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Global Markets React to Trump’s New Tariff Strategy

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The administration of U.S. President Donald Trump has introduced a broad set of new tariffs on nearly 70 countries, scheduled to take effect on August 7. The measures initially planned for August 1 aim to strengthen U.S. manufacturing by discouraging imports and encouraging domestic production. The tariffs vary by country, ranging from 15 percent to as high as 39 percent, prompting varied responses from governments and markets around the world.

In China, officials have warned that protectionist policies risk damaging global trade. “There is no winner in a tariff war or trade war,” said Foreign Ministry spokesman Guo Jiakun, reaffirming Beijing’s opposition to the measures. A 30 percent combined tariff on Chinese goods is expected after a short pause agreed between the two countries.

Taiwan’s President William Lai Ching-te described the 20 percent tariff imposed on the island as “temporary,” suggesting reductions are possible if an agreement is reached. Originally facing a 32 percent rate, Taiwan also avoided additional duties on its crucial semiconductor exports.

Japan negotiated a 15 percent tariff down from a proposed 25 percent set to start August 7. Prime Minister Shigeru Ishiba said Japan expects further action from Washington to reduce tariffs on auto parts. However, the Bank of Japan reported that exporters, particularly automakers, are absorbing increased costs, resulting in reduced profitability and a 20 percent drop in export prices.

Southeast Asian nations saw mixed outcomes. Malaysia welcomed its reduced rate, saying it preserved key export categories. Thailand’s finance minister said the drop from 36 to 19 percent would aid economic stability and investor confidence. Cambodia also benefited, with tariffs on its garment exports reduced to 19 percent, a critical boost for an industry employing around a million workers.

The European Union (EU) secured a 15 percent tariff cap following a framework agreement with the U.S. Trade Commissioner, Maros Sefcovic, who said this fostered business confidence and transatlantic stability. In contrast, Switzerland faced a sharp 39 percent rate, surprising for a country considered cooperative, despite its significant investments in the U.S., particularly from pharmaceutical companies like Roche and Novartis.

Several South Asian countries negotiated favorable outcomes. Sri Lanka secured a reduced 20 percent tariff, down from 44 percent. Bangladesh also won a cut to 20 percent, hailed as a “diplomatic victory” by interim leader Muhammad Yunus. Pakistan reached a 19 percent rate, with its finance ministry emphasizing future collaboration with the U.S. in energy, technology, and mining.

India was issued a 25 percent tariff, slightly below earlier threats, and warned of an unspecified “penalty” over its ties with Russia. New Delhi said it was evaluating the impact, stressing its commitment to protecting small businesses and farmers.

In Africa, South African President Cyril Ramaphosa announced negotiations to avoid a 30 percent tariff, highlighting concerns over potential job losses. Talks with the U.S. are ongoing.

Canada, however, was hit immediately with a tariff increase from 25 to 35 percent. President Trump cited Canada's planned recognition of a Palestinian state and its limited cooperation on halting fentanyl trafficking as reasons. Prime Minister Mark Carney called the decision "disappointing" and defended Canada's drug enforcement and border security efforts. Items covered under the United States-Mexico-Canada Agreement (USMCA) will remain exempt.

While reactions vary by country, Trump's tariffs signal a clear return to aggressive trade leverage as a tool of foreign policy and economic strategy. With implementation now less than a week away, global markets are adjusting to a new era of U.S. trade dynamics.