

Impact of US Trade Policy on Global Trade Structure: Opportunities for Ukraine

Veronika Movchan



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Author

Veronika Movchan, Research Director at the Institute for Economic Research and Policy Consulting

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wul. Akademika Bohomoltsia 5, Office 1, 01024 Kyiv, Ukraine
Telephone: +380444927443
<https://www.kas.de/en/web/ukraine>



© 2025 Centre for International Security
Borodina Inzhenera Street, 5-A, 02092 Kyiv, Ukraine
Telephone: +380999833140
<https://intsecurity.org/>



© 2025 Institute for Economic Research and Policy Consulting
5-A Reytarska str., 01054 Kyiv, Ukraine
Telephone: +380442786342
<http://ier.com.ua>

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Introduction

The Trump administration has fundamentally changed US trade policy, posing an unprecedented challenge to the global trading system. In addition to high additional tariffs on specific categories of goods, such as steel, and the trade war with China, which continued the policy from his first term, Donald Trump announced the introduction of additional tariffs for virtually all trading partners with particularly high rates for countries that have a trade deficit in goods with the US.

As a way to avoid ultra-high tariffs, the US offered trading partners to conclude trade agreements that would allow mitigating, but not eliminating, the significant and asymmetric deterioration of access to the American market. As of mid-August 2025, the US had agreements with twelve partners, including framework agreements with the European Union (EU), the United Kingdom, Japan, and South Korea, as well as temporary agreements with China.

However, these agreements did not fully eliminate uncertainty regarding future access to the US market. Moreover, the final parameters of US access to the markets of these countries remain uncertain, as well as decisions on trade policy that countries will adopt to stimulate or restrain the reorientation of trade flows through partial closure of the world's largest market by capacity.

This paper analyzes the main changes in US trade policy, the response of partner countries, as well as the impact of these changes on both global trade and Ukraine.

New Trade Policy of Trump Administration

Over seven months, the Trump administration has made significant changes to US trade policy. A series of additional import tariffs were imposed, which operate simultaneously with most favored nation (MFN) tariffs.

Formally, the introduction of these additional tariffs is explained by the need to protect national security, and their introduction was accompanied by the declaration of a national economic emergency. The abuse of this argument to promote protectionism has always been a potential weak link in World Trade Organization (WTO) rules, and now this threat seems to be materializing.

Although it should be noted that President Trump's right to impose additional tariffs under the pretext of a national economic emergency is currently being challenged in courts. On August 29, The U.S. Court of Appeals for the Federal Circuit ruled that Trump does not have such a right. This decision largely upheld the May ruling of the specialized federal trade court in New York. But the Court of Appeals did not cancel the tariffs immediately. The [decision](#) to cancel comes into effect on October 14, 2025, giving the Trump administration sufficient time to appeal to the Supreme Court.

As of the end of August 2025, the review of the US market access regime is far from complete, although the pace of change has slowed somewhat. The new additional tariffs imposed during February-August 2025 can be conditionally classified into one of three broad categories:

- ▶ **"Sanction" tariffs:** these are tariffs whose official motives are to encourage international US partners to take certain actions or punishment for inaction.
- ▶ **Sectoral tariffs:** these are tariffs designed to protect certain sectors from imports that, according to the US administration's assessment, pose a threat to national security.
- ▶ **Reciprocal tariffs:** these are tariffs imposed primarily as a measure to level the US goods trade deficit, which led to a national economic emergency.

The chronology and key aspects of changes for each category of additional tariffs are presented below in this section, while the following section is devoted to partners' reactions, particularly new trade agreements with the United States.

"Sanction" Tariffs

The category of "sanction" tariffs includes tariffs officially imposed as a response to US concerns about illegal trafficking of synthetic drugs, particularly fentanyl, inadequate migration control measures, violations of rule of law principles, and purchases of Russian oil.

Table 1. The US "Sanction" [Tariffs](#): Chronology of Key Decisions as of August 21, 2025

Announcement	Effective Date	Description
February 10	March 12	Additional 25% protective tariffs on steel products. Restoration of 25% protective tariffs on steel and steel products for Argentina, Australia, Brazil, Canada, EU, Japan, Mexico, South Korea, Ukraine, and the United Kingdom.
February 11	March 12	Increase of additional import tariffs on aluminum and aluminum products from 10% to 25%. For Russia, the tariff remains at 200% (in effect since 2023). At the same time, import tariffs on aluminum products using intermediate materials of Russian origin were imposed at 200%. Restoration of 25% protective tariffs on aluminum and aluminum products for Argentina, Australia, Canada, EU, Mexico, and the United Kingdom.
March 26	April 3	Introduction of 25% tariffs on passenger cars and light trucks.
March 26	May 3	Introduction of 25% tariffs on automobile spare parts.
April 4	April 4	Expansion of the list of aluminum products subject to additional 25% tariffs. Beer and empty aluminum cans were added to the list.
June 3	June 4	Increase of additional import tariffs on steel, aluminum, and products thereof from 25% to 50% for all countries. For the United Kingdom, the additional tariff remains 25% in accordance with the agreement (see below).

Announcement	Effective Date	Description
June 12	June 23	Expansion of the list of steel products subject to additional tariffs.

As of August 21, "sanction" tariffs were imposed on imports from Canada, Mexico, China, Brazil, and India. Thus, the list of countries subject to such tariffs is quite narrow.

In the case of Canada and Mexico, the imposed additional tariffs were subsequently mitigated for goods covered by USMCA, and additional tariffs on China were reduced under the temporary agreement between the US and China (see review of these agreements below).

Sectoral Tariffs

"Sectoral" tariffs include those imposed to stimulate domestic production and investment, including the relocation (return) of production to the United States, which the current US administration views as a national security issue. The introduction of additional sectoral tariffs occurs in accordance with Section 232 of the Trade Expansion [Act](#) of 1962.

Table 2. US Sectoral [Tariffs](#): Chronology of Key Decisions as of August 21, 2025

Announcement	Effective Date	Description
February 10	March 12	Additional 25% protective tariffs on steel products. Restoration of 25% protective tariffs on steel and steel products for Argentina, Australia, Brazil, Canada, EU, Japan, Mexico, South Korea, Ukraine, and the United Kingdom.
February 11	March 12	Increase of additional import tariffs on aluminum and aluminum products from 10% to 25%. For Russia, the tariff remains at 200% (in effect since 2023). At the same time, import tariffs on aluminum products using intermediate materials of Russian origin were imposed at 200%. Restoration of 25% protective tariffs on aluminum and aluminum products for Argentina, Australia, Canada, EU, Mexico, and the United Kingdom.
March 26	April 3	Introduction of 25% tariffs on passenger cars and light trucks.

Announcement	Effective Date	Description
March 26	May 3	Introduction of 25% tariffs on automobile spare parts.
April 4	April 4	Expansion of the list of aluminum products subject to additional 25% tariffs. Beer and empty aluminum cans were added to the list.
June 3	June 4	Increase of additional import tariffs on steel, aluminum, and products thereof from 25% to 50% for all countries. For the United Kingdom, the additional tariff remains 25% in accordance with the agreement (see below).
June 12	June 23	Expansion of the list of steel products subject to additional tariffs.
July 30	August 1	Additional 50% tariffs on imports of copper semi-finished products, such as copper pipes, wires, rods, sheets and tubes, and copper-containing derivative products, such as pipeline fittings, cables, connectors, and electrical components.
August 16	August 18	Expansion of the list of goods subject to additional tariffs on steel, aluminum, and products thereof.

As of mid-August, the US has imposed additional sectoral tariffs on steel, aluminum and products thereof, passenger cars and light trucks and parts for them, as well as copper products. The introduction of tariffs on a number of other goods is expected, including semiconductors, pharmaceutical products, lumber, and furniture. These investigations have already been announced, but decisions have not yet been made. Such tariffs may likely be imposed on other goods in the future.

A characteristic feature of the application of new tariffs has been the lack of certainty regarding both their coverage and final tariff rates. For example, the lists of steel and aluminum products subject to protective tariffs were revised twice after their introduction in February 2025. The rates on these goods doubled compared to the initial ones.

Unlike "sanction" tariffs, which apply to clearly defined countries, sectoral tariffs are mostly applied to all importing countries, although with certain exceptions. For example, under the agreement between the US and the United Kingdom, the import tariff rate on steel, aluminum, and products thereof remained at 25%, rather than being increased to

50%, as happened for other US partners. The EU agreed on an exemption for automobile imports and expected tariffs on pharmaceuticals and lumber.

Another exception is imports of aluminum or aluminum products of Russian origin. Such imports have been subject to a 200% rate for several years, and this rate was not revised in February-August 2025.

Reciprocal Tariffs

The US imposition of "reciprocal" tariffs became the biggest challenge to global trade, as these tariffs affect all US trading partners, with few exceptions. It was the threat of introducing and gradually increasing these tariffs that prompted the conclusion of new, asymmetric trade agreements, which are discussed below.

Table 3. US Reciprocal [Tariffs](#): Chronology of Key Decisions as of August 21, 2025

Announcement	Effective Date	Description
April 2	April 5	Introduction of additional import reciprocal tariffs at 10% for all countries, except Canada, Mexico, and countries subject to special regimes (Russia, North Korea, Cuba, Belarus). There are also exceptions by product coverage, including reciprocal tariffs do not apply to goods covered by Section 232, as well as ingots, energy materials, and certain minerals.
April 2	April 8, postponed to July 9, then to July 31, imposed August 7	Introduction of increased differentiated additional import reciprocal tariffs for 57 countries, unless a separate agreement is concluded with the US.
April 8	April 9	Introduction of additional import reciprocal tariffs for China increased from 34% to 84%, new taxation rates for low-value packages introduced.
April 10	April 10	Introduction of additional import reciprocal tariffs for China increased to 125%, new taxation rates for low-value supplies imposed.
April 11	April 5	Certain electronic goods excluded from the list of goods subject to reciprocal tariffs. The decision applies retroactively from April 5.

The main parameters of reciprocal tariffs, namely the existence of a base rate of 10% for all countries, with few exceptions, and an increased rate for countries with which the US has a goods trade deficit, were presented as early as April 2. However, the main issue for the next four months was the size of this increased rate.

According to [information](#) collected by Global Trade Alert, initially the list of countries and territories subject to the increased rate included 84 entries*, of which 27 are EU member countries.

** Algeria, Angola, Austria, Bangladesh, Belgium, Bosnia and Herzegovina, Botswana, Brunei, Bulgaria, Cambodia, Cameroon, Chad, China, Côte d'Ivoire, Croatia, Cyprus, Czech Republic, Democratic Republic of Congo, Denmark, Equatorial Guinea, Estonia, Falkland Islands, Fiji, Finland, France, Germany, Greece, Greenland, Guyana, Hungary, India, Indonesia, Iraq, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Laos, Latvia, Lesotho, Libya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malawi, Malaysia, Malta, Mauritius, Moldova, Mozambique, Myanmar, Namibia, Nauru, Netherlands, Nicaragua, Nigeria, North Macedonia, Norway, Pakistan, Philippines, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Syria, Taiwan, Thailand, Tunisia, Vanuatu, Venezuela, Vietnam, Zambia, Zimbabwe.*

The increased rate varied from 11% for Cameroon and the Democratic Republic of Congo to 50% for Lesotho. For EU countries, the proposed rate was 20%, for Japan – 24%, for India – 26%, for Switzerland – 31%, for China – 34%, for Vietnam – 46%.

The rates that came into effect in August differ somewhat, and not only for countries that concluded framework trade agreements with the US. In the final (as of August 21) version, increased rates were applied to 91 countries and territories, including 27 EU member countries. At the same time, several countries and territories for which an increased rate was planned in April ultimately received only the 10% base additional tariff rate. This applies to China, with which the US concluded a temporary agreement, as well as Greenland and the Falkland Islands. At the same time, ten countries were added to the list of countries subject to the increased rate: Afghanistan, Bolivia, Costa Rica, Ecuador, Ghana, Iceland, New Zealand, Papua New Guinea, Turkey, and Uganda.

Compared to April, the level of increased rates changed for most countries. Although Donald Trump's rhetoric led to expectations of deterioration, in fact, most countries experienced a reduction in rates. Thus, the final rate for Lesotho was 15% instead of 50%, for Vietnam – 20% instead of 46%, for Japan – 15% instead of 24%. A special formula applies to the EU, whereby the additional tariff equals zero if the MFN tariff rate exceeds 15%, and otherwise the additional tariff is determined as the difference between 15% and the current MFN tariff rate. At the same time, for several countries, the final rate is higher than announced in April. This applies to countries added to the list in August, as well as primarily Switzerland, for which the final rate was set at 39%, which is 8% higher than announced in April.

In many cases, the revision of rates is related to the conclusion of trade agreements, which are discussed below.

Overall, the process of preparing for the introduction of additional import tariffs of all three categories followed a certain pattern:

- ▶ Announcement of investigation or research several months before announcing the actual measures;
- ▶ Notification of plans to introduce ultra-high rates to form a starting position for negotiations on terms favorable to the US;
- ▶ Threats to apply additional restrictions if the partner country resorts to response measures or is not ready for concessions;
- ▶ Narrow time frames, and therefore rapid negotiations under pressure of introducing even higher trade restrictions.

This allowed the US to slow down partner resistance and conclude new trade agreements that are very different from the classic preferential trade agreements to which the global economy has become accustomed over the past half-century.

Partner Countries Response and Agreements with the US

The reaction of various countries around the world to changes in US trade policy is varied and includes all possible options: from passive acceptance, seeking compromise and concluding new trade agreements with the US to threats of response measures and full-scale trade war. Moreover, the parties in search of a new balance include issues in negotiations that go beyond trade in goods.

Most countries of the world, primarily those for whom reciprocal tariffs initially provided a base rate, have currently chosen the path of passive observation. Ukraine belongs to this group.

A very active, though relatively short, trade war took place between the US and China (see information below). On May 12, the US and China reached temporary [agreements](#) on de-escalation, which initially lasted until August 12, 2025, and were subsequently extended for another 90 days until November 10.

Canada and the EU imposed new tariffs against the US in 2025, but the duration of these measures is uncertain. Canada, which was first to respond to additional Trump administration tariffs by introducing its own tariffs on US-origin products, announced the [cancellation](#) of some of these tariffs from September 1. The EU, after several months of preparation and consultations with stakeholders, published a [decision](#) on July 24 to impose additional tariffs on US goods under rebalancing measures. But on July 27, a framework trade [agreement](#) was concluded, and on August 6, the application of the just-imposed measures was suspended.

Several other countries announced preparations for such measures and readiness to implement them if they fail to reach agreements with the US, but there is no information about actual application of additional restrictions on the US. One possible explanation is the tactic of threatening further rapid deterioration of access to the US market in case of countermeasures.

Several trade disputes regarding the US have already been registered at the WTO. Looking in reverse order, the newest is Brazil's lawsuit. On August 11, Brazil filed an [application](#) for consultations regarding the introduction of reciprocal tariffs and the introduction of an additional 40% "sanction" tariff. This is already the second application regarding US reciprocal tariffs, the first was [registered](#) by China in April. Canada registered several applications concerning sectoral tariffs: in March regarding [tariffs](#) on steel and aluminum products and in April regarding [tariffs](#) on automobiles and parts. The EU wanted to join consultations regarding tariffs on steel and aluminum products, but the US refused. Both China and Canada also registered lawsuits regarding "sanction"

tariffs imposed by the US. China's [request](#) for consultations was filed on February 4, and Canada's [request](#) on March 4.

In all cases, the lawsuits did not progress beyond the US accepting the demand for consultations. Also, in all these lawsuits, the US made a [statement](#) that the challenged tariffs are "national security matters that are not subject to review or resolution through WTO dispute settlement". This claim makes the prospects for resolving trade disputes regarding the new US trade policy within the WTO framework illusory.

This also makes concluding new trade agreements with the US currently the only effective tool for reducing the level of uncertainty regarding current and future access to this market.

As of August 21, 2025, twelve [agreements](#) concluded by the US are known: May 8 – with the United Kingdom, May 12 – with China (temporary agreements), July 2 – with Vietnam, July 4 – with Cambodia, July 22 – with the Philippines and Indonesia, July 23 – with Japan, July 27 – with the EU, July 30 – with Pakistan, July 31 – with South Korea, August 1 – with Malaysia and Thailand.

It is important to note that the agreements reached are not formalized as international treaties; these are currently political agreements, the main details of which are known from public statements, press releases, and, in several cases, from joint framework documents. In fact, these agreements are not legally binding, and therefore a certain level of uncertainty remains regarding access to the US market for partner countries, as well as to partner country markets for goods originating from the US.

Below is a brief overview of the key announced details of agreements that the US concluded (or announced conclusion) after the beginning of President Trump's second term. The agreements are presented in alphabetical order.

Vietnam

According to Donald Trump's information, the agreement establishes a 20% tariff on most Vietnamese goods imported to the US, which is significantly less than the previously promised 46%, but several times higher than the import tariff that was in effect in 2024. At the same time, a 40% tariff will apply to "illegally transshipped" goods. In return, the US receives "full access" to the Vietnamese market.

There is currently no confirmation of the agreement from Vietnam. At the same time, in the executive order of July 31 regarding the establishment of increased reciprocal tariff rates, the tariff for Vietnam is set at 20%, which indirectly confirms the existence of agreements.

The European Union

The framework provisions of the new trade agreement between the US and EU were agreed on July 27. The main elements of the agreements, which were subsequently

confirmed in the Joint [Statement](#) on US-EU Framework Agreement on Reciprocal, Fair and Balanced Trade of August 21, 2025, include:

- ▶ US commitment to apply a maximum possible surcharge of 15% to tariffs on goods originating from EU countries. If the current MFN import tariff rate exceeds 15%, no additional tariff is applied; if less – the additional tariff is the difference between the current rate and 15%.
- ▶ US intentions to apply this regime also to automobiles and parts (currently a standard 25% rate applies to the EU) subject to EU progress in fulfilling its part of commitments to cancel import tariffs for US-origin goods, and in the future – to pharmaceuticals, semiconductors, and lumber;
- ▶ US commitment to use only the MFN rate, i.e., no additional tariffs, for a number of goods originating from the EU, such as unavailable natural resources (including cork), all aircraft and their parts, generic pharmaceuticals and their ingredients, as well as chemical precursors;
- ▶ EU intentions to cancel import tariffs on all US industrial goods and provide preferential market access for a wide range of US seafood and agricultural products, including nuts, dairy products, fresh and processed fruits and vegetables, processed food products, garden crop seeds, soybean oil, as well as pork and bison meat;
- ▶ US and EU intentions to consider applying tariff quotas to improve access of EU-origin steel and aluminum products to the US market (currently an additional 50% rate applies), work on reducing non-tariff restrictions and expanding the list of goods that will be supplied to the US market without additional tariffs;
- ▶ EU intentions to purchase \$750 billion worth of energy carriers from the US by the end of 2028, \$40 billion worth of artificial intelligence chips, and intensify arms purchases, as well as invest an additional \$600 billion in the American economy.

This is the most asymmetric trade agreement of all that the EU has ever concluded. In fact, there was a significant deterioration – compared to 2024 – in access to the US market for EU countries, while the US receives a free trade regime for industrial products, if/when the agreements are fully implemented.

Indonesia

The agreement establishes an additional tariff rate on Indonesian imports at 19%, which is lower than the previously announced 32%, but significantly higher than the rate that was in effect before. According to the US, in exchange for this, Indonesia committed to cancel 99% of tariff barriers on US industrial and agricultural products, exempt American companies from local content requirements, adopt US standards for vehicles and medical devices, and cancel restrictions on exports of critical minerals to the US.

The US government also reported that the agreement includes Indonesia's commitments regarding digital trade barriers, labor protection, including prohibition of forced labor, environmental measures against illegal fishing and logging, as well as participation in the Global Forum on Steel Excess Capacity.

Indonesia has so far only confirmed its commitment to reduce import tariffs on "various" goods and direct purchases of key American goods, such as agricultural products and energy goods. At the same time, in the executive order of July 31 regarding the establishment of increased reciprocal tariff rates, the tariff for Indonesia is set at 19%, which indirectly confirms the existence of agreements.

Cambodia

Although detailed information about trade agreements between the US and Cambodia is still lacking, both Donald Trump and the US Secretary of State for Trade spoke about the existence of an agreement. In the executive order of July 31 regarding the establishment of increased reciprocal tariff rates, the tariff for Cambodia is set at 19%, which also indirectly confirms the existence of agreements.

China

On May 12, 2025, the US and China published a "Joint Statement on the U.S.-China Economic and Trade Meeting in Geneva".

The statement noted the temporary suspension until August 12, 2025, of additional tariffs mutually imposed since April 2025. In particular, the US agreed to reduce reciprocal tariffs for China from 125% to 10%, as well as reduce tariffs on imports of low-value goods. In turn, China agreed to reduce tariffs it imposed in response to US actions.

The joint [statement](#) also called on China to "take all necessary administrative measures to suspend or remove the non-tariff countermeasures taken against the United States since April 2, 2025".

During May and June, China temporarily suspended the blacklist of several American companies, granted export licenses for rare earth products and, reportedly, allowed national airlines to resume Boeing purchases.

After the meeting in Stockholm, temporary trade agreements were extended for another 90 days, until November 10. In addition to maintaining previous measures, the Chinese government removed some American companies from its export control and unreliable entities lists. Negotiations continue.

Malaysia

The agreement with Malaysia provides for the application of reciprocal tariffs at 19%, which is less than the previously promised 25%. However, this is significantly worse than access to the US market before the introduction of these additional tariffs. There is no

information about reducing sectoral tariffs. These agreements are indirectly confirmed by the level of tariffs set for Malaysia in the executive order of July 31.

On Malaysia's part, the new agreements include reducing or canceling import tariffs on over 98% of US imports, agreeing not to impose any export restrictions on supplies of rare earth elements or critical minerals to the US, easing various non-tariff barriers, and canceling requirements for American social networks and cloud service providers to contribute to the state fund.

In addition, Malaysia committed to purchase semiconductors, data centers, and aircraft from the US worth \$150 billion over the next five years. There are also commitments regarding purchases of liquefied gas and telecommunications products. The agreement also includes cross-border Malaysian investments to the US worth \$70 billion over the next 10 years.

Pakistan

According to the agreements, reciprocal tariffs for Pakistan are set at 19%, which is 10% better than the rate announced in April. The countries also agreed on oil field development. There are no other details of the agreements yet.

South Korea

The agreement with South Korea provides for the application of reciprocal tariffs at 15%, which is 10% better than previously announced plans, but significantly worse than US tariffs before the policy change. These changes were already included in Donald Trump's executive order of July 31.

The US also agreed to reduce sectoral tariffs on imports of automobiles and parts to 15%, but these changes have not yet been implemented. The US promised not to treat South Korea worse than any other country regarding potential tariffs on semiconductors and pharmaceuticals. Additional sectoral tariffs on steel, aluminum, and copper were not included in the agreement.

In turn, the South Korean government confirmed its commitment to provide the US with up to \$350 billion in investments, focusing on shipbuilding, semiconductors, nuclear energy, batteries, and biotechnology. In addition, South Korea promised to purchase \$100 billion worth of energy products from the US. No additional opening of the Korean market to American goods is reported.

The United Kingdom

In May 2025, the United Kingdom and the US announced an "Economic Prosperity [Deal](#)" that establishes mutual trade preferences between the two countries. This is the first new trade agreement concluded during Trump's second term.

The US provided duty-free access to aerospace products (instead of 10% additional tariffs), a quota for 100,000 automobiles with 10% tariffs on automotive parts and committed to introduce steel quotas and reallocate quotas for 13,000 tons of beef. The United Kingdom committed to introduce duty-free quotas of 13,000 tons for American beef, removed tariffs within the tariff quota for beef of 1,000 tons, and established a tariff quota for ethanol of 1,4 billion liters.

Implementation of the agreement began in July 2025.

Thailand

It is known about the agreement with Thailand that it exists, and that reciprocal tariffs for Thailand are set at 19% compared to the initial 36%. The existence of the agreement is indirectly confirmed by the fact that this exact tariff rate was imposed by the executive order of July 31.

The Philippines

The agreement establishes 19% reciprocal tariffs on Philippine goods, which is very close to the previously announced 20%, which is indirectly confirmed by the executive order of July 31. In return, the Philippines will cancel import tariffs on some US goods, including automobiles, and increase imports of American soy products, wheat, and pharmaceuticals.

Japan

According to available information, the US will apply a 15% base rate to Japanese goods, which is lower than the previously announced 25%. This is confirmed by the executive order of July 31.

According to Japan's information, tariff reductions will also extend to Japanese automobiles and auto parts, which are currently subject to 25% additional tariffs imposed in April-May. However, the US has not directly confirmed this.

For its part, Japan committed to provide \$550 billion in investments and loans for Japanese investments in the US. Key sectors for investment are semiconductors, pharmaceuticals, steel, shipbuilding, critical minerals, aviation, energy, automobiles, artificial intelligence, and quantum technologies. Japan will also increase rice imports from the US within the annual duty-free tariff quota of 100,000 tons.

The US government stated that Japan will purchase American goods worth several billion dollars, including corn, soybeans, fertilizers, bioethanol, sustainable aviation fuel, commercial aircraft, and defense equipment. However, there is currently no information regarding changes in import tariff rates or other conditions of access to the Japanese market that could explain the growth in exports. It may refer to government procurement or facilitating contracts between Japanese and American companies.

Thus, in response to the threat of introducing ultra-high additional tariffs, Japan agreed to a relatively moderate increase and provided significant investment commitments, while conditions of access to the Japanese market for the US remained unchanged.

To summarize, the defining features of the new trade agreements are their glaring asymmetry. US partners agreed to significant deterioration in access to the US market compared to 2024, with simultaneous partial or complete opening of their own markets and provided additional commitments regarding purchases of American goods and investments in the US economy. Unlike traditional trade agreements that emphasize balance and aimed to maximize economic gains for all parties involved, the new US agreements, despite additional incentives for certain sectors or even companies, rather minimize losses.

Impact of Changes on Global Economy and Trade

According to estimates by the Kiel Institute for the World Economy, the introduction of additional tariffs, including reciprocal tariffs, will harm the US economy more than the countries subject to these tariffs. If the slowdown of the global economy due to increased protectionism in global trade as a result of US administration decisions and partner country reactions may amount to 0,8% in the short term, the [reduction](#) in real US output will be 1,7% compared to 0,6% for China, 0,3% for Japan, and 0,2% for the EU.

Similar [results](#) were obtained by researchers at the Peterson Institute for International Economics. Depending on assumptions about the level of new US tariffs, EU and China's response to US policy, and changes in the assessment of investment risk in the US, the reduction in real US GDP will range from 2,1% in the short term under the most unfavorable scenario to 0,4% in the most optimistic case (low additional tariffs, no partner response, no change in risk level). Short-term GDP decline in China in the most unfavorable scenario will be 1,2%.

The World Trade Organization [expects](#) global trade in goods to grow by 0,9% in 2025. This August forecast turned out better than the April [estimate](#) of a 0,2% decline in trade, but three times lower than the 2,7% growth projected at the beginning of the year, before changes in US trade policy. The revision occurred due to better-than-expected first-half results, which was related to the delay in introducing increased US reciprocal tariff rates, rapid cessation of the "hot phase" of the US-China trade war, and most countries refraining from retaliation. However, the situation remains unfavorable for trade, and the WTO further lowered its forecast for 2026 from 2,5% to 1,8%.

In addition to slowing global trade, US trade policy has also prompted reorientation of trade flows. Significant deterioration in access to the US market has reduced demand for imported goods and placed their producers before a choice between reducing production or redirecting these goods to their own domestic market or seeking new export markets. Accordingly, a reorientation process was launched that could cause a new round of protectionism, now to protect against these new trade flows, as well as reactive steps to these protective measures. This was observed in 2018-2019 after the US imposed additional steel tariffs during Trump's first term.

Although as of August 2025 it is still early to assess reorientation, the first consequences are already manifesting. For example, in response to US sectoral tariffs, Canada imposed an additional 50% tariff on steel imports above tariff quota volumes from countries with which Canada does not have free trade agreements in June 2025. Already in August, China initiated [consultations](#) regarding these measures within the WTO dispute settlement mechanism.

Another example of reaction to the problem of potentially rapid import growth due to reorientation is the EU's response. In June, the European Commission imposed a new [surveillance tool](#) to "help protect the EU against sudden and potentially disruptive surges in imports". The justification for introducing this tool is linked precisely to the phenomenon of "harmful trade diversion which occurs when significant quantities of goods that cannot enter other markets due to high tariffs and other restrictions are redirected to the EU". In case of rapid import growth, the European Commission begins dialogue with countries from which this import originates to prevent such reorientation. Such [dialogue](#) has begun with China. The Commission also calls on producers, if they see a threat in import growth, to initiate appropriate trade investigations – anti-dumping, anti-subsidy, or safeguard.

Simultaneously with processes of protecting the domestic market in partner countries, the new US trade policy has not stopped, and may have even stimulated, the search for new agreements and better market access conditions. Expanding the network of free trade agreements remains in the EU's focus. For example, in May, the European Commission announced the [beginning](#) of negotiations on creating a free trade zone with the United Arab Emirates. The search for opportunities for trade cooperation between countries of the so-called "Global South" has intensified both bilaterally and within organizations such as BRICS and Shanghai Cooperation Organisation (SCO). In particular, in August there was a [visit](#) by India's Prime Minister to Brazil, during which strengthening trade ties to compensate for the consequences of Trump's trade policy were important topics. Issues of closer trade ties in Eurasia were discussed during the SCO [summit](#) held on August 31-September 1 in China.

Thus, a long-term consequence of increased protectionism may be the reconstruction of supply chains considering the new trade policy and increased market fragmentation. This will make global trade more oriented towards partner reliability, predictability, and security rather than efficiency. Costs will increase, and therefore global trade and the economy will develop more slowly.

Another important consequence of the new US trade policy is its impact on international agreements, particularly on the institutional capacity of the WTO. There has been de facto disregard for GATT/WTO agreements regarding the level of import tariffs and their predictability by the US. The avalanche of additional US tariffs under the pretext of national security requirements, interpreted as broadly as possible, creates a "window of opportunity" for other countries to follow this path. However, it is not yet obvious whether these "opportunities" will be used, or whether awareness of the importance of rules-based international trade will preserve the WTO.

Most importantly, the level of uncertainty regarding market access conditions, which has risen sharply since the beginning of Trump's second term, remains high, although below the peak of spring 2025. Uncertainty is one of the intangible but very influential factors of economic development and international trade. In situations of uncertainty, investment slows down and trade decreases, and therefore the global economy, which has already suffered a severe blow from rising tariffs, receives an additional negative shock.

To summarize, increased protectionism slows the growth of global trade and negatively affects the economies of countries worldwide, with the expected largest short-term losses for the US, which initiated the changes in trade policy. More lasting consequences of these changes will be reorientation of trade flows, trade fragmentation and its greater concentration within certain formal or informal alliances, which will reduce the efficiency of global value chains and thus lead to a global transition to a slower trajectory of economic growth. Maintaining a high level of uncertainty regarding new US trade policy decisions, final terms of trade agreements, prospects for achieving stable agreements between the US and China, world reaction to reorientation of trade flows, etc. is another factor that will continue to slow global trade in the near future.

Impact, Risks, and Opportunities for Ukraine

Ukraine, like the vast majority of countries in the world, faces rising import tariffs when exporting to the US market.

For most goods, the additional tariff is 10%, since Ukraine is a net importer of goods from the US and therefore did not fall into the list of countries subject to increased rates proposed by the Trump administration.

At the same time, special additional tariffs apply to Ukraine, particularly on steel and steel products, which are the main commodity of Ukrainian exports to the US. Moreover, in April, the US canceled the exemption from protective tariffs that were imposed by the Biden administration in 2022 to mitigate the impact on the Ukrainian economy of the consequences of Russia's full-scale aggression.

Thus, the first direct consequence of changes in US trade policy in 2025 was the deterioration of access for Ukrainian goods to the US market, although not to the same extent as for many other countries. According to [estimates](#) by Global Trade Alert, the effective weighted average import tariff for Ukraine is 17,7%, which is significantly higher than the weighted average tariff under the MFN regime (0,5%) that the country had before the 2025 changes.

In 2024, according to Global Trade Alert [data](#), the US imported goods from Ukraine worth \$1,166 billion. Ukrainian imports were most affected by the introduction of tariffs on steel and steel products, with 50% tariffs affecting 18% of imports (\$210 million). Another 3% (\$32 million) faced tariffs on automobiles and parts. 71% (\$828 million) are subject to the base 10% reciprocal tariff rate, and only 8% (\$96 million) have not yet been affected by additional tariffs.

In addition to risks related to deteriorating market access conditions, there are several other important indirect consequences:

- ▶ Increased competition in other markets, as the world's largest market has become closed and less predictable, leading to reorientation of trade flows elsewhere;
- ▶ Increased likelihood of applying protective measures in partner country markets in response to trade flow reorientation, which will lead to deteriorating access to these markets and further increased competition in markets that do not apply protective mechanisms;
- ▶ Further weakening of WTO mechanisms.

To counter these risks, it is important for Ukraine not only to increase its own competitiveness but also to try to protect access to key markets for the country, primarily to the EU market.

In June 2025, the European Union extended the [moratorium](#) on applying special safeguard measures on Ukrainian iron and steel and products thereof for another three years. The autonomous trade preferences that the EU introduced for Ukraine in June 2022 temporarily abolished not only tariff quotas but also anti-dumping and special safeguard measures, which primarily concerned iron and steel and created significant barriers to exports (in 2018-2019 after their introduction, [exports](#) of Ukrainian iron and steel and products thereof to the EU decreased by \$227 million or more than 5%).

Against the backdrop of rapidly rising import tariffs on iron and steel in the US, as well as logistics problems, maintaining duty-free access to the EU market is a priority. Although it should be immediately noted that the structure of Ukrainian iron and steel exports to the EU and US differs, which reduces reorientation possibilities.

Currently, the EU is developing new market protection mechanisms after the end of safeguard measures, which for iron and steel are expected to cease in 2026, when import growth is expected against the backdrop of rapidly deteriorating access to the US market. In this situation, it is important to maintain open access for Ukraine.

Speaking of opportunities created by the new US trade policy, there are several, but they are less certain than the risks.

One opportunity is, subject to deteriorating conditions for American goods' access to partner country markets, to try to enter these markets instead of the US. The current effective import tariff rate for Ukraine in the US market is on average 5,1% better than for competitors, which creates certain export expansion opportunities, although they are limited since overall US demand for imports is falling because prices on imported goods have risen.

Speaking of sectoral opportunities, potential gains relate primarily to food products, where Ukraine has significant competitive advantages and where tariffs are lower than for metals. For example, the tariff on unfermented apple juice, which ranks fourth in Ukraine's exports to the US in 2024, is 10% for Ukraine, which is 18,2% better than for competitors. However, Ukraine does not have significant relative advantages regarding tariffs for all food products. Thus, the effective import tariff rate on sunflower oil – the second most significant commodity among Ukrainian exports to the US – is 13%, which is only 1% less compared to competitors.

Also, since Ukraine has a lower level of additional import tariffs in the US market than, for example, the EU, supplying goods to the US market through Ukraine with tariffs applicable to Ukrainian goods could seem like an attractive option.

It is important to understand that direct transshipment cannot occur in this case. For goods to be subject to US tariffs as specifically Ukrainian rather than originating from a

partner country, it is important to comply with rules of origin, which requires ensuring a sufficient level of processing (value addition) specifically in the country of origin, i.e., in Ukraine. Therefore, this is only possible subject to relocating production to Ukraine. However, such relocation requires time and must be economically justified, i.e., production costs in Ukraine, including relocation costs, must be lower than additional tariff costs. Given high security risks, logistics problems, labor shortages, and incomplete institutional reforms, the balance of benefits and costs from relocation will very likely not favor Ukraine.

Also, intensifying exports, especially if Ukraine becomes a net exporter to the US, could lead to increased import tariffs for Ukraine in the US, since this factor was the reason for high additional tariffs from the very beginning, which would negate potential gains.

Thus, for Ukraine, as for the rest of the world, the balance of gains and losses from changes in US trade policy leans toward losses. Ukrainian goods in the US market have become more expensive and therefore suffer from the general reduction in demand for imports, although Ukraine has a relative advantage since the country is currently subject to the base import tariff rate. Ukraine may also suffer significantly from increased competition in other markets due to redirected commodity flows, as well as from possible countermeasures by countries that will fight excessive imports. Under these conditions, it is important to maintain duty-free access to the EU market with a minimal number of exceptions, which also means avoiding the application of new safeguard measures or their substitutes to Ukraine.

Conclusions and Recommendations

The new US trade policy has created unprecedented challenges for global trade. During February-August 2025, numerous "sanction" and sectoral tariffs were imposed, as well as reciprocal tariffs, which raised the effective level of tariff protection to almost 20%, significantly higher than at the beginning of the year.

Access deteriorated for virtually all countries in the world, but threats of further rapid tariff increases in case of applying countermeasures, as well as the existence of other common interests, for example, in security (this issue was not considered in this paper, but such a factor is extremely important for understanding relations of traditional allies with the US) forced most countries to be restrained. Moreover, this has become a tool for agreeing to asymmetric agreements.

As of the end of August, the US reported reaching agreements with twelve partners, including the EU, United Kingdom, Japan, and South Korea. The agreements contain US commitments to apply a lower rate of reciprocal tariffs than initially announced and commitments regarding reduction (non-increase) of sectoral tariffs, which de facto still means at least a five-to-eight-fold increase in effective tariffs, and in return, partner countries at minimum committed to actively purchase American goods and invest in the US economy, and at maximum – almost completely open their markets (cancel tariffs).

The agreements with China should be considered separately, which are currently temporary and were concluded after a month of trade war. The US and China committed to mutually reduce additional tariffs imposed in 2025, although China's access conditions to the US market still remain worse than for most partners.

It is important to understand that all concluded agreements, not only temporary agreements with China, are not legally binding documents but serve as political agreements. It is unclear how long negotiations on forming final texts will last, whether countries will be able to ratify them, and such decisions usually require parliamentary consent if unilateral market opening by partner countries while simultaneously closing the US market is involved. Thus, it is unclear whether all announced agreements will be implemented. Of course, this does not apply to agreements that can be implemented by executive branch decisions, such as setting the level of additional tariffs by the US administration (at least for now) or changing tariff quotas by partner country governments. Commitments regarding purchases of American goods and investments also appear more realistic.

For the global economy, changes in US trade policy mean slowing trade and development, increasing uncertainty, reorienting flows, intensifying protectionism in other markets, and therefore changes in global value chains and trade fragmentation.

For Ukraine, this means general deterioration of access to the US market, as well as increased competition in other markets and risk of deteriorating access to them as a result of safeguard measures aimed against harmful import growth. Although Ukraine belongs to countries with the base reciprocal tariff rate, current changes do not have significant potential for gains.

Given high uncertainty, Ukraine's main strategy, like other countries, should be building stronger alliances with priority partners. For Ukraine, this is the EU, so it is primarily important to maintain maximally free and predictable access to this market. Another task is maintaining access to other markets, including through free trade zones that include non-application of safeguard measures. This can be achieved, among other things, through EU membership and gaining access to the European Union's network of free trade agreements. The third important task remains increasing the country's competitiveness.