Pivot, Pushback, and Protectionism

Tariffs and Trade in the U.S. Asia Policy Under Trump 2.0

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When it comes to international trade, few administrations have been as swift, disruptive, and polarizing as that of Donald J. Trump's second term. Having campaigned on an "America First" platform, the Trump administration pursued a forceful realignment of U.S. geopolitical and trade priorities, especially in Asia. China found itself in the crosshairs of a campaign of sweeping tariffs that were not only bold but aggressive. These sweeping tariffs signal a significant shift in the United States' stance toward global trade. What used to be a multilateral approach grounded in fair trade has transformed into one defined by unilateralism, economic nationalism, and a zero-sum mindset in which cooperation is replaced by competition and mutual loss. These protectionist and "America First" measures sparked a trade war, dramatically altering the economic relations between two of the world's largest economies. Yet, while China faced the brunt of the pressure, other regional powers like Japan adopted a restrained approach, avoided direct conflict, and, in some respects, benefited from the fallout between the U.S. and China. Through its aggressive trade measures against China, the Trump administration not only altered the precedent of U.S. and Asia economic relations but also opened a space for Japan to quietly advance its strategic and economic interests. To fully understand the impact of these moves on U.S. and Asia relations, it's important to first examine the broader economic strategy that shaped them.

Beyond the economic philosophy of "America First," the administration took a clear stance on policy: globalization has failed American workers and American industry. The way forward for this administration was to loosen economic ties with rival countries and reassert the U.S. economic dominance. This played out as a bold and brash full pivot away from free trade and multilateral trade agreements and a push for bilateral deals where the U.S. decided the terms and where the U.S. is favored heavily. The Trump Administration's plan went beyond sweeping tariffs to include tighter export controls and foreign investment restrictions, framed as protecting American interests. The administration's trade policy was not just a tool for economic growth but a signal to the world that the United States had adopted a new geopolitical strategy. The Trump Administration has made one thing clear: the United States' economic security is a matter of national security. This view laid the foundation for a series of bold escalation moves against China and other Asian competitors.

Trump's second term marked a new evolution in the U.S.-China trade war. No longer limited to tariffs on steel and other commodities, the conflict expanded into new high-stakes arenas like semiconductors, 5G technology, digital platforms, and financial markets and services. Utilizing a combination of sanctions, tariffs, and regulatory pressure, the administration escalated its effort to limit China's technological ascent and contain its strong economic influence. One of the administration's first major moves was to rescind the Biden-era AI Chip export rule. Under Biden, countries were placed under three tiers, and then from there, limits were set on how many chips could be exported to each country depending on the tier. The Trump administration believes that Biden's approach undermined U.S. diplomatic relations and hindered U.S. innovation. Further, the current administration targeted Huawei A.I. chips as it is believed that those chips violate U.S. export controls as they are likely made with unlawfully obtained U.S. software and technology.

Following the overhaul of the A.I. chip export policy, the administration intensified the scrutiny of Chinese tech companies with a specific focus on TikTok. TikTok has faced Congress before, but this time is different. In 2023, CEO Shou Zi Chew faced congressional scrutiny, which was mainly investigative. Concerns over data privacy and influence from the Chinese government were the main concern. That hearing was followed in 2024 by a law requiring

ByteDance, TikTok's parent company, to divest its U.S. operations or face a ban. Under Trump 2.0, the administration has turned that requirement into a live negotiation, pressing for a sale of TikTok's U.S. operations while citing national security concerns. This move is part of a broader strategy to further diminish the influence of technology firms with links to the CCP within the United States to protect American data and sovereignty. The tone from the administration continues to be confrontational and uncompromising, which is consistent with the broader policy patterns of the administration: economic decoupling and U.S. sovereignty. The administration's stance on TikTok was not a single isolated effort but part of a broader campaign to sever economic ties to CCP-controlled entities.

This same logic has now extended and permeated to U.S. financial markets, where pressure is mounting to fully delist Chinese companies that have been deemed as noncompliant with American regulatory standards. As of May 2025, Republican financial officers are urging the SEC to explore the idea of whether Chinese companies should be delisted for failing to protect American investors. Beyond regulatory concerns, the debate has evolved into a geopolitical conversation. Multiple U.S. groups are arguing that American money should not be used to help fund Chinese companies, especially companies with links to the Chinese military and CCP-backed surveillance programs. This push continues to align with the agenda of the current administration, which seeks to limit the economic web between the U.S. and China in financial ecosystems and industry.

While the U.S. and China trade war continues to intensify and while regional tensions continue to rise, Japan has assumed a vastly different path. Japan's path is one characterized by restraint, diplomacy, and pursuing a path for long-term economic growth. Japan has used this chaos as a catalyst to elevate its regional influence and has quietly expanded its strategic footprint in Asia through trade diplomacy, industrial policy, and a very careful balancing of its alliances.

Tariffs have been at the forefront of the Trump administration, especially towards Asian countries. In response to the economic challenges from U.S. tariffs, the Japanese government planned a ¥900 billion emergency relief package. This package is aimed to mitigate the impact of these tariffs on small and mid-sized Japanese companies. This initiative from the government shows the commitment to supporting domestic industries without resorting to retaliatory tariffs, which reflects the strategic choice to maintain economic stability and an option for a diplomatic solution.

While U.S. trade talks have stalled, Japan has intensified its economic diplomacy efforts, especially with Southeast Asian nations. The goal is to diversify its trade partnerships and reduce its reliance on any single market. Japan's Prime Minister, Shigeru Ishiba, made visits to Vietnam, Malaysia, and Indonesia in early 2025, and these meetings produced agreements to strengthen cooperation, supply chain resilience, and economic development. These engagements not only strengthen Japanese diplomacy but further bolster Japan's role as a major economic force in the region.

The shift in U.S. trade policy has pushed nations to recognize the importance of self-sufficiency. As a result of this and the modern-day technological shift, especially in A.I., Japan has heavily invested in its semiconductor industry. Japan Advanced Semiconductor Manufacturing (JASM), a joint venture led by TSMC with Sony, DENSO, and Toyota, began mass production at its Kumamoto plant in late 2024, and a second plant is planned. This move bolsters domestic chip production as U.S. exports are uncertain and further reduces Japan's vulnerability to global supply chain disruptions. Further, Japan is also investing and working on policies to accelerate its transition to renewable energy. Japan also continues to navigate multifaceted relationships with Asian powers through strategic diplomacy. In March, China, South Korea, and Japan held their first economic meeting in five years. Through these talks, these countries agreed to enhance regional cooperation and address the challenges faced by the United States' new trade policy. This trilateral dialogue reflects Japan's effort to rebalance trade with the United States while fostering new productive relations with neighboring countries. Japan's approach to the current political and economic challenges evidently shows a commitment to stability, resilience, growth, and economic diplomacy. Carefully balancing domestic economic stability with strategic free trade agreements is not only mitigating economic uncertainty but also continuing to lay the groundwork for regional influence, leadership, and economic growth.

The Trump administration's second term is redefining the United States' approach to global trade, especially in Asia, where some of the fiercest economic competitors reside. Through aggressive sweeping tariffs and regulatory crackdowns, the administration is pursuing a bold and uncompromising strategy that is rooted in economic nationalism, protectionism, and national security. The escalation of the U.S. and China trade war is not a simple clash of economic superpowers but a series of deliberate actions to reshape the global economic balance in terms that favor American sovereignty. While the United States escalated terms and was confrontational, Japan played a completely different game. Through diplomacy, long-term outlook, and bilateral and even trilateral trade deals, Japan has positioned itself as a stable and emerging power in a rapidly changing and evolving economic environment. The shift in the United States' economic policy highlights a critical choice that the world's economies are facing. The current path of direct and aggressive confrontation is one that is a zero-sum game for all playing. This leaves world economies with two options: confrontation and decoupling from the

United States, or bilateral deals on terms that favor the United States. As tensions and deals continue to evolve, the long-term impacts of this new policy on Asian economies will alter not just their relations with the United States but the trajectory of global trade in the 21st century.

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