



US Trade Crossroads

August 2025

Our vision

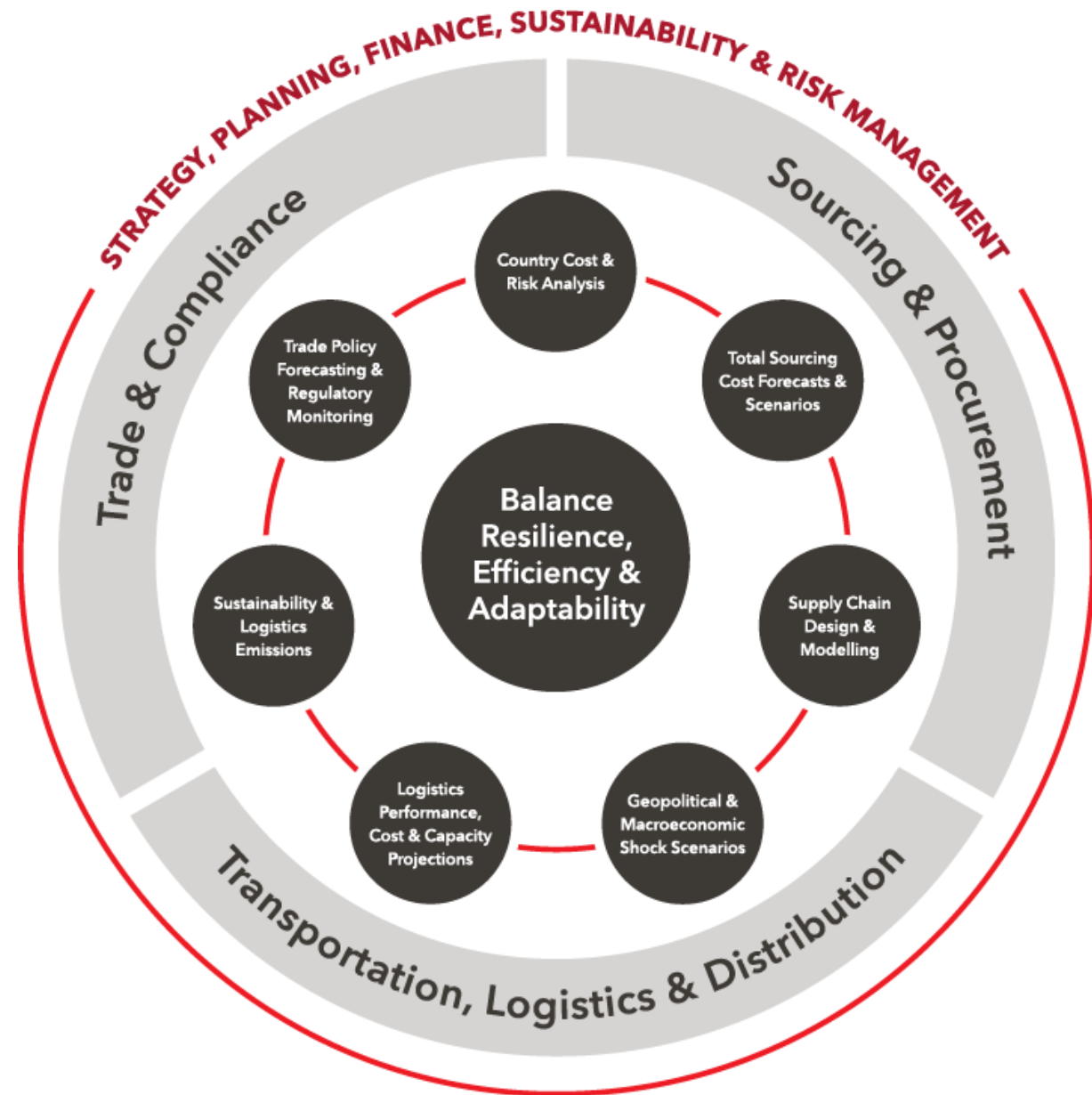
Help clients build more efficient, resilient and sustainable supply chains

.... focusing on geopolitical, regulatory, economic and operational disruptors

... through advisory engagements and insights

Our service lines

Bringing together actionable insights in service of global supply chains



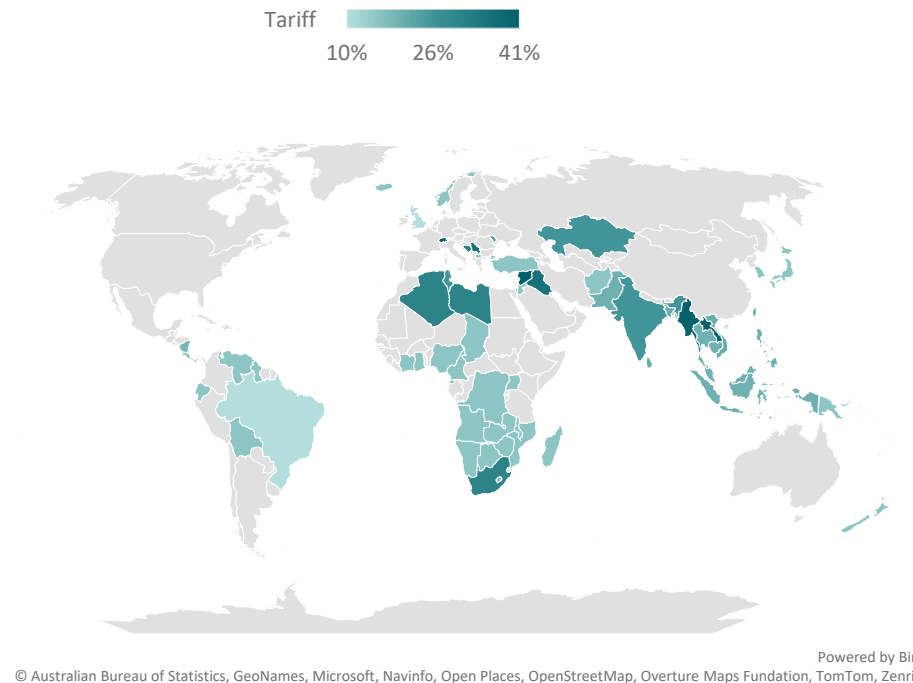
New tariff rates bring some clarity but little certainty

Transshipment rate implementation remains a key outstanding question for supply chains

Major developments

- 9 tariff levels
- Rates additional, excepting EU
- Transshipment adds additional 40% rate
- 8 framework deals
- De minimis exemptions removed
- Copper Section 232 implementation

Announced reciprocal tariffs



Key takeaways

- Rates to change
- EU retaliation scenarios avoided
- Transshipment questions
- Product trade pacts likely

Source: White House, Onyx

No agreements are complete

Major implementation challenges and disagreements lie ahead

	EU	Japan	South Korea	Vietnam	UK	Indonesia	Philippines	Pakistan
US imports (2024 %)	18%	5%	4%	4%	2%	1%	0%	0%
Tariff rate change	30% > 15%	25% > 15%	25% > 15%	46% > 20%	10% > 10%	32% > 19%	20% > 19%	29% > 19%
US product concessions	Auto, semis, aero, critical minerals, etc.	Auto	Auto, semi, pharma	NA	Auto, aero, metals	NA	NA	NA
Investment	\$600 bn	\$550 bn	\$150 bn ship building; \$200 bn tech	NA	NA	NA	NA	NA
Purchases	\$750 bn US energy in three years	Planes, energy, defense, ag.	\$100 billion energy	Helicopters	Ethanol, ag.	NA	NA	NA
Econ security provision	Strategic 0% for 0%; AI chips; metals	Strategic investment	Strategic investment	Trans-shipment rate - 40%	Steel, investment, export controls, ICT	Rules-of-origin; steel; export controls	Trans-shipment rate - 40%	US investment in Pakistan

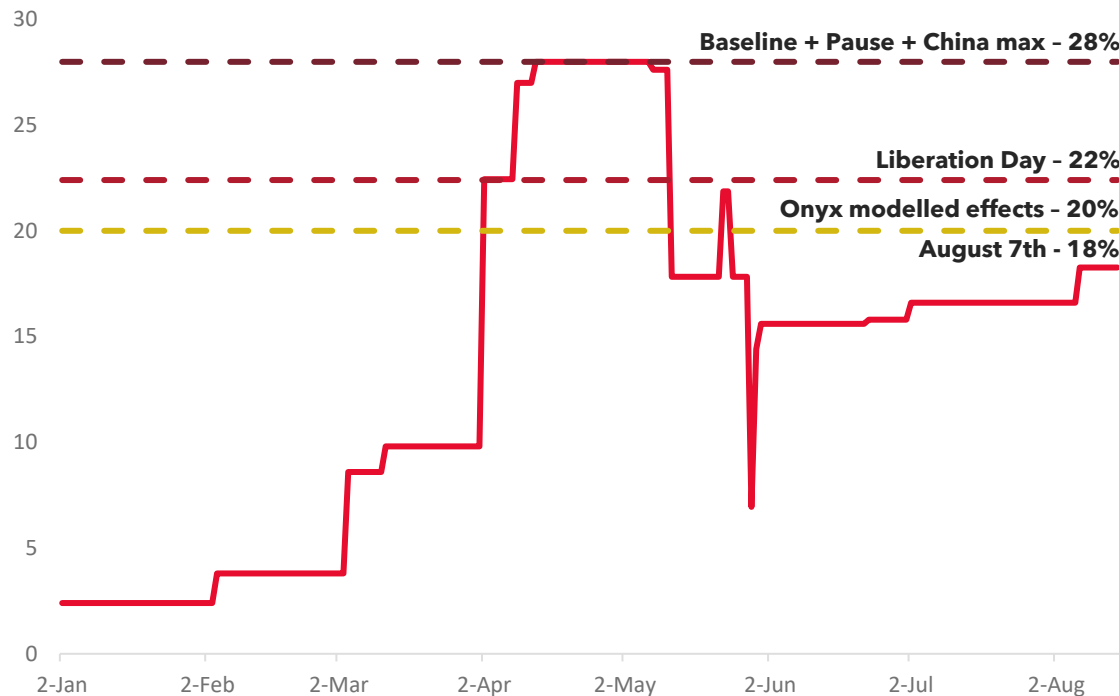
Source: Onyx

Tariff rates increased some, but remain well below Liberation Day

If we take that as a rough ceiling for Trump - his room to maneuver with key countries is very limited

Average effective tariff rate

% , based on 2024 imports



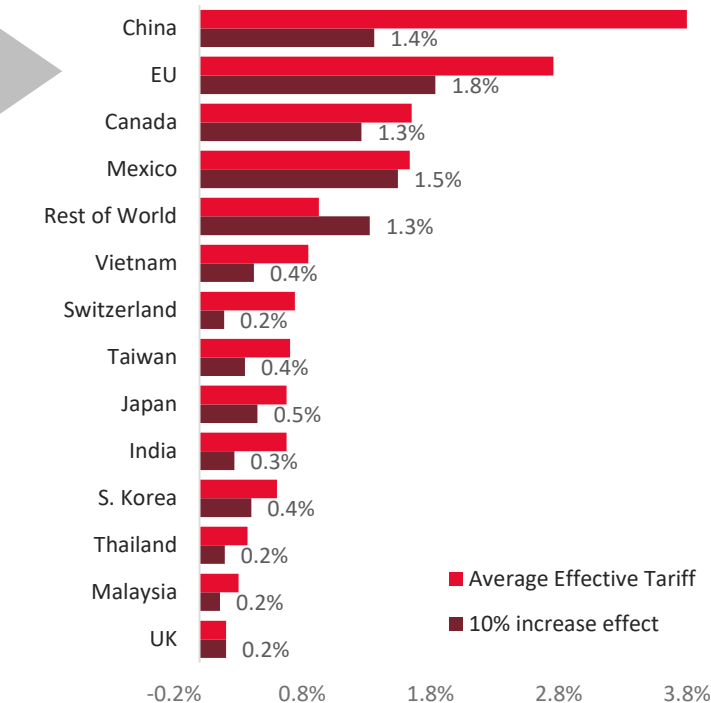
A 10% increase on CH, EU, CA, or MX is 7-9x more impactful than the UK

The Aug 7th gap is ~ 1.73%

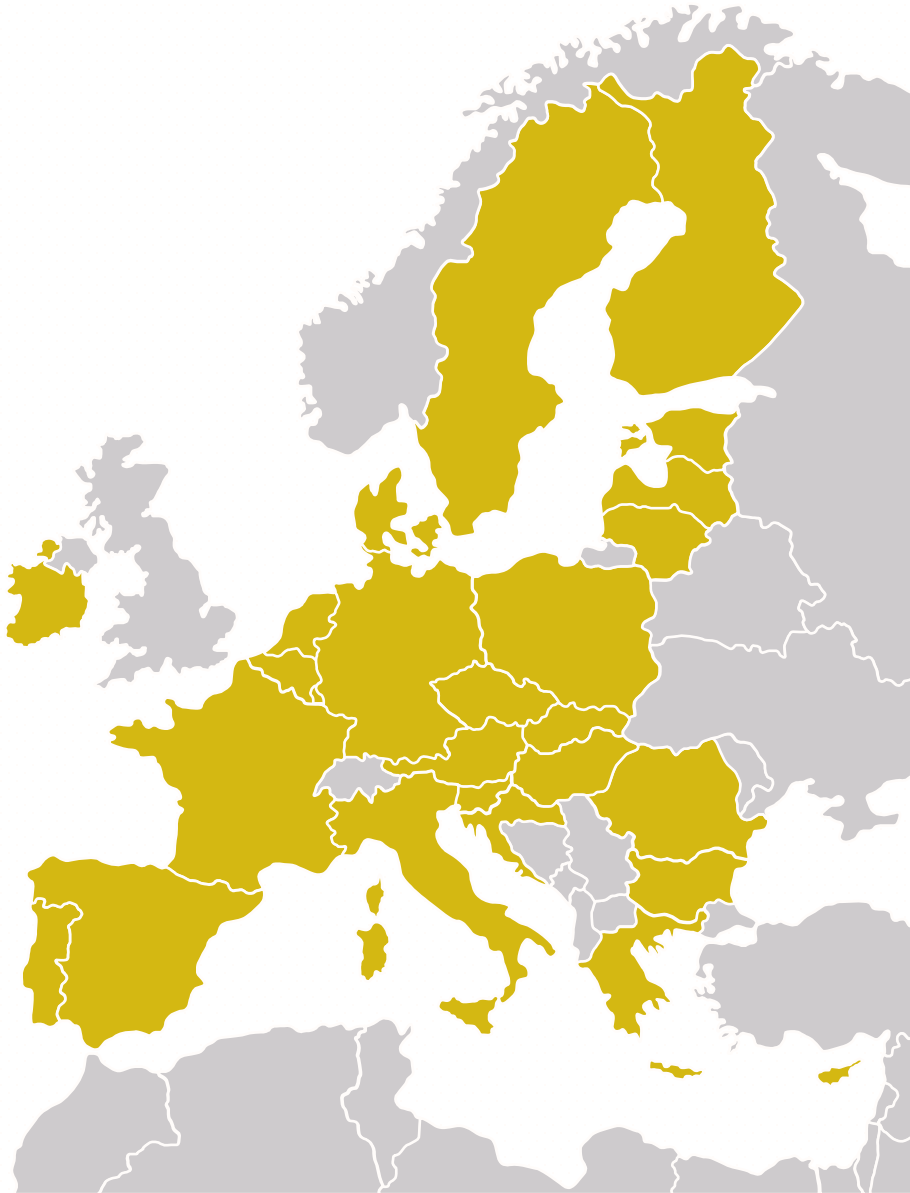
Scenario of +10% on China and +15% on India place the US over the threshold

Contribution by largest US import partners

% , based on 2024 imports



Source: Yale Budget Lab, Trademap, Onyx



European Union-US Outlook

1

All-out trade war avoided, but retaliation threat remains

2

Europe faces economic and political reckoning

3

Trump will struggle to finalize this agreement



China-US Outlook

- | | |
|---|--|
| 1 | A limited agreement remains possible to maintain strategic pause |
| 2 | US efforts to de-escalate are undermined by contradictory policies |
| 3 | Escalation remains the base-case, but direct trade escalation is high risk |



USMCA Outlook

1

Trade dependence makes USMCA crucial to US industrial base

2

US focus on China, India, and concluding agreements to continue

3

Steady pressure to continue in the meantime



India-US Outlook

1

Trump using tariffs as a wedge for India-Russia

2





















India likely resilient to pressure in the short term

3

Escalation complicates outlook for manufacturing base, sourcing

Which strategies are more/less likely to be successful?

Low broad-based tariffs plus higher, targeted rates for economic/national security reasons

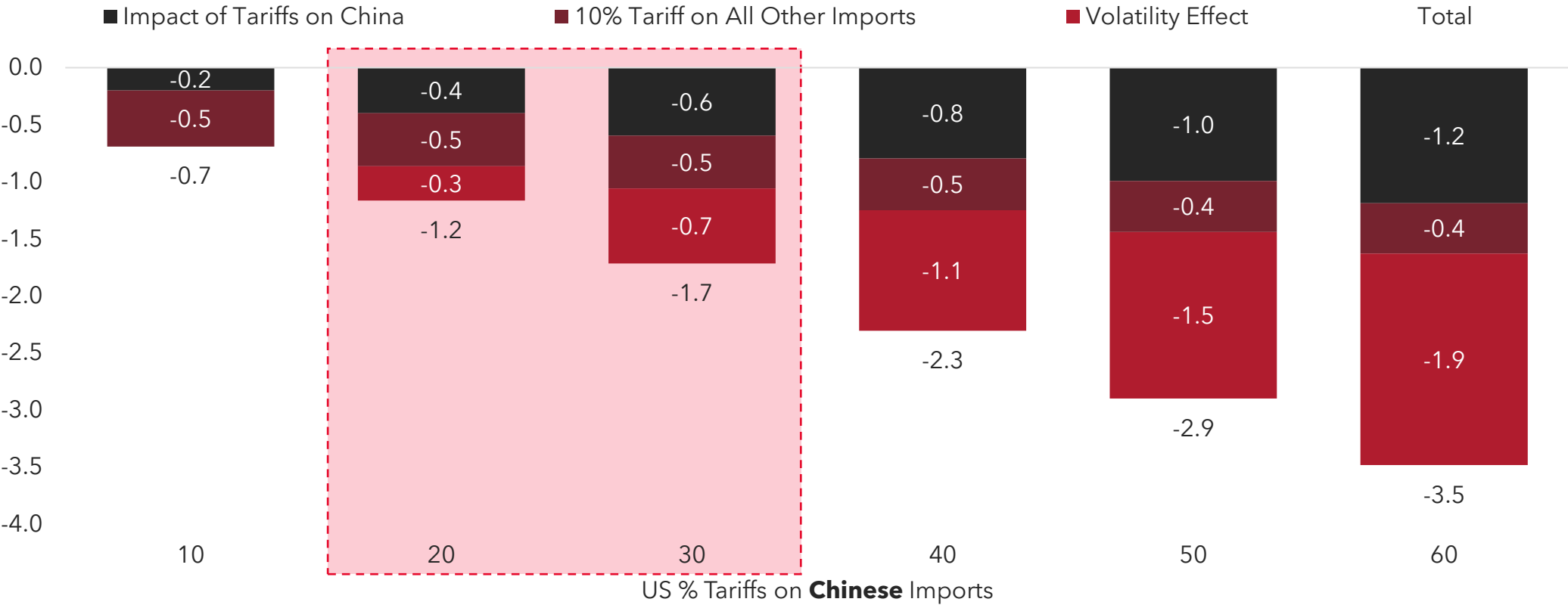
Relative effectiveness of policy options					
Policy Options	US Stated Goals				
	Protecting the border	Pressuring EU allies on defense spending	Strategic decoupling from China	Reshoring critical manufacturing and national security	Raising tariff revenue (net)
Baseline Universal Tariff (e.g., 10-20%)					
Sector-Specific Tariffs (High-Tech, Autos etc.)					
Intensified Tariffs on China (e.g., 40-60%+)					
"Reciprocal" Tariffs (matching partner rates)					

Source: Onyx

Higher tariffs risks global recession

Tariff policy impact on US GDP: -0.5 ppt in 2025 and about -0.5 to -1.0 ppt in 2026

US GDP: IMPACT IN FIRST FULL YEAR OF IMPLEMENTATION
PERCENTAGE POINT DIFFERENCE FROM BASELINE GROWTH



Source: Onyx

Macro musings

Impact of tariffs on the US economy

Key topics

1. Macro impact is **"stagflationary"**
2. Sector-level impacts will hit **tariff-exposed sectors** like consumer electronics, autos/parts, furniture, apparel & footwear, industrial metals
3. **Paradox for US industries** - upstream vs. downstream
4. US exports **likely to be harmed**, partly depends on level of retaliation
5. **Fiscal impact** - \$2T in new revenue over 10 years, but at what cost?
6. **Winners and losers**: Mexico/ASEAN vs. China/India

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