



## IN SUMMARY

CATEGORY	KEY DEVELOPMENTS & IMPACTS
Tariffs & Trade Wars	U.S.-China tariff swap/truce; U.S.-UK deal; UK steel unresolved; U.S. Supreme Court blocks IEEPA-based tariffs
Supply Chains	China to SEA shift; Vietnam effect; pharma relocation; Apple diversify to India
Logistics	U.S. port delays–West vs East; Red Sea rerouting; Hormuz threat threatens oil flows
Corporate Strategy	Contract renegotiation (UK); relocation efforts (Learning Resources); logistics tech investment
Policy & Strategy	EU rare-earth reserve push; ASEAN trade strategy; G7 stalemate
Economic Signals	Equity overvaluation; inflation prospects; consumer prices rising, investments in resilience

Between 21 May and 20 June 2025, global trade has been marked by:

- 2 Truces: U.S.-China (Geneva + June London), U.S.-UK.
- Renewed Volatility: Tariff deadlines and legal rulings causing business uncertainty.
- Structural Shifts: Supply chains re-jigged toward Southeast Asia/India, production diversifying.
- Systemic Strain: Maritime routes impacted by geopolitical risks (Red Sea, Hormuz), and U.S. ports under stress.

Businesses are now acutely focused on legal flexibility, strategic sourcing, and investment in trade resilience technologies.

## U.S.-CHINA TRADE TRUCE & TARIFF FLUCTUATIONS

### May 12 Geneva Agreement – 90-Day Truce

After escalating tariffs (U.S. up to 145%, China up to 125%), negotiators in Geneva reached a truce: the U.S. temporarily reduced extra tariffs on Chinese goods to 30%, and China lowered its retaliatory tariffs to 10%. This truce included de minimis changes for parcels and lasted 90 days.

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### Container Volume Drop Reflects Tariffs

U.S. container imports plunged nearly 10% from April to May (2.18 million TEUs), with China-origin TEUs plunging 20.8% MoM and 28.5% YoY—the steepest since March 2020. This drop was driven by the surge in April due to frontloading, followed by pullbacks after tariffs took full effect.

### Paused De minimis Relief & Persisting Bottlenecks

The de minimis exemption (Section 321), covering low-value shipments, expired on 2 May. While temporary duty relief helped in mid-May, volumes began to reflect real liability more clearly.

### June Framework – “Deal Done”

On ~5–11 June, leaders from both nations tentatively agreed on a more enduring truce. Plans included maintenance of 30%/10% tariffs, easing restrictions on Chinese rare-earth exports and U.S. student visas. Formal announcements during a U.K.-hosted summit in London declared the deal “done,” though judicial uncertainties remained as U.S. courts delayed tariff rollbacks.

## SHIFTING SUPPLY CHAINS & LOGISTICS PRESSURES

### Re Engineering Supply Lines

Multinationals are now prioritizing resilience over speed to cope with tariff instability. Firms are relocating sourcing from China to Southeast Asia (India, Vietnam, Thailand).

### Vietnam Comes Under Scrutiny

Due to U.S. efforts to “decouple” from China, Vietnam now faces pressure to limit Chinese components in exports to America. This policy push has raised concerns over disruption to its high-growth electronics hubs.

### Pharma Sector Disruptions in China

U.S.-China friction has prompted Chinese pharma R&D firms (e.g., WuXi AppTec) to stockpile, pivot to local testing, and sometimes pause projects due to fear of supply delays.

## U.S. DOMESTIC TARIFF MOVES & LEGAL RULINGS

### “Fentanyl-Related” IEEPA Tariff

The U.S. imposed a 20% ad valorem tariff under IEEPA targeting Chinese goods tied to fentanyl. This sits alongside Section 301 and Section 232 tariffs already in place.



### Swift Judicial Review—Liberation Day Tariffs

On 28 May, the U.S. Court of International Trade ruled that Trump-era “Liberation Day” tariffs were unlawfully issued via IEEPA, blocking collection permanently. This represents a significant legal limitation on unilateral trade authority.

### Reciprocal Tariffs Delayed Yet Uncertain

Reciprocal tariffs on dozens of countries (EU, UK, India, Vietnam, etc.) were repeatedly postponed, currently scheduled to take effect on 9 July.

## U.S.-UK TRADE DEAL

### Announcement at G7—Tariff Adjustments

On 16 June, Presidents Trump and Starmer announced a deal scheduled to reduce U.S. tariffs on UK cars (27.5% → 10% for up to 100,000 units annually) and eliminate aerospace duties. In return, the UK will enable greater U.S. beef and ethanol access (excluding hormone-treated beef).

### Steel & Aluminum Still Under Negotiation

Steel remains unresolved. The U.K. seeks tariff exemption; the U.S. is demanding sourcing guarantees from Tata Steel's Port Talbot site and legal traceability of EU-sourced inputs. Trump threatened to maintain a 25% steel tariff until assurances were provided.

## GLOBAL LOGISTICS AND SHIPPING CHOKPOINTS

### U.S. Port Congestion Shifts

West Coast ports saw sharp congestion despite lower volumes: Long Beach delays rose to 6.9 days, L.A. to 4.9 days. Meanwhile, East and Gulf ports absorbed rerouted traffic—Savannah, Houston, and Baltimore remained relatively stable.

### Red Sea Disruptions Linger

Although not directly inside the date range, ongoing maritime security risks in the Red Sea continue affecting costs and routing, with carriers keeping operations diverted via the Cape route. Not included in primary dates but essential for broader context.

### Strait of Hormuz Escalation (14–22 June)

Iran threatened to close the Strait in retaliation for Israeli-U.S. airstrikes on its nuclear sites. On 22 June, Iran's parliament passed a motion to block the passage pending Supreme Council approval. The Strait handles ~20% of global oil; even threats propelled oil prices 7–14%, with forecasts suggesting \$100–150/barrel if shutdown occurred.

## TECHNOLOGY & RARE EARTHS

### China-EU Rare Earth Dispute & U.S.-China Tech Decoupling

The EU's new industrial strategy includes 13 raw-material projects abroad and strategic reserves to reduce dependence on China, especially after China restricted rare earth exports.

### Apple/Foxconn Moves to India

Foxconn began producing iPhone metal casings in India instead of Tata Electronics, motivated by Trump's threatened 25% tariff on non-U.S. smartphones. This reflects major tech firms shifting production to hedge geopolitical risk.

## TRADE WAR FALLOUT & MARKET REACTION

### Equity Market Response & Inflation Risks

Analysts warned that U.S. equity markets may be overheated, with stock valuations ~15% above fundamentals. Market optimism hinges on trade clarity. However, uncertainty through July (tariff deadlines) and geopolitical crises—like Israel-Iran conflict—could boost inflation by 1–2 percentage points.

### Consumer Price Pressure in U.S.

U.S. consumer goods—appliances, autos, semiconductors—face higher import duties (~10–50%), increasing end user prices. Steel tariffs ripple into appliance cost with an estimated 12% rise seen previously.

### Supply Chain Tech Gains Amid Tensions

Rising trade volatility is fueling investments in logistics tech, customs compliance software, cybersecurity, and border controls—presenting opportunities for firms addressing regulatory complexity.

## SECTORAL IMPACTS & CORPORATE RESPONSES

### Toymaker Learning Resources

Illinois-based Learning Resources, hit by Trump-era tariffs, successfully sued but remains in limbo due to appeal. They moved production to Vietnam and India, shifted 1,500+ molds, raised prices 5–10%, and described operations as an “evacuation” from China.

### Pharma Project Delays

Companies like WuXi AppTec are delaying or localizing projects, spurred by fears of U.S. material restrictions and pricier sourcing.

### UK Firms Renegotiating Contracts

Post-tariffs, ~90% of large UK firms are rethinking contracts with U.S. parties. Over half are adding force majeure/flexibility clauses, others seek alternate suppliers to buffer against ~6% average tariffs.

## BILATERAL & MULTILATERAL CURRENCY

### ASEAN Agenda & U.S.-China Deal Reference

The World Economic Forum highlighted ASEAN's strategy and the U.S.-China deal as top developments in trade.

### G7 Summit – Limited Progress

At the 18 June G7 in Canada, aside from the UK-U.S. deal, no breakthroughs occurred with EU or Japan. Canada and others have 30 days to negotiate, but stalemate persists over auto tariffs and steel/aluminum.

## STRATEGIC MATERIALS & SANCTIONS

### Rare Earth Strategic Reserve Proposal

The EU called for joint reserves to hedge against future Chinese export curbs, reflecting a broader strategic pivot.

### Iran Oil & Sanctions Risk

Possible Strait of Hormuz closure would disrupt ~40% of India's oil imports from the Middle East. India is exploring alternative suppliers and using reserves to cushion price hikes near \$80-90/barrel.

## OUTLOOK & NEXT KEY DATES

- 9 July: Deadline for reciprocal tariffs—negotiations with EU, Japan, India, etc.
- UK-U.S. steel talks: Tariffs likely to be resolved by July.
- G7 follow-up: 30-day auto tariff negotiation window with Canada.
- Strait of Hormuz: Supreme National Security Council decision ongoing.
- Judicial rulings: Appeal on V.O.S. Selections may define future scope of executive trade powers.

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