



**GLG**

**NAVIGATING  
TRADE AND  
TARIFFS 2025**

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*Insights on Risks, Strategies, and Opportunities*

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## INTRODUCTION

The Trump administration's "Liberation Day" tariffs, first announced on April 2, 2025, took the business world by storm, with proposed rates on U.S. imports significantly exceeding any since the Great Depression of the 1930s. Despite an initial 90-day pause followed by unpredictable rate reductions across countries, U.S. tariffs remain higher than their peak during the Great Depression. Alongside tariffs targeting specific countries – with rates hitting hardest in Asia, particularly Southeast Asia – the policy includes sectoral tariffs on metals; threatened tariffs on pharmaceuticals and other industries; and contingent tariffs, such as those on transshipments from Vietnam.

This survey of senior business leaders with strategic decision-making authority in the Asia-Pacific (APAC) region – including South, Southeast, and East Asia, as well as Oceania – reveals that U.S. trade and tariff policies are having widespread short-term impacts and stand to cause considerable long-term shifts. Findings from the survey show that these leaders are wary of absorbing tariff costs, instead preferring to raise prices, and expect declined financial performance due to the instability of the trade landscape. Though the nature and extent of the impacts vary by country and sector, these leaders increasingly view the U.S. as a challenging trading partner – and are looking to focus their efforts elsewhere to mitigate risk.

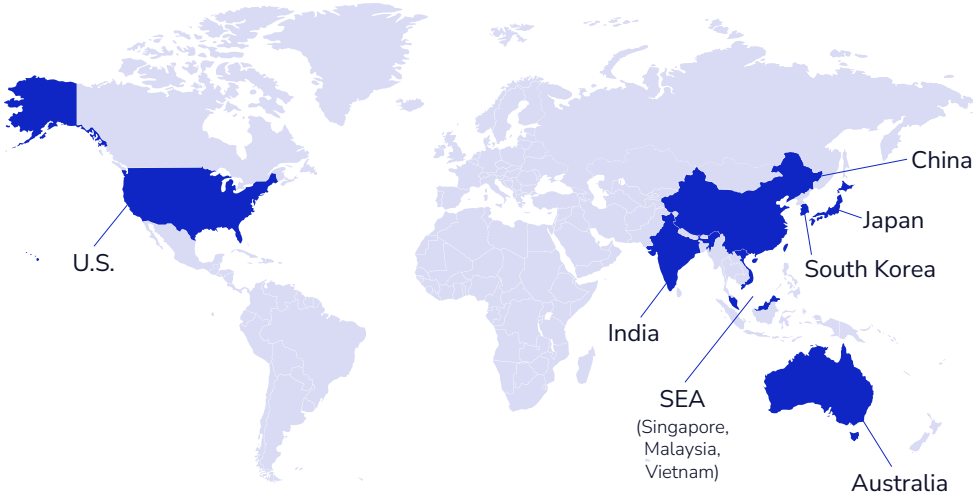


# ABOUT THE RESEARCH

GLG is the world's insight network, connecting clients with the most varied and experienced source of verified human intelligence in the world. GLG delivers targeted insights from top experts across every industry, specialization, and geography to help clients answer critical strategic questions.

In July 2025, GLG surveyed 304 C-level executives and department heads at APAC companies exporting to the U.S., as well as 50 U.S. importers, to understand how they are responding to U.S. trade and tariff policies. This report was written by Jayant Menon, an expert in GLG's network and Senior Fellow at the Institute of Southeast Asian Studies (ISEAS-Yusof Ishak Institute), who independently analyzed the results.

### Countries



### Industries

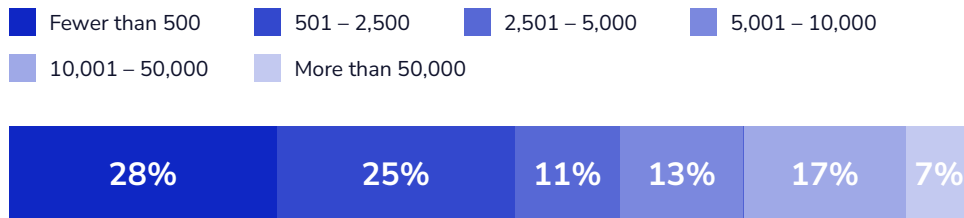


The study revealed that most respondents:

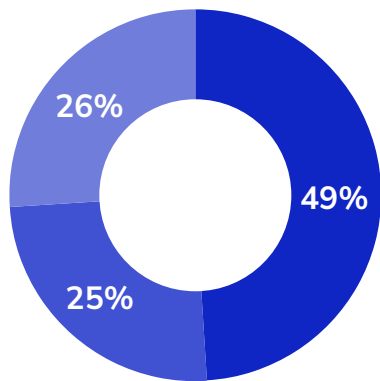
- View trade and tariff policy instability as the trend with the biggest negative impact on exporters to the U.S., with U.S. policies causing uncertainty in decision making, lower confidence in planning, and declined expectations for financial performance.
- Prefer not to absorb tariff costs and are instead opting to raise prices or risk loss of market share.
- Increasingly view the U.S. as a challenging and less predictable trading partner, leading many to diversify their trading patterns and reduce dependence on the U.S. market as a risk management strategy.

The figures below break down the headcount and annual revenue of the companies represented by the survey's respondents.

#### Number of Full-Time Employees



#### Company Revenue (USD)





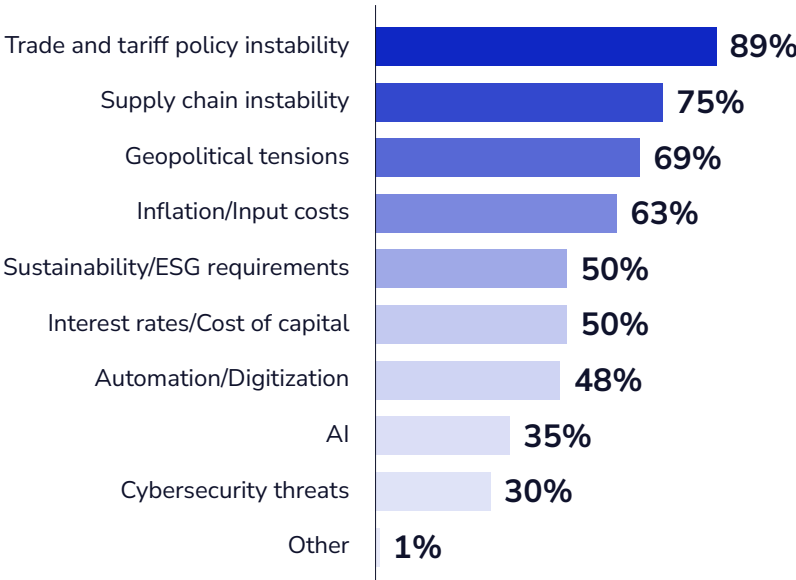
# RESEARCH INSIGHTS

## Trade Policy Trumps Other Trends in APAC

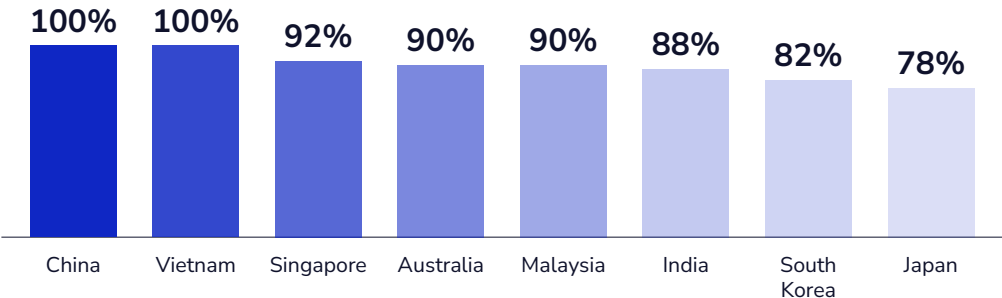
Respondents indicated that trade and tariff policy instability is having the biggest impact on businesses exporting to the U.S., outweighing other macro trends (like inflation) and megatrends (like AI). This is most evident in China and Vietnam, where all respondents described trade and tariff policy instability as having a direct impact on performance, but trade and tariff policy instability was cited by at least 78% of respondents in all the surveyed countries.

Exporters in the automotive and aerospace industries are feeling the impact most acutely, with 70% describing the impact of trade and tariff policy instability as “very negative.”

### Top Trends Directly Impacting Businesses



### % Impacted by Trade and Tariff Policy Instability



“Treat trade barriers as branding opportunities. Localize without compromising identity. Use trade support tools and incentives. Build global D2C channel with compliance built in. Future proof R&D with global trends.”

Exporter, India; Food and Agriculture

“It’s a reset. The situation needs to settle down, and then we can evaluate and make adjustments. Volatility has been a major problem.”

Importer, U.S.; Industrial Machinery and Equipment

“Stop seeing the U.S. as the holy grail. Innovate and expand.”

Exporter, Australia; Technology, Electronics, and Semiconductors

## Uncertainty Upends Longer-Term Decision Making

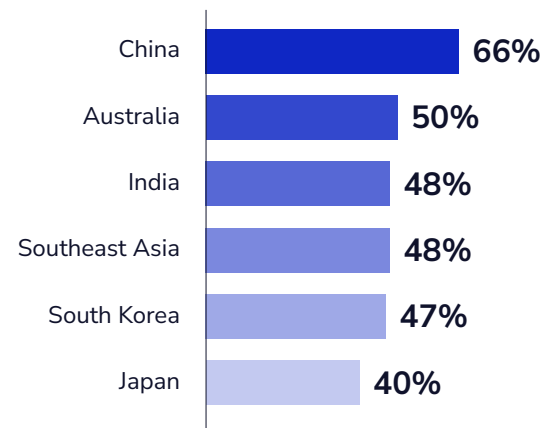
Just 2% of respondents in Australia said they can plan with total confidence, and nearly a third in the country said they cannot plan with any confidence at all. Business leaders in India feel somewhat better placed, with over a quarter confident in their ability to plan around the volatility. This difference may reflect prevailing conditions in each country’s home market, with firms in India more exposed to an uncertain local environment and therefore more familiar with and better able to adapt to uncertainty than their counterparts in Australia.

Even with this higher level of confidence, less than 10% of respondents in India said they felt able to predict the tariff level they would face over the next 36 months. This may be the result of the shifting tariffs on India, which have changed multiple times since the original announcement.

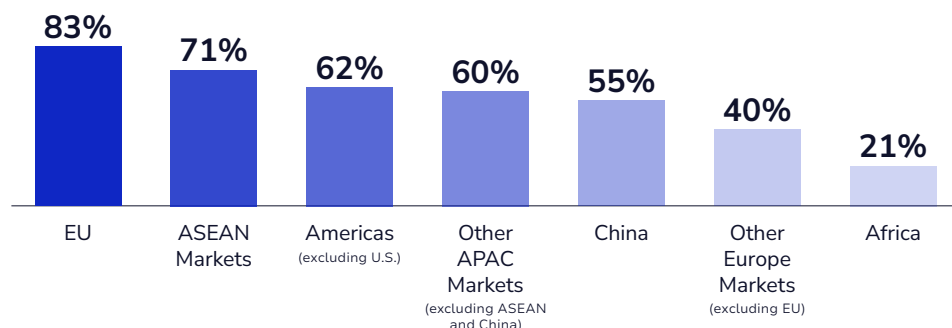
## Trust in the U.S. Falters

Respondents indicated that they increasingly view the U.S. as a less predictable trading partner, largely due to the trade and tariff policies the U.S. has implemented. As a result, businesses are diversifying their trade patterns and reducing their reliance on the U.S. market. The survey found that 66% of Chinese exporters are looking to target markets other than the U.S. for their sales and marketing efforts, citing the European Union (EU, 83%) and the Association of Southeast Asian Nations (ASEAN, 71%) as their regions of focus.

### Adjusting Focus of Sales/Marketing to Non-U.S. Markets



### Markets Considered for Focus Beyond the U.S. by China-Based Exporters



## Actions Taken by Companies as a Result of U.S. Trade and Tariff Policy

	Reduce				
	Overall headcount	Sales/marketing investment in the U.S. specifically	Overall investment in R&D	Overall pricing	Pay for existing employees
Has implemented this action over the past 12 months	28%	24%	20%	14%	10%
Has considered implementing this action over the past 12 months	20%	24%	20%	28%	20%

	Increase				
	Overall headcount	Sales/marketing investment in the U.S. specifically	Overall investment in R&D	Overall pricing	Pay for existing employees
Has implemented this action over the past 12 months	18%	18%	28%	27%	25%
Has considered implementing this action over the past 12 months	21%	26%	24%	27%	25%

	Adjust			
	Sales/marketing focus to non-U.S. markets	Supply chain geographic origins	Manufacturing footprint away from the U.S.	Manufacturing footprint toward the U.S.
Has implemented this action over the past 12 months	50%	43%	34%	17%
Has considered implementing this action over the past 12 months	24%	34%	25%	24%

“While there is currently limited clarity on the long-term trajectory of global trade policy, our short-term approach will be to prioritize markets that are less adversely affected by tariffs.”

Exporter, South Korea; Technology, Electronics, and Semiconductors

At the industry level, more than half of consumer goods and food and agriculture products exporters said they had switched their market focus away from the U.S. The top substitute markets of choice for consumer goods are the EU and ASEAN, while food and agriculture products prefer the EU and China. This may reflect the fact that many ASEAN countries have large agricultural sectors and are net exporters of basic food and agricultural products, while the EU and China are net importers.

## Exporters Express Reluctance to Absorb Costs of Tariffs

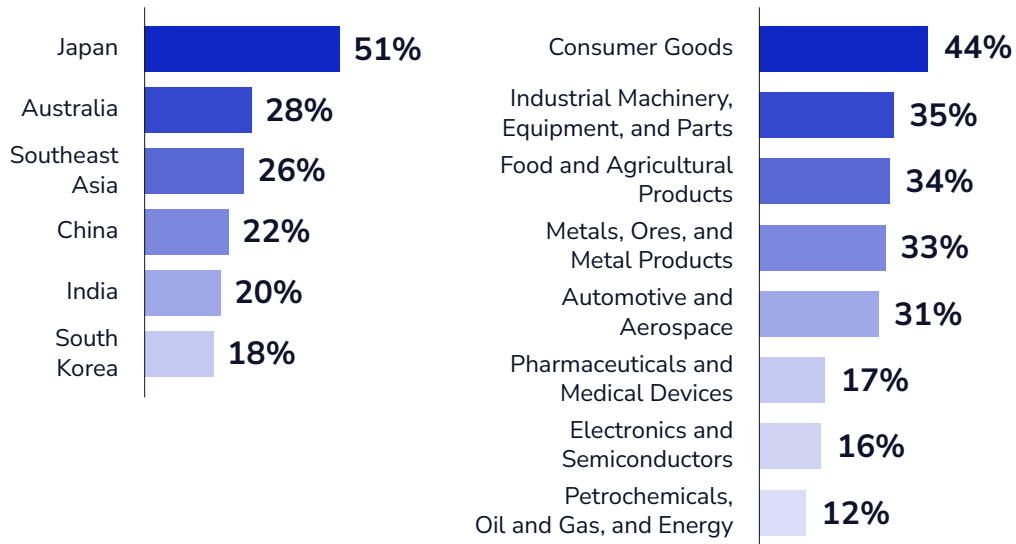
The Trump administration has argued that the costs of tariffs will fall on foreign sellers, rather than on domestic buyers in the U.S. The expectation that foreign firms will “eat the tariffs” by cutting prices to stay competitive is partly based on the outcomes of the earlier China-only tariffs that began during President Trump’s first term, as there are indications that many China-made products, such as steel, did not rise in price by the full amount of those tariffs.

The survey does provide some support for the possibility that this trend could continue in the short run. Respondents in China and South Korea were the most open to reducing prices, with almost a quarter in each country having done so in the past 12 months.

In general, however, exporters and importers do not seem inclined to absorb the impact of these tariffs. In fact, respondents in most of the countries covered in this survey are increasing prices in response to the tariffs. More than half of respondents in Japan and 26% of those in Southeast Asia said they had raised prices as a result of U.S. trade and tariff policy. At the industry level, 44% of consumer goods exporters reported raising prices.

There are already broader signs of prices increasing because of the tariffs. For instance, the U.S. producer price index rose by 0.9% in July 2025, the highest jump in more than three years. This may increase over time, as businesses exhaust inventories they stockpiled prior to the tariffs and as rising input costs feed through manufacturing supply chains.

### Increased Overall Pricing in Response to U.S. Trade and Tariff Policy



“Only cost-cutting within the company is possible; building factories in the U.S. is feasible only for large manufacturers. Since exports are unavoidable, we face the difficult choice of raising Japanese employee wages while cutting costs elsewhere.”

Exporter, Japan; Technology, Electronics, and Semiconductors

“As a small player, we are trying to play our own game and increase the vigilance on our operations and financial resources, keeping a strong grip on the wheel and operating with a cautious and measured approach. However, we are committed to continuing R&D due to its longer-term strategic importance (i.e., we get through now and ensure we are ready for a new dawn coming).”

Exporter, Australia; Pharmaceuticals and Medical Devices

## Responses to Tariffs Include Headcount Reduction

Employment has been most impacted in Southeast Asia and China, with 42% and 46% of respondents in each country, respectively, reporting that their businesses have reduced headcount in the last year as a response to the tariffs. This could signal two potential factors at play. The first is that the recent disruption from the tariffs compounds a longer-term trend of dampened growth due to increasing protectionism. The second is that firms are beginning to shift from a wait-and-see approach to a more proactive one, which considers the recent disruption a largely irreversible trend.

There are notable variations across countries, however. More than half of respondents in South Korea, India, and Japan reported that their companies had not even considered a reduction in force.

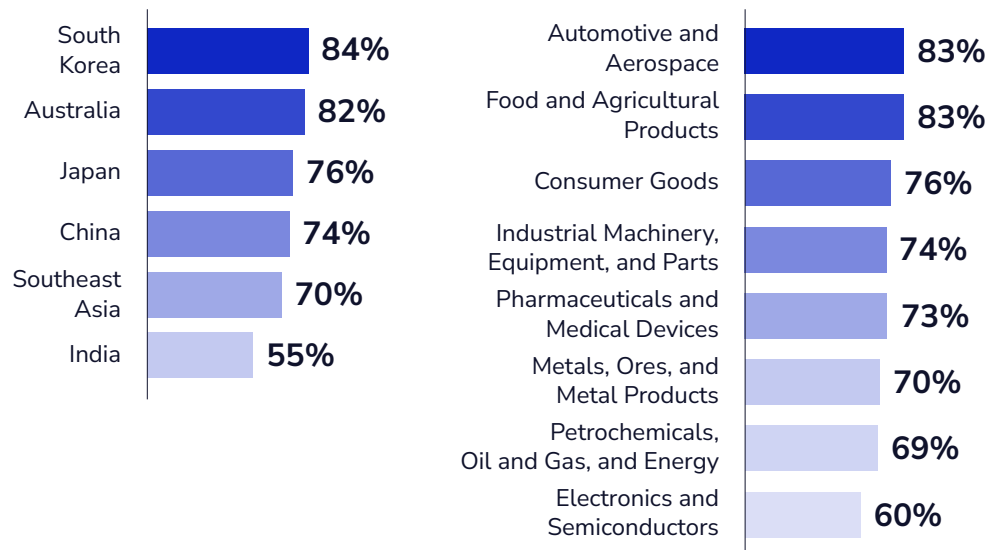
Heavy industry appears to have borne the brunt of headcount reductions. More than a third of respondents in the industrial machinery and equipment sector and the metals and ores sector said their businesses had cut employment as part of their response. This is a particularly worrying sign for future employment and economic growth, as it may reaffirm the trend noted above, of a shift from delaying or deferring investments to reducing or shelving them. The sectoral tariffs on metals may also have had an impact on this front.

## Businesses Brace for Hits to Financial Performance

Looking forward, and despite their best efforts to mitigate the worst effects of the tariffs, respondents in all the markets surveyed expect continued significant effects on their businesses’ financial performance. For example, 80% of respondents in both Australia and South Korea expect revenues to fall as a result of policy instability.

The impact on profit margins follows a similar pattern. In every market surveyed, at least 70% of respondents reported an expected decline in their 2025 profit margins.

### Estimated Impact on Revenue: Net Reduction



The picture is similarly pessimistic at the industry level. 60% of firms surveyed in the electronics and semiconductors industries are expecting a revenue reduction as a result of U.S. trade and tariff policies. Automotive and aerospace exporters are the most affected, with 83% expecting a negative revenue impact. This may be the result of the U.S.'s targeted approach to those sectors, including calls to open up individual markets, such as Japan and India, to improve access for U.S. car manufacturers, and the requirement for countries like Indonesia and Vietnam to commit to purchases of Boeing aircraft as part of their deals with the U.S.

“The tariff policy has had the biggest impact on the stability of our supply chain. The cost of the tariffs will have small impacts directly, but the pivots to other supply chain sources and their higher-cost items will have a larger effect.”

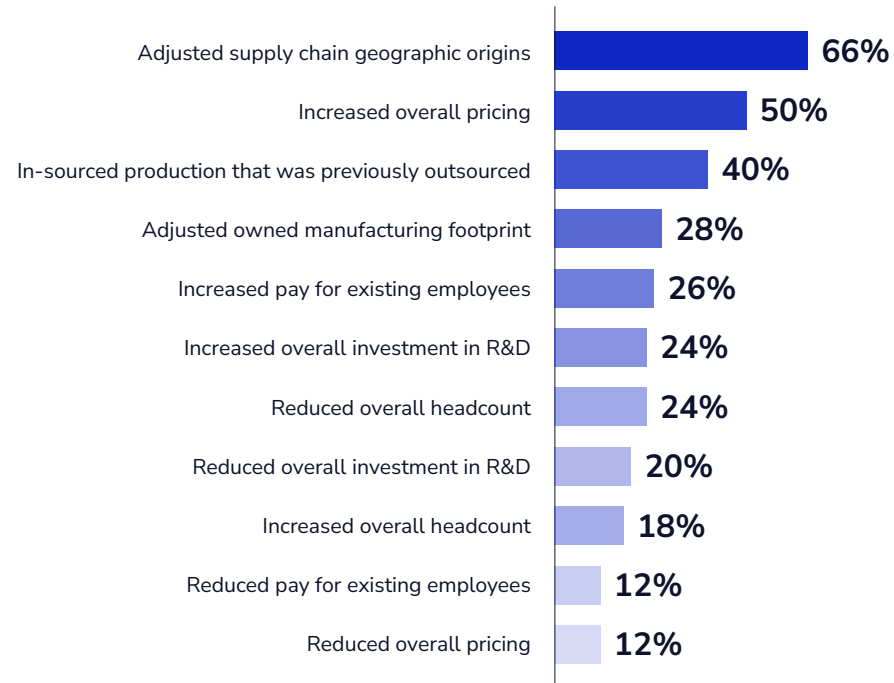
Importer, U.S.;  
Pharmaceuticals  
and Medical Devices

### Potential Bright Spots in Market Realignment

The survey results also suggest some localized bright spots, as certain sectors and markets adapt to the uncertain and challenging environment. For example, both importers and exporters are optimizing their supply chains and manufacturing footprints to account for perceived risks. Two-thirds of respondents from U.S. businesses that import from APAC said they are adjusting their supply chain in response to the trade and tariff policies. Asia is the region most mentioned as being replaced or losing out as an import source (55%), followed by Europe (43%). Unsurprisingly, sourcing domestically is seen as the safest course of action, with 70% of U.S. respondents indicating that they will replace at least some of their overseas suppliers with firms based in the U.S.

### Actions Implemented by Importers as a Result of U.S. Trade and Tariff Policy

Past 12 Months



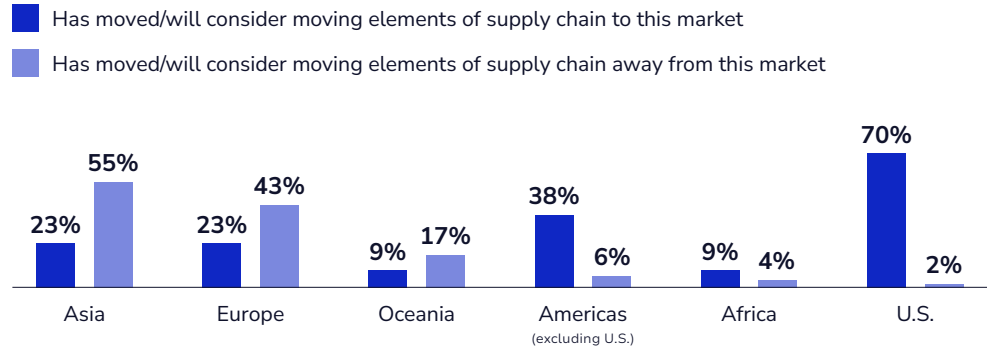
“Use this as an opportunity to explore new options, adjust capital allocation, and optimize operational models.”

Exporter, Australia;  
Consumer Goods

“First, build a global supply chain system to spread risk. Then, find reliable logistics partners to reduce transport costs and risks, ensuring stable product supply. Finally, build local teams to deepen market presence, reduce multinational conflicts, and foster positive relations with local governments to build influence.”

Exporter, China;  
Electronics

### Supply Chain Adjustments



Among exporters, 29% of respondents in the automotive and aerospace industries in APAC indicated that they had already shifted their manufacturing footprint to the U.S., and 17% indicated that they would do so in the next year.

There are also second-order effects that may represent opportunities. 34% of the surveyed automotive and aerospace exporters in APAC indicated that they had already adjusted their production to export to non-U.S. markets, and 24% indicated that they would do so in the future. ASEAN is poised to be the biggest winner in this realignment, with 52% of those making adjustments favoring the bloc as a manufacturing location.

Policy positions are also shifting to accommodate greater diversification and reduce levels of dependence on the U.S. market. For example, after nearly a decade of stalled negotiations, the EU and Indonesia signed a Comprehensive Economic Partnership Agreement on September 23, 2025, indicating a clear willingness for compromise in the face of growing U.S. isolationism, despite previously intractable differences. The EU is also looking to secure its EV battery supply chain with improved access to critical minerals like nickel and copper, while Indonesia wants better access to the substantial EU market for its edible oils and light manufactures.

More such compromises may soon be struck to facilitate new partnerships that serve to insulate countries from unpredictable U.S. trade policies. These policy shifts may also facilitate operational adjustments, with about 80% of respondents in Southeast Asia planning to adjust sales and manufacturing footprints toward non-U.S. markets, signaling a potential long-term strategic pivot away from the U.S.



## CONCLUSION

While some uncertainty in U.S. trade and tariff policies has given way to the reality that higher tariffs on exports to the U.S. are here to stay, new sources of uncertainty and instability have emerged as the Trump administration has begun employing trade policy more flexibly to advance geostrategic and foreign policy objectives.

For example, the yet-to-be-finalized U.S.-China trade deal remains a major source of uncertainty for the APAC region. The outcome of these negotiations and the resulting reconfiguration of supply chains will shape global economic prospects moving forward. That includes countries in Southeast Asia, whose manufacturing supply chains remain largely centered on China and where investments by foreign firms pursuing a China Plus One policy could shift.

Meanwhile, both India and Brazil face a tariff rate of 50%, the highest in the world. Since China, like India, imports oil from Russia, it may also be subject to a punitive tariff beyond the reciprocal tariff. New threats to raise significant tariffs on a sectoral basis, such as on semiconductors and pharmaceuticals, have also added to growing unpredictability.

In addition to U.S. trade and tariff policy, the APAC region faces several macro and mega trends that will impact its economic prospects moving forward, including rising debt and inflation, as well as demographic, technological, and climate change.

With U.S. tariffs at levels never seen since the 1930s, countries that are heavily dependent on the U.S. market for their export sales may suffer real effects that could noticeably slow their economic growth. On the other hand, some countries in APAC could benefit in the long term by capitalizing on localized bright spots.

But the U.S. may suffer the most from its trade and tariff policies, as the slowdown in job creation and continued inflation above the Federal Reserve's 2% target raise the risk of stagflation. Should stagflation or recession in the U.S. ensue, there will likely be negative spillover effects on the global economy.

For additional insights on how these risks and opportunities may impact your strategy:

[Request Full Report](#)



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