



‘Liberation Day’ Triggers Tariff Shockwave: Trump Announces Sweeping Reciprocal Tariffs - Implications and Strategic Guidance for Korean Businesses

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1. Imposition of Reciprocal Tariffs by the Trump Administration

(1) Background and Rationale

On April 2, 2025 (local time in the U.S.), President Trump declared the day “Liberation Day” and issued an executive order to implement “Reciprocal Tariffs” in response to countries that impose unfair tariff and non-tariff trade barriers on the U.S. Under this policy, the U.S. will apply tariffs equivalent to those levied by foreign countries on American products. The Reciprocal Tariff system aims to counter excessive tariffs and unfair non-tariff barriers maintained by certain foreign governments. The new measures are scheduled to take effect later this week (April 9).

This move reflects the findings of the 2025 National Trade Barriers Report, released by the Office of the United States Trade Representative (USTR) on March 31. Citing the trade policies of certain countries as contributors to the U.S.'s large trade deficit and a threat to national security, President Trump invoked emergency authorities under the International Emergency Economic Powers Act (IEEPA) and the National Emergencies Act (NEA) to declare a national emergency. Based on these powers, the administration has initiated the imposition of reciprocal tariffs.

(2) Key Details

The new tariff measures include the following:

- **(Baseline Tariff)** Starting April 5, 2025, a flat 10% additional tariff will be applied to imports from all countries worldwide.
- **(Country-specific Tariffs)** Beginning April 9, 2025, the flat rate will be replaced with differentiated tariffs for 57 designated countries listed in Annex I. These country-specific rates are calculated to mirror the level of tariffs or

non-tariff barriers these countries impose on U.S. products. Korea, for example, will be subject to an additional 25% tariff.

- Other examples include Vietnam (46%), Myanmar (44%), Thailand (36%), China (34%), Taiwan (32%), Indonesia (32%), Switzerland (31%), South Africa (30%), India (26%), Malaysia (24%), Japan (24%), EU (20%), Israel (17%).¹

- Canada and Mexico are exempt from this new measure, as they are already subject to a separate 25% tariff. However, if the existing 25% tariff is lifted or suspended, a 12% tariff may be applied to products that do not meet the USMCA rules of origin.

- **(Exempted Products)** Certain categories are excluded from the new tariffs:
 - Products already subject to additional tariffs (steel, aluminum, automobiles, and auto parts)
 - Strategically important products such as copper, pharmaceuticals, semiconductors, wood products, critical minerals, and energy

Notably, excluding semiconductors from the additional tariffs is seen as a positive signal for related industries in Korea.

These reciprocal tariffs will remain in effect until President Trump determines that the threats caused by trade imbalances and unfair trade barriers have been resolved or sufficiently mitigated. In the meantime, affected countries may initiate negotiations with the U.S. based on the specific non-tariff barriers identified in the USTR's report. Therefore, close attention must be paid to the trajectory of these regulatory issues.

Furthermore, various other tariff measures previously announced by the Trump administration are expected to come into force this week, suggesting a potentially broad and lasting impact on the global trade system.

For reference, the schedule of tariff announcements and implementations this week is as follows:

Date (Local Time)	Measure	Target
April 2(Wed)	Announcement of Reciprocal Tariffs	Most countries worldwide (185 countries)
April 2(Wed)	25% tariff on countries importing Venezuelan oil/gas	Third countries importing Venezuelan oil/gas
April 3(Thu)	25% tariff on imported automobiles and auto parts	Automobiles and auto parts from all countries
April 4 (Fri)	25% tariff on Canadian and Mexican products	Products originating from Canada and Mexico

2. Responses from Major Countries: Canada and EU Signal Retaliatory Measures

In response to the announcement, leaders from Canada and the European Union (EU) have officially indicated the possibility of retaliatory action against the reciprocal tariff measures.

Canadian Prime Minister Mark Carney stated at a press conference on April 1 that “if the U.S. takes further action, we will also respond in kind.” He emphasized that any countermeasures would be tailored to minimize the impact on Canadian industries and added that it remains undecided whether his administration would follow the previous Trudeau government’s approach to retaliatory tariffs. Prime Minister Carney also signaled the possibility of launching comprehensive economic and security negotiations with the U.S. after the federal election scheduled for April 28.

Similarly, Ursula von der Leyen, President of the European Commission, remarked in a speech to the European Parliament on the same day that “all options are on the table,” making clear that the EU would pursue strong countermeasures while keeping negotiation channels open. She acknowledged that certain aspects of the global trade system may be unfair but warned that sweeping tariffs would only worsen matters. She also cautioned against the increasing burden of customs procedures, warning that such processes could become an “administrative monster.”

In particular, the EU has previously responded to U.S. tariffs on steel and aluminum by imposing retaliatory duties on iconic American exports such as whiskey, jeans, and motorcycles. A similar course of action will likely to be considered again in the current situation. Furthermore, as the U.S. now regards the EU’s digital and technology-related regulations as trade barriers, there are signs that the EU’s response could go beyond simple retaliation and evolve into broader trade disputes in areas such as technology, services, and intellectual property.

3. Impact on Korean Businesses

Given Korea’s substantial trade surplus with the U.S. and its close ties to industries heavily targeted by the new tariffs—such as automobiles, steel, and IT—Korean companies are expected to face significant challenges. The imposition of reciprocal tariffs is likely to have immediate ripple effects across major trading nations and export-driven industries, including Korea. Beyond simply increasing barriers to entry into the U.S. market, the measures are expected to impact Korean businesses through several interconnected channels:

(1) Relative Tariff Disadvantage:

Korean products may lose price competitiveness in the U.S. market if they are subject to higher tariffs than those from competing countries.

(2) Risks to Overseas Production Bases:

Many Korean companies operate manufacturing bases in countries such as Vietnam and India, which are included among the nations subject to country-specific tariffs. As a result, exports to the U.S. via these locations may become increasingly unviable, potentially forcing companies to restructure their supply chains.

(3) Need for Supply Chain Reorganization:

Since the tariffs are applied country-by-country, businesses must consider export destinations and the entire global flow

of procurement, production, and logistics. Strategic realignment of the supply chain is now essential.

In short, the new tariffs are expected to have a direct short-term impact on the pricing of Korean exports to the U.S. while also serving as a turning point for businesses to re-evaluate and restructure their global production and supply strategies in the medium to long term.

4. Implications

President Trump's tariff policy remains highly controversial even within the U.S. The adverse effects—such as market volatility, increased costs for small and medium-sized businesses, and rising consumer prices—are becoming increasingly evident. Nevertheless, the Trump administration appears determined to maintain a hardline trade stance, citing the goals of restoring fiscal health and reviving domestic manufacturing. Given that President Trump, having returned to office through the 2024 election, is once again appealing to his core base of manufacturing-sector voters, this policy is unlikely to be a short-term measure. It is expected to continue as part of a medium- to long-term strategy. In particular, since trade negotiations between the U.S. and its partners are likely to be based on the non-tariff barriers outlined in the 2025 National Trade Barriers Report, it will be essential to monitor developments related to those measures continuously.

For Korean companies, strengthening their capacity to respond to legal and institutional changes is more important than ever. Companies should refine internal compliance systems related to country-of-origin labeling and verification, and ensure they are prepared to meet FTA preferential requirements through well-documented evidence. It is also vital to regularly monitor amendments to customs and trade laws, and to carefully examine authoritative interpretations related to FTAs and country-of-origin rules. In an increasingly regulated trade environment, even minor differences in legal interpretations can lead to significant sanctions. Proactively responding to such risks with the help of experts is essential.

Moreover, these new measures should not be viewed as temporary trade pressure but as part of a structural shift driven by the ongoing U.S.-China strategic rivalry and resulting supply chain realignment. In this context, Korean companies need to move beyond short-term solutions and redefine their overall supply chain strategies, finding new approaches to distribute and manage tariff-related risks in advance.

The Customs Team and the Overseas Regulatory & Global Risk Response Team at SHIN & KIM LLC provide Korean companies with a comprehensive, one-stop service offering timely information and strategic responses to the evolving global landscape. This includes rapid support for changes in major countries' customs policies, regulations, and other policy developments stemming from the recent shifts in global economic, trade, and security environments and their potential impacts on individual businesses and supply chains.

If you have any questions or need help with the above, please feel free to contact us and we will provide you with more details.

¹ On April 2, at the time of the initial announcement, there were discrepancies between the tariff rates listed in Annex I and those shown on the panel board held by President Trump during his remarks. Specifically, Annex I listed slightly higher rates—by 1%—for specific countries, including Korea. On April 3, the Trump administration revised Annex I to align with the rates displayed on the panel board. As a result, tariff rates for Korea (now 25%), as well as Myanmar, Thailand, Switzerland, South Africa, and India, were reduced by 1% each.

[\[Korean version\]](#) “미국 해방의 날”과 미국발 관세 쓰나미: 트럼프의 상호관세 및 우리 기업의 대응 전략

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