

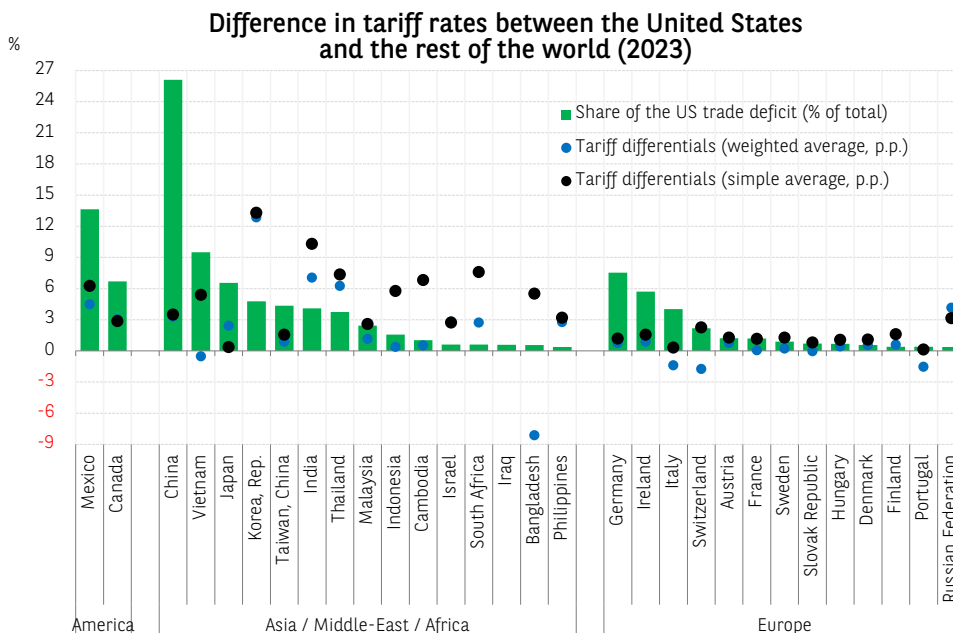
CHART OF THE WEEK



20 February 2025

IS THE UNITED STATES SO DISADVANTAGED IN TERMS OF CUSTOMS DUTY?

Guillaume Derrien



Note: a marker in the positive zone indicates that the third country imposes higher customs duties than what the United States imposes on it.

Source: WITS, BNP Paribas.

To reduce the United States' bilateral trade deficits, a subject already raised in a previous Chart of the week¹, the Trump administration has broadened its angle of attack, by attacking the differences in customs duties between the country and its trading partners. The introduction of reciprocal tariffs, still under study, would be specified at the beginning of April. At first glance, that is with a simple average of tariffs (black marker), and therefore unweighted of trade, Asian countries – South Korea, China, India, Thailand and Vietnam – could be among the main countries targeted, as they combine high tariff differentials and trade surpluses with the United States. Despite the North American free trade agreement (USMCA), which exempts much but not all traded goods from tariffs, Mexico and Canada also have a positive tariff differential. Germany and Ireland were also singled out, although the average difference between tariffs is moderate (an average that nevertheless masks sectoral differences, notably on trade in chemicals and dairy products in the case of Ireland, and in the automotive and aeronautics sectors in the case of Germany).

The weighted measure (blue marker) offers, in some cases, a different vision of the balance of power. The situation changes especially with regard to emerging countries: firstly Vietnam where the differential goes from largely positive on the unweighted measure (+5.4 p.p.) to negative on the weighted measure (-0.5 p.p.). The gap also narrowed significantly in the case of Indonesia (from +5.8 p.p. to 0.4 p.p.), and to a lesser extent in the case of India and Mexico.

How can these differences be explained? Some countries impose higher tariffs on certain goods, especially manufactured products, in order to protect the development of their industries, for example. However, these goods make up only a small part of their imports, while they import more intermediate products or raw materials that are less taxed when they arrive in the country², which also benefits the United States.

The situation is different for developed countries, which trade relatively more final products with the United States, and often in similar segments, resulting in smaller differences between simple and weighted tariffs. Japan and Korea are in fact more exposed in both cases, but for many other countries, notably the euro area countries and the United Kingdom, the differences are quite small, and sometimes even negative. All this obviously does not presage the future decisions of the Trump administration, and a hardening of the trade war leaves little room for doubt. Nevertheless, the situation described by the American President, which would be that of outrageously unfair competition, appears much more nuanced when we take into account the structure of trade.

¹ See BNP Paribas Charts of the Week, [US Tariff Offensive: A \(Non-Exhaustive\) Risk Map](#), 12 February 2025.

² If we take the example of Vietnam, and more specifically imports of electrical equipment and machinery, which in 2023 accounted for a quarter of total imports from the United States, the unweighted average for tariffs amounted to 7.1% in 2023, but the weighted average was only 0.6%. Indeed, a very large part of these imports are integrated circuits for which no customs duties applied (Source: WITS).

guillaume.a.derrien@bnpparibas.com

ECONOMIC RESEARCH



BNP PARIBAS

The bank
for a changing
world

ECOINSIGHT

Structural or thematic topics.

ECOPERSPECTIVES

Analyses and forecasts with a focus on developed and emerging economies.

ECOFASH

Data releases, major economic events.

ECOWEEK

Recent economic and policy developments, data comments, economic calendar, forecasts.

ECOPULSE

Easy-to-read monthly overview of inflation dynamics.

ECOCHARTS

Monthly barometer of key economic indicators of the main OECD countries.

ECOTV

What is the key event of the month?
You will find the answer in our economy broadcast.

MACROWAVES

Our economic podcast.

HOW TO RECEIVE OUR PUBLICATIONS

SUBSCRIBE ON OUR WEBSITE
see the [Economic Research website](#)

&

FOLLOW US ON LINKEDIN
see the [Economic Research linkedin page](#)

OR TWITTER
see the [Economic Research Twitter page](#)

The information and opinions contained in this document have been obtained from, or are based on, public sources believed to be reliable, but there is no guarantee of the accuracy, completeness or fitness for any particular purpose of such information and such information may not have been independently verified by BNPP or by any person. None of BNPP, any of its subsidiary undertakings or affiliates or its members, directors, officers, agents or employees accepts any responsibility or liability whatsoever or makes any representation or warranty, express or implied, as to the accuracy and completeness of the information or any opinions based thereon and contained in this document and it should not be relied upon as such. This document does not constitute research, as defined under MIFID II, or form any part of any offer to sell or issue and is not a solicitation of any offer to purchase any financial instrument, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on, in connection with any contract or investment decision. Information and opinions contained in this document are published for the information of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient, are subject to change without notice. In providing this document, BNPP does not offer investment, financial, legal, tax or any other type of advice to, nor has any fiduciary duties towards, recipients. Any reference to past performance is not indicative of future performance, which may be better or worse than prior results. Any hypothetical, past performance simulations are the result of estimates made by BNPP, as of a given moment, on the basis of parameters, market conditions, and historical data selected by BNPP, and should not be used as guidance, in any way, of future performance. To the fullest extent permitted by law, no BNPP group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this document even when advised of the possibility of such losses. All estimates and opinions included in this document are made as of the date of this document. Unless otherwise indicated in this document there is no intention to update this document. BNPP may make a market in, or may, as principal or agent, buy or sell securities of any issuer or person mentioned in this document or derivatives thereon. Prices, yields and other similar information included in this document are included for information purposes however numerous factors will affect market pricing at any particular time, such information may be subject to rapid change and there is no certainty that transactions could be executed at any specified price. BNPP may have a financial interest in any issuer or person mentioned in this document, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon, or vice versa. BNPP, including its officers and employees may serve or have served as an officer, director or in an advisory capacity for any person mentioned in this document. BNPP may, from time to time, solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) within the last 12 months for any person referred to in this document. BNPP may be a party to an agreement with any person relating to the production of this document. BNPP may to the extent permitted by law, have acted upon or used the information contained herein or in the document, or the analysis on which it was based, before the document was published. BNPP may receive or intend to seek compensation for investment banking services in the next three months from or in relation to any person mentioned in this document. Any person mentioned in this document may have been provided with relevant sections of this document prior to its publication in order to verify its factual accuracy.

This document was produced by a BNPP group company. This document is for the use of intended recipients and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without the prior written consent of BNPP. By accepting or accessing this document you agree to this.

BNP Paribas is a société anonyme incorporated in France, licensed and supervised as a credit institution by the European Central Bank (ECB) and as an investment services provider by the Autorité de contrôle prudentiel et de résolution (ACPR) and Autorité des marchés financiers (AMF), and having its registered office at 16, boulevard des Italiens, 75009 Paris, France. Some or all of the information contained in this document may already have been published on <https://globalmarkets.bnpparibas.com>.

For country-specific disclaimers (United States, Canada, United Kingdom, Germany, Belgium, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, Brazil, Turkey, Israel, Bahrain, South Africa, Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand, Vietnam) please type the following URL to access the applicable legal notices: https://globalmarkets.bnpparibas.com/gm/home/Markets_360_Country_Specific_Notices.pdf

© BNP Paribas (2025). All rights reserved.

Subscribe to our publications:
ECONOMIC RESEARCH



Published by BNP PARIBAS Economic Research
Head office: 16 boulevard des Italiens – 75009 Paris France / Phone : +33 (0) 1.42.98.12.34
Internet: www.group.bnpparibas - www.economic-research.bnpparibas.com
Head of publication : Jean Lemierre / Chief editor: Isabelle Mateos y Lago



BNP PARIBAS

The bank
for a changing
world