

## RJL PCS: MARKET PERSPECTIVES

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### Market Perspectives: July 9 tariff deadline pushed to August 1, as revised rates and a few deals get announced

After the chaos of President Trump's April 2 reciprocal tariff announcements, a 90-day pause was implemented to settle the markets and to allow countries to offer concessions in order to entice the U.S. to lower those rates, although a 10% baseline tariff remained in effect for most countries. That pause was to expire July 9, with the reciprocal tariff rates announced on April 2 set to resume on any country that hadn't negotiated another deal by that point. The expected 90 deals in 90 days, was apparently too optimistic, and with only three deals, or more frameworks of deals, worked out (U.K., China, Vietnam), President Trump started announcing revised tariff rates on July 7.

As at the time we are writing this, the July 9 re-implementation date seems to have been pushed off until August 1. We have included a summary table and details on deals that have been announced so far with the U.S.'s top 15 trading partners. In addition to the countries listed in the table, it's worth noting that Brazil, ranked 18<sup>th</sup> among U.S. import sources, with key exports including metals and energy products, has been threatened with a 50% tariff due apparently to its domestic political affairs.

To summarize the impact of tariffs so far, the U.S. reportedly collected US\$28 billion in tariff revenue in June alone, up from ~US\$8 billion/mth at the start of the year, putting the currently annualized collections at ~US\$340 billion. As the U.S. government collects these taxes, we are bracing for impacts through goods inflation and/or profitability impacts to businesses. We have seen very little indication that overseas manufacturers are offering any pricing concessions to offset tariffs, and so the bulk of this extra US\$340 billion in government revenue will need to come from either U.S. businesses or consumers, in one way or another.

Canada was not included in the April 2 tariffs, but has been subjected to industry-specific tariffs and other country-targeted tariffs, with some exemptions for USMCA-compliant products. A more comprehensive trade and security deal is expected to be announced around July 21.

From a broader perspective, transshipment has been a major concern for the Trump Administration. In the deal announced with Vietnam, a country with close trade ties to China, President Trump introduced a two-tier tariff system: a 20% tariff on Vietnamese exports to the U.S., and a 40% tariff on goods being re-routed through Vietnam from a third country. At the time, there was no clear standard for defining "transshipment," which created uncertainty for Vietnamese manufacturers and exporters. It's likely that President Trump will adopt a similar approach, imposing a two-tier tariff structure, when negotiating with other countries that maintain strong trade relationships with China. In the same vein, he also warned that any country aligning itself with the anti-American policies of BRICS would face an additional 10% tariff.

In addition to the April reciprocal tariffs against many countries, and fentanyl-based tariffs, going back to February, there have also been a number of sector or industry tariffs. The latest is a 50% tariff on all copper entering the U.S. This was expected after a Section 232 investigation was launched in March, and is now expected to take effect on August 1. Stockpiling ahead of any official tariff helped to drive the metal price up 38% YTD (COMEX copper price, USD per pound). Details on sector-based, Section 232, tariffs are included in Table 2.

**Table 1 - Recent Tariff Developments for the U.S.'s Top 15 Import Trading Partners, as of July 9, 2025**

Country	% of U.S. Imports (2024)	Negotiation Status	Latest Developments	Previous Tariff Rates (2024)	Apr 2 Reciprocal Tariff Rates	New Tariff Rates	Next Important Date
Mexico	15.5%	Negotiation ongoing	Mexico aims to reduce steel tariffs while facing U.S. pressure to scale back its ties with China	< 0.5%	-	-	-
China	13.4%	Geneva framework deal confirmed	China allows rare earth exports; U.S. loosens tech curbs	10.9%	104%	→ 34%	August 12
Canada	12.6%	Negotiation ongoing	Canada drops digital services tax to help restart trade talks with the U.S.	< 0.5%	-	-	July 21
Germany	4.9%	Nearing a framework trade deal	EU open to a 10% universal tariff, but seeks lower rates for key sectors* Key sectors: pharmaceuticals, auto, machinery	1.5%	10%	-	-
Japan	4.5%	Negotiation ongoing	Tariff talks stalled over autos and rice	1.5%	24%	→ 25%	August 1
Vietnam	4.2%	Agreed on a deal	Vietnam gives the U.S. tariff-free access to its markets while facing U.S. pressure to scale back its ties with China	3.8%	46%	→ 20% (40% on transshipments)	-
South Korea	4.0%	Negotiation ongoing	South Korea will review regulations flagged by the U.S. while pressing for an easing of sectoral tariffs	0.2%	25%	→ 25%	August 1
Taiwan	3.6%	Negotiation ongoing	Taiwan is open to easing tariff and non-tariff barriers on U.S. companies, while expanding bilateral investment.	0.9%	32%	-	August 1
Ireland	3.2%	Nearing a framework trade deal	* , Key sectors: pharmaceuticals, organic chemicals	1.5%	10%	-	-
India	2.7%	Negotiation ongoing	India is willing to lower tariffs on autos and energy products, but is reluctant to open its market to U.S. agricultural products	2.4%	26%	-	August 1
Italy	2.3%	Nearing a framework trade deal	* , Key sectors: pharmaceuticals, machinery, minerals	1.5%	10%	-	-
U.K	2.1%	Agreed on a deal	U.K agreed to allow greater market access for American agricultural imports, in return of lowering tariffs on U.K auto and aerospace sectors. Negotiation around steel tariffs continue	1%	10%	→ 10%	-
Thailand	1.9%	Negotiation ongoing	Thailand agreed to revise their initial proposal, reducing import duties on over 90% of U.S. imports.	1.6%	36%	→ 36%	August 1
Switzerland	1.9%	Nearing a framework trade deal	* , Key sectors: pharmaceuticals, medical instruments, watches and parts	0.6%	31%	-	-
France	1.8%	Nearing a framework trade deal	* , Key sectors: machinery, aircrafts, pharmaceuticals	1.5%	10%	-	-

Source: Bloomberg, U.S. Census Bureau, Raymond James Ltd.; \*EU open to a 10% universal tariff, but seeks lower rates for key sectors.

**Note:** Sector-based Section 232 Tariffs Summary Table is on the following page.

**Table 2 - Section 232 Tariffs Summary, as of July 9, 2025**

Sector	Status	Tariff Rate
Automobiles and auto parts	Effective May 3	25%
Steel and aluminum	Effective June 4	50%
Copper	Investigation initiated March 10	Threatened 50%
Timber and lumber	Investigation initiated March 10	-
Pharmaceuticals and pharmaceutical ingredients	Investigation initiated April 1	Threatened 200%
Semiconductors and chip making equipment	Investigation initiated April 1	-
Heavy trucks	Investigation initiated April 22	-
Processed critical minerals and derivative products	Investigation initiated April 22	-
Commercial aircraft and jet engines	Investigation initiated May 1	-

Source: Bloomberg, U.S. Department of Commerce, Raymond James Ltd.

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