed. Japanese officials have said agencies including the Japan Bank for International Cooperation could put in some equity—perhaps representing 1-2 percent of the total—while the rest could take the form of private investment and government loans or loan guarantees. Japan also tentatively agreed to invest in Alaskan liquified natural gas (LNG), buy 100 Boeing aircraft, and committed to increase purchases of U.S. defense equipment.

What to Expect: Japanese automakers secured meaningful tariff relief, putting them (at least temporarily) in an even stronger position in the U.S. market than some U.S. auto manufacturers dependent on facilities in Canada and Mexico. Although the industry generally welcomed the agreement, Toyota still expressed dissatisfaction and urged further tariff reductions. U.S. agricultural exporters are also expected to benefit from the new rice import quota. The biggest uncertainty surrounds the terms of the investment pledge. Its implementation, as with the broader trade agreement, is governed by loosely coordinated joint statements rather than formal documents signed by both sides, leaving plenty of room for future disputes. The vagueness may give the United States flexibility to revisit trade issues if it deems Japan’s investment insufficient.

MALAYSIA

State of Play: The July 31 Executive Order confirmed the 19 percent reciprocal tariff rate reportedly agreed to by President Trump and Malaysian Prime Minister Anwar Ibrahim during their call earlier the same day. Speaking to local media, Malaysian Minister of Trade and Industry Zafrul Aziz shared that Kuala Lumpur agreed to give 98 percent of U.S. exports duty free-access and to ease some NTBs, including streamlining halal product and facility registration for U.S. agricultural exports. However, Malaysia refused to remove duties on automobiles, tobacco, and alcohol, and did not liberalize foreign ownership caps for strategic sectors. Malaysia also declined to accept halal certifications for U.S. pharmaceutical exports without separate approval from the Department of Islamic Development Malaysia.

What to Expect: Despite the government’s reassurances about maintaining red lines, the deal has received heavy criticism from local industry for making too many concessions and for the lack of publicly available details. Malaysia’s central bank cut its economic growth projections to 4-4.8 percent in the face of U.S. tariffs and lowered interest rates for the first time since 2020. Anwar, who is already facing political difficulty with cost of living issues following fiscal reforms, has introduced a stimulus package that includes direct cash assistance and utility subsidies. Malaysia still faces potential Section 232 sectoral tariffs on semiconductors, which would affect over 30 percent of its U.S.-bound exports. As Malaysia continues to negotiate terms with the United States, it has strengthened relations with other partners, including within ASEAN and by reviving trade talks with the European Union.

PHILIPPINES

State of Play: On July 22, President Trump announced on social media shortly after a White House meeting with Philippine President Ferdinand Marcos Jr. that a trade deal with the Philippines had been concluded. According to Trump, the United States will reduce Manila's tariff rate to 19 percent—1 percentage point below the rate threatened in Trump's July 9 letter and 2 percentage points higher than the rate announced on Liberation Day. Trump claimed that the Philippines had agreed to provide complete tariff free market access to U.S. exports. Marcos acknowledged the deal and shared that it required he make concessions, such as eliminating auto tariffs and committing to increase purchases of U.S. soy, wheat, and pharmaceutical products.

What to Expect: The trade deal has raised concerns among Philippine lawmakers and industry leaders, with critics arguing that Marcos made too many concessions for a mere one percent reduction in the rate. Most importantly, allies of Marcos' political rival- the pro-China Vice President and current front runner in the 2028 presidential election Sara Duterte- have pointed to the trade as evidence that the revitalization of the alliance with the United States has provided little practical or economic benefit for ordinary Filipinos. The political damage from what is seen as a bad trade deal could further weaken Marcos, hindering both continued expanded strategic ties with the United States and the ability to pass additional economic reforms before his term ends.

SINGAPORE

State of Play: Singapore is only subject to the 10 percent baseline tariff as it was not included in the July 31 Executive Order and it did not receive a July 7 letter from President Trump. While Singapore did not attempt to negotiate the baseline reciprocal tariff rate, Deputy Prime Minister Gan Kim Yong visited the United States from July 20-26 to press for flexibility with potential sectoral tariffs on pharmaceuticals. While in Washington, Gan met with U.S. Treasury Secretary Scott Bessent, USTR Jamieson Greer, and Deputy Assistant to the President for Economic Policy and Deputy Director of the National Economic Council Nels Nordquist. The Department of the Treasury issued a readout of the meeting between Gan and Bessent with few specifics. He did not meet with Commerce Secretary Howard Lutnick.

What to Expect: Although Singapore has publicly expressed disappointment with the 10 percent reciprocal tariff rate, TAG sources have confirmed that Singapore is primarily concerned about the proposed sectoral tariffs on pharmaceuticals, and to a lesser degree, semiconductors. On July 29, Deputy Prime Minister Gan Kim Yong shared that Singapore would be interested in negotiating the reciprocal tariff if there is flexibility in getting it lowered. Beyond the direct impact of tariffs, the broader impact of higher U.S. tariffs across the region, and the breakdown of the global multilateral trading system, pose greater risks to its economy as a global entrepot where trade is over three times the value of GDP.

SOUTH KOREA

State of Play: On July 30, President Trump announced a trade deal with South Korea, landing Seoul a tariff deal on par with U.S. trade pacts with Japan and the EU. Under the deal, the United States agreed to lower the reciprocal and auto tariffs from 25 to 15 percent for all South Korean exports aside from steel, aluminum, and copper, which will remain at 50 percent. In return, Seoul committed to invest USD 350 billion in projects determined by President Trump, with USD 150 billion in shipbuilding and USD 200 billion in strategic sectors such as semiconductors, nuclear energy, batteries, and biotech. A core pillar of the trade deal was the “Make American Shipbuilding Great Again” (MAGSA) proposal, an initiative that aligns with Trump’s broader agenda to rebuild U.S. manufacturing. The agreement also commits Seoul to purchase USD 100 billion of U.S. LNG and other energy products and invest additional funds that will be defined at the Trump-Lee summit to be held within the next two weeks.

What to Expect: While both sides framed the new trade deal as a victory, discrepancies exist in the interpretation of the details. Senior U.S. officials stated that the United States would retain 90 percent of the investment revenue, akin to the U.S.-Japan deal, while the South Korean Presidential Office interpreted this to mean that South Korean firms would reinvest generated revenue back into the country. President Trump also said Seoul would grant greater market access for U.S. agricultural products, while South Korean officials clarified that the deal did not include U.S. beef and rice. Further details regarding investment, energy purchases, and market access for U.S. agricultural goods will likely be clarified at the upcoming leaders’ summit. The announcement notably omitted references to digital NTBs and security-related commitments, which could resurface when the two sides finalize the details during subsequent working-level discussions and at the leaders’ summit. Meanwhile, growing calls from the National Assembly for additional digital regulations threaten to complicate implementation of the trade deal.

TAIWAN

State of Play: The United States announced a 20 percent tariff rate on Taiwan under the July 31 Executive Order—a reduction from the initial 32 percent proposed by President Trump on April 2. Taiwan officials have described the rate as "provisional," and officials on both sides have indicated that negotiations are ongoing following two weeks of working level talks that reportedly came close to a final deal. Taiwan's negotiation package likely features investments in the United States, alignment with U.S. export control priorities on technology, commitments to LNG purchases, and concessions on NTBs.

What to Expect: If the talks continue beyond August 7, the 20 percent rate will impact the machine tool, mold, plastic product, and electronic material sectors the hardest. These industries face intensified pressure as Japan—a key competitor in the U.S. market—has received a lower tariff rate of 15 percent. Although there is a likelihood that the final negotiated tariff rate will be lowered to the 15 percent sought by Taiwan, the timeline of the new deal is uncertain and the current provisional rate of 20 percent could create domestic challenges in Taiwan. Meanwhile, Taipei and Washington are expected to begin discussions soon on semiconductor and supply chain issues. Notably, chips and ICT technologies account for around 60 percent of U.S.-Taiwan trade.

THAILAND

State of Play: Thailand faces a 19 percent tariff rate under the White House's July 31 Executive Order. Although Secretary Lutnick stated on July 30 that the United States reached an agreement with Thailand, formal announcements are forthcoming to confirm the deal and offer more details. The new reciprocal tariff rate follows several rounds of in-person and virtual negotiations with Washington led by Deputy Prime Minister and Finance Minister Pichai Chunhavachira.

What to Expect: Prior to U.S. announcement of Thailand's reciprocal tariff rate, the SCB Economic Intelligence Center projected that a 23 percent rate would support GDP growth of 1.1 percent in 2025. With an even lower rate, Thailand's export sector may see some relief and even compete its Southeast Asian neighbors, which largely face similar tariff rates. Pichai has announced a USD 6.15 billion relief package offering low-interest loans through state-owned banks, with rates as low as 0.01 percent to support business liquidity, investment, and inventory management. Bangkok is also preparing additional relief measures and will invite each industry to propose tailored support needs to help shape sector-specific assistance programs.

VIETNAM

State of Play: Although Vietnam's reciprocal tariff rate of 20 percent was announced through social media on July 2 and confirmed in the July 31 Executive Order, both sides continue to iron out and seek clarifications on certain details. While U.S. negotiators maintain that this 20 percent tariff will be in addition to existing MFN rates, Vietnam objects to this and will likely emphasize that it agreed to "20 percent across the board," as stated by President Trump. On transshipment and rules of origin, Vietnam has agreed to a 40 percent tariff on goods with over 30 percent foreign content. Vietnam has also pushed for the 40 percent tariff to apply globally, and while USTR has reportedly agreed in principle, this point remains to be clarified. On the import side, Vietnam has committed to applying a 0 percent tariff on 99 percent of U.S. industrial and agricultural goods, as well as addressing non-tariff barrier issues. Discussions are also ongoing regarding a potential visit by General Secretary To Lam to Washington later this year.

What to Expect: As the first major deal announced in Southeast Asia, many other ASEAN countries' reciprocal tariff rates were benchmarked against Vietnam's rate. Ultimately, several of Vietnam's neighbors—including the Philippines, Indonesia, and Cambodia—reached a slightly lower rate at 19 percent. While some last-minute lobbying may continue, no major changes to the tariff structure are expected. A forthcoming joint statement will serve as a framework toward finalizing the broader trade agreement in the coming weeks.

Implications for Business

- **The "post-tariff world" is starting to take shape:** With securing 15-20 percent tariffs now considered a successful outcome, protectionism has become normalized as a feature—rather than an exception—of international trade. Additionally, reciprocal tariffs, especially when coupled with ongoing tensions over defense spending and forthcoming potential Section 232 sectoral tariff announcements, are straining alliance relationships, moving trade talks away from multilateral trade architecture, and eroding U.S. credibility in the Indo-Pacific.

- **Short-term stability in U.S.-China relations opens a window for business but also creates geopolitical uncertainties:** Tensions are expected to remain tempered as both sides work toward a Trump-Xi meeting this fall, underscored by the U.S.

freeze on new export controls and China's resumption of rare earth export licenses. However, talks may broaden beyond trade into sensitive geopolitical terrain, reflecting Beijing's likely view that the administration has limited room for further technology-related concessions. Trump's transactional approach may create opportunities for businesses to re-engage Chinese counterparts or advocate for specific interests.

- **Businesses have responded with appropriate caution:** While there is relatively more clarity now than there was on Liberation Day, U.S. tariff rates have experienced the greatest level of fluctuation and uncertainty in nearly a century. Strategic sectors have acted with cautious pragmatism and aimed for solutions that work under a range of possible outcomes—although it remains unclear whether the difference between 15 and 20 percent tariffs across markets will lead to significant supply chain shifts. Some industries may even experience new export opportunities, particularly in the commitments to purchase U.S. LNG and aircraft, and reduced market access barriers for U.S. goods. Large-scale investment into the United States may also generate longer term benefits for the domestic economy and technology industry—albeit over a long time horizon—if terms come to bear.

- **The interaction between reciprocal tariffs and Section 232 tariffs still remains unclear:** There is no consistent framework for how sector-specific tariffs will be applied on top of other duties. Some deals have featured agreements on future 232 tariffs, such as Japan securing an agreement to peg to the lowest rate. However, it is unclear if the 232 tariffs would stack on top of, or be excluded from, reciprocal tariffs, as in the case of steel and aluminum. Stacked tariffs would significantly increase costs for businesses and consumers, further expediting longstanding supply chain shifts. Businesses should plan for multiple tariff exposure scenarios with variable pricing and sourcing options.

- **Trade agreements raise as many questions as answers:** The longevity of any deal reached thus far remains unclear given outstanding questions about the legality of Trump's tariff regime, specific questions about the execution of investment and procurement commitments, market access improvement, and practical implementation challenges faced by customs agencies. Businesses should closely monitor tariff classification schedules, rules-of-origin criteria, customs enforcement timelines, stipulated procurement and investment parties, and other transactional details that will determine the real cost and viability of implementation. The most important watchpoint will be the final ruling on the legality of Trump's IEEPA-based tariffs.

This report was published by TAG's Geopolitical Risk Practice on August 1 with contributions from the firm's Australia, China, India, Japan, South Korea, and Southeast Asia Teams. The section on the Philippines was updated on August 5 to more clearly reflect the language of the Trump administration's Executive Order.

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