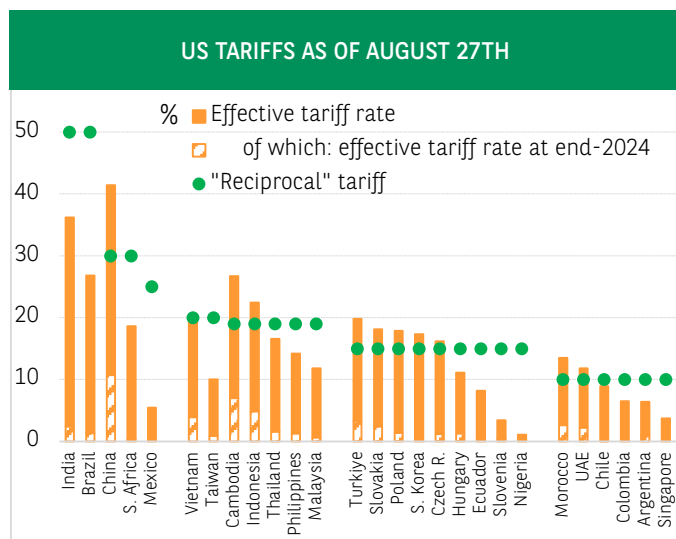
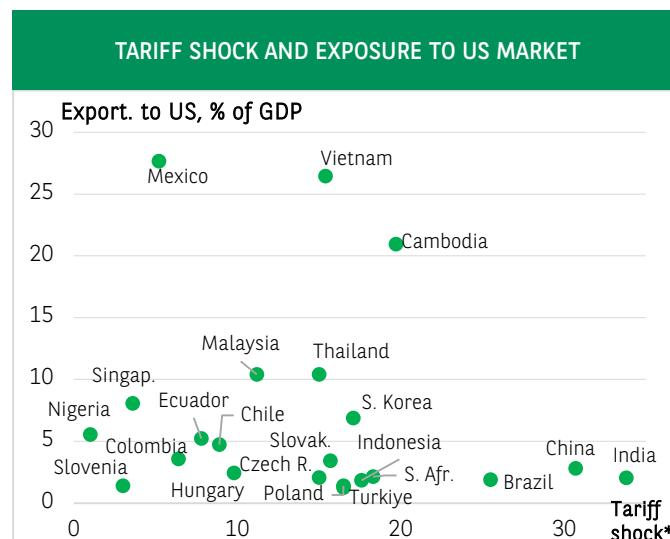


US tariffs in emerging countries: is the picture clearer now?



SOURCE: FITCH, BNP PARIBAS



SOURCE: FITCH, IMF, BNP PARIBAS

On August 1, the United States published an updated list of its "reciprocal" tariffs. While this new version provides some clarity, it does not offer a long-lasting explanation of the Trump administration's protectionist policy. In the short term, it changes the game for certain countries, particularly India and China.

The apparent logic of the new tariff schedule

For countries having a trade deficit with the United States, the 10% floor rate introduced on April 2 remains in place. Therefore, there is no change for most countries in Latin America, Africa, and the Middle East, or for Singapore. Brazil is a major exception with a 50% tariff – a punitive tax motivated by political reasons.

For countries having a trade surplus with the United States, reciprocal tariffs now range from 15% to 50%. A 15% tax is applied to countries that either have reached a compromise with the United States (such as the European Union and South Korea) or have a limited bilateral trade surplus and/or have at least begun discussions with Washington. These include various countries such as Turkey, Ecuador, Nigeria, and African textile-exporting countries such as Madagascar.

Asian countries posting large trade surpluses with the US were among those most affected by the announcements on "Liberation Day" on April 2. Most have begun negotiations, and agreements with Vietnam, Indonesia, and the Philippines have been announced. The new reciprocal tariffs remain high, set at 19% or 20% for Taiwan (vs. 32% announced in April) and ASEAN countries (vs. 46% initially planned for Vietnam and 36% for Thailand) – with the exception of Myanmar and Laos (40%).

A few special cases. For India, the new tariff is 25%, but a 25% penalty has been added since August 27, pending a possible agreement with Washington. This surcharge is officially intended to punish India for its purchases of Russian oil. South Africa has also failed to reach an agreement, and its 30% tariff is maintained. Finally, for China (current tariff of 30%) and Mexico (25%, applied to goods traded outside the USMCA), the truce will last another 90 days, allowing negotiations to continue.

All uncertainties regarding the evolution of tariffs are far from being resolved. First, discussions between Washington and Beijing, as well as negotiations to finalize all bilateral trade agreements, are ongoing. Reversals by the Trump administration are also possible for political or legal reasons (for instance if the US Supreme Court invalidates the tariffs justified by the IEEPA). Secondly, the implementation of tariffs on goods originating in China but transiting through third countries (a 40% surcharge is planned) remains highly uncertain and complex (how can “transshipped” goods be identified?). Finally, Washington continues to modify sectoral taxes¹. The average effective tariff rates applied to each country are therefore likely to continue to evolve.

The hierarchy of the main winners and losers has changed

The Mexican and Asian economies presently remain the most vulnerable to the tariff shock², due to their heavy dependence on exports, their exposure to the US market, and the relatively large increase in their effective tariff rates.

However, the picture of the big winners and losers of US protectionist policy has changed (temporarily?). Brazil, first of all, has suffered a much harder tariff shock than expected; however, it should benefit from numerous sectoral exemptions and continue to increase its exports to China to offset losses in the US. Meanwhile, India will be the new big loser if the 50% tariff is maintained (the pharmaceutical and electronics sectors are currently exempt). Its exports to the US account for only 2% of GDP, but the impact on its economic growth prospects will be exacerbated by the repercussions of the new tariffs on foreign direct investment flows – whereas India was considered well positioned to benefit from the reorganization of production chains.

Finally, China could emerge as the winner from the latest tariff decisions. The relative price competitiveness of its exports should improve with the new increase imposed on neighbouring countries (the average effective tariff rate for ASEAN-5 rose from 2.5% at the end of 2024 to 11% in June and 17% at the end of August). In addition, the additional tariff on Chinese goods transiting through third countries could call into question strategies aimed at diversifying value chains in the region.

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¹ For example, the 50% tax on steel and aluminum has just been extended to derivative products, the list of which will be reviewed three times a year; the 50% tax on copper was introduced on August 1 but does not ultimately apply to refined metal; the pharmaceutical sector and semiconductors, which have been spared until now, are threatened with tariffs of at least 25%, with exemptions; sectoral tariffs are expected to be capped at 15% for the EU but could be structured differently in other agreements.

² See [EcoPerspectives-Emerging Economies, June 2025: Tariff shock: what effects on global trade and what consequences for emerging countries?](#)



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