



Geopolitics, Trade War and its Impact on SEA Countries

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Company Profile



Drewry: Maritime Research and Consulting Services

Rigorous analysis, practical advice

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Drewry is the leading international provider of research and consulting services to the maritime and shipping industry

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Founded in **1970**: More than **50** years continuously charting and assessing the world's maritime markets

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More than **90** FTEs and associates serving our clients from offices in London, Delhi, Shanghai and Singapore

04

We serve our clients through **four** business units:

Maritime Research

Maritime Advisors

Supply Chain Advisors

Maritime Financial Research



The primary source of market insight, analysis and advice trusted by a global audience of maritime and shipping industry stakeholders.

What we do

We combine rigorous analysis with practical advice

In boardrooms across the globe, decisions are made based on the analysis and insight provided by our Maritime Research teams. This rich industry knowledge and understanding provides the unique intelligence that underpins our advisory services.



RESEARCH

ADVISORY



Maritime Research

Independent, market-leading research on every key maritime sector

Maritime Financial Research

An Investment Research Service on listed companies operating in the industry

Maritime Advisors

Expert project-based advisory services to the shipping industry and financial institutions

Supply Chain Advisors

Ocean freight procurement support and cost benchmarking services to global retailers and manufacturers

A SPECIALIST THAT COMBINES **RICH MARKET INSIGHT** WITH **EXPERIENCE AND EXPERTISE**

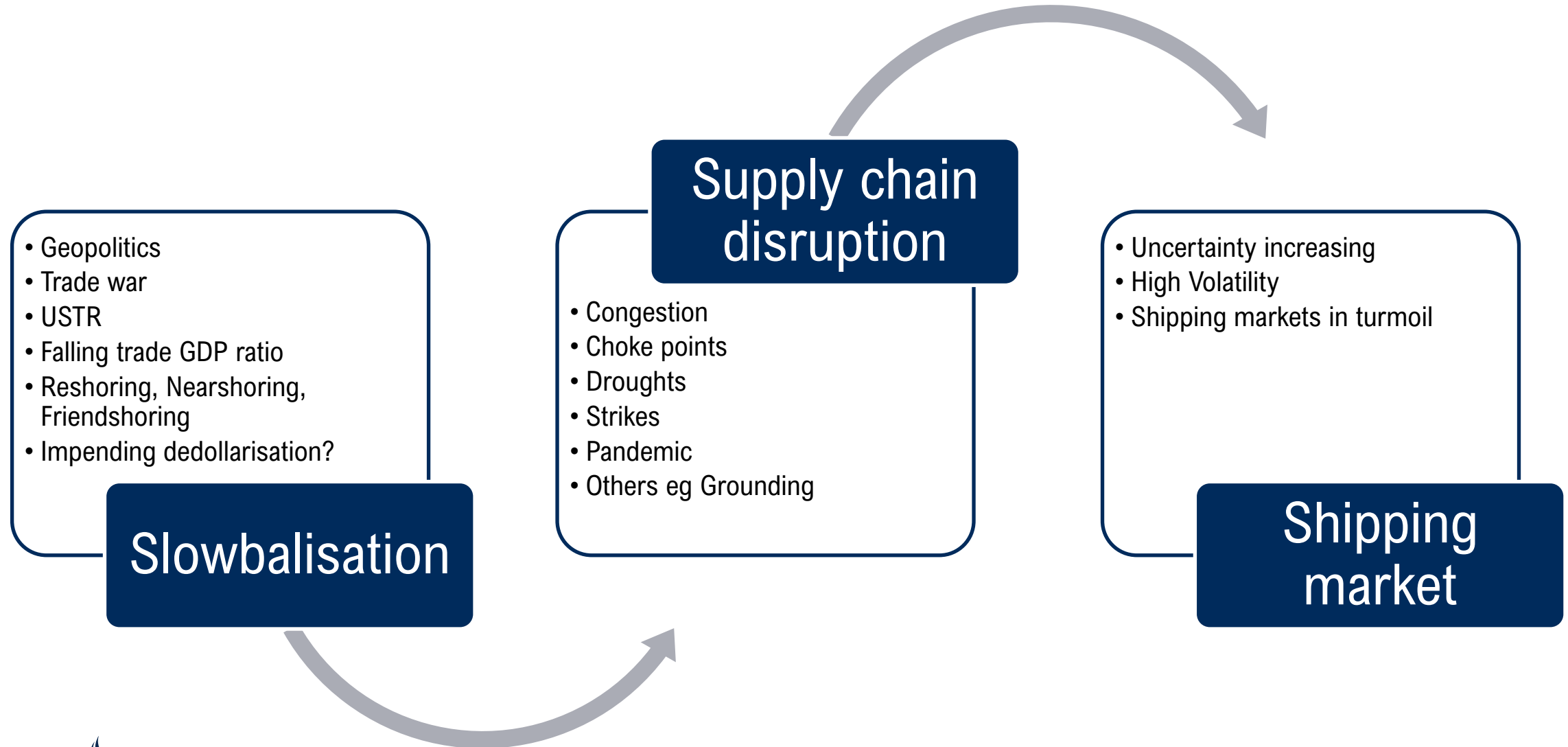


Geopolitics, Trade War, and Its Impact on SEA Countries

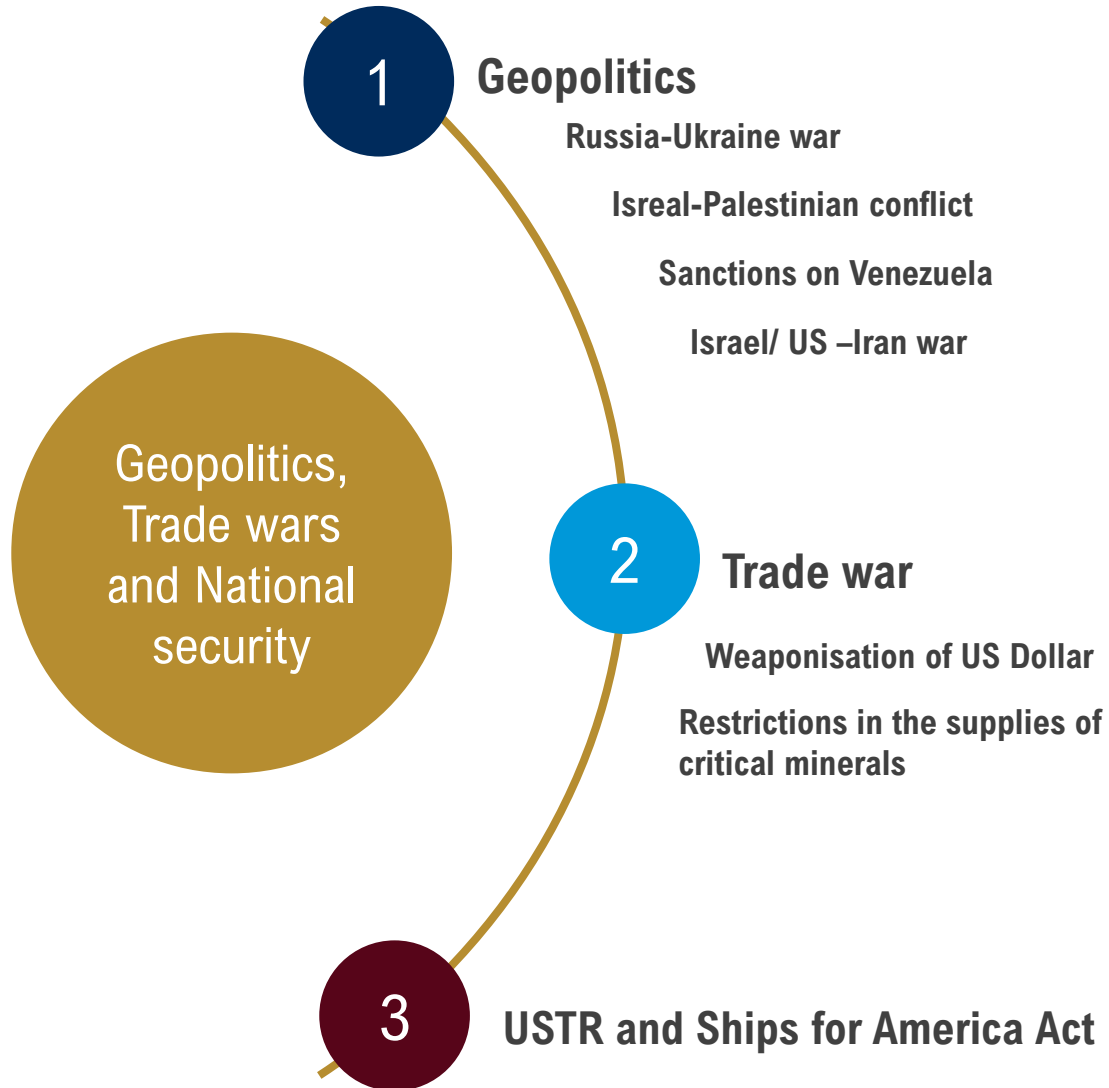


Global economy and shipping in turbulence

Global trade and shipping are affected by the wide-ranging events in the major economies of the world.



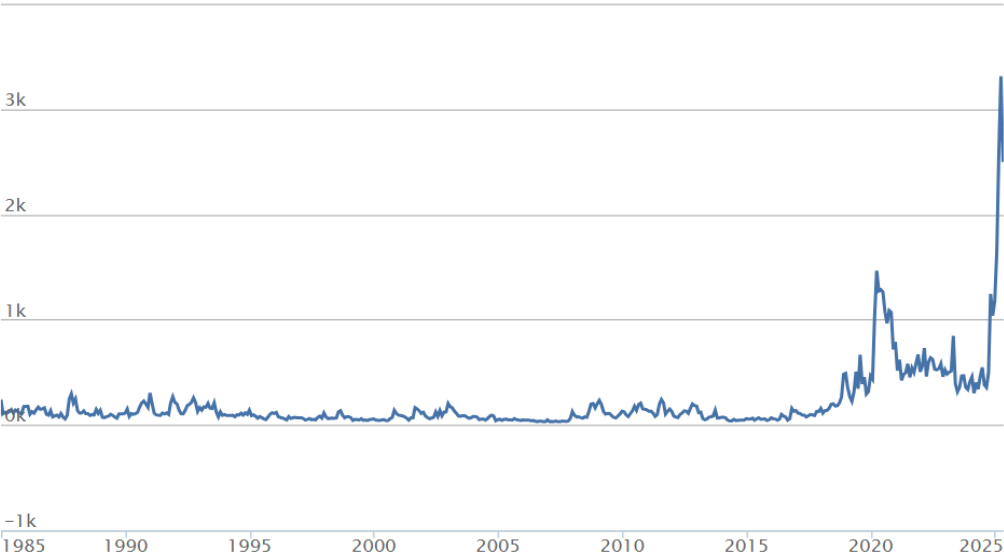
Geopolitical risks, trade war and national security issues are all intertwined



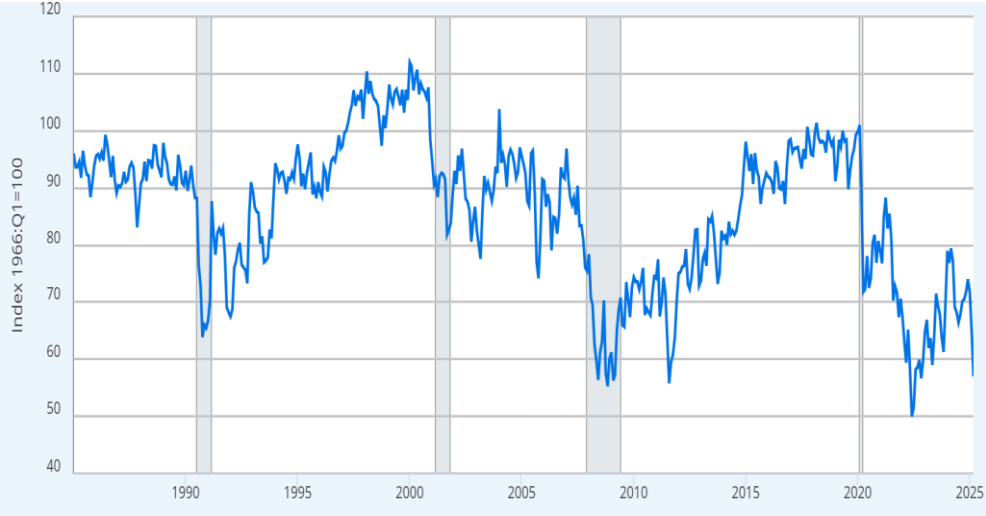
- Unilateral negotiations by the US alienating Europe in Russia-Ukraine conflict.
 - Rearmament of Europe towards 5% of GDP, reducing reliance on the US.
 - Transit through Suez Canal remains crippled despite Trump's announcement.
 - No sign of let up in the ongoing conflicts.
-
- US: 10% baseline tariff on most countries, likely to remain for most countries.
 - US: 145% - Tariff on China. Slashed by 115% for 90 days (by 9 July)
 - China: 125% - Tariff on the US. Slashed by 115% for 90 days (by 9 July).
 - 50% tariff on the EU.
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- USTR restricting Chinese-owned and Chinese-built ships.
 - Promoting the US shipbuilding industry.

Economic Policy Uncertainty index at historical highs and Consumer Sentiments Index low

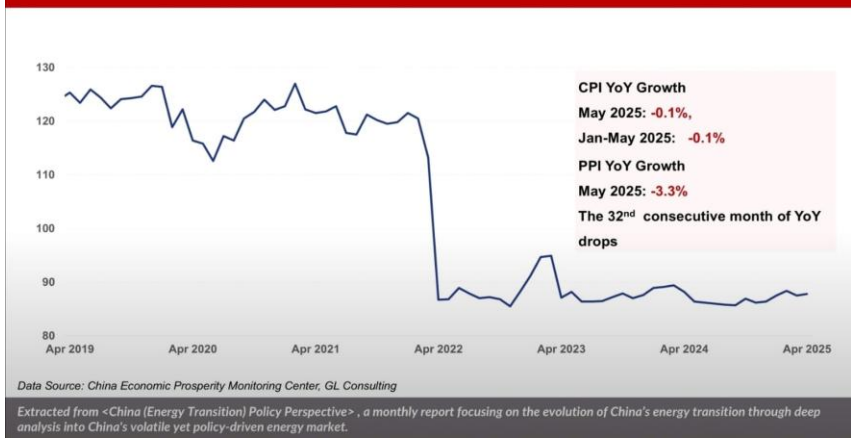
Economic Policy Uncertainty Index



Consumer Sentiments Index (University of Michigan)

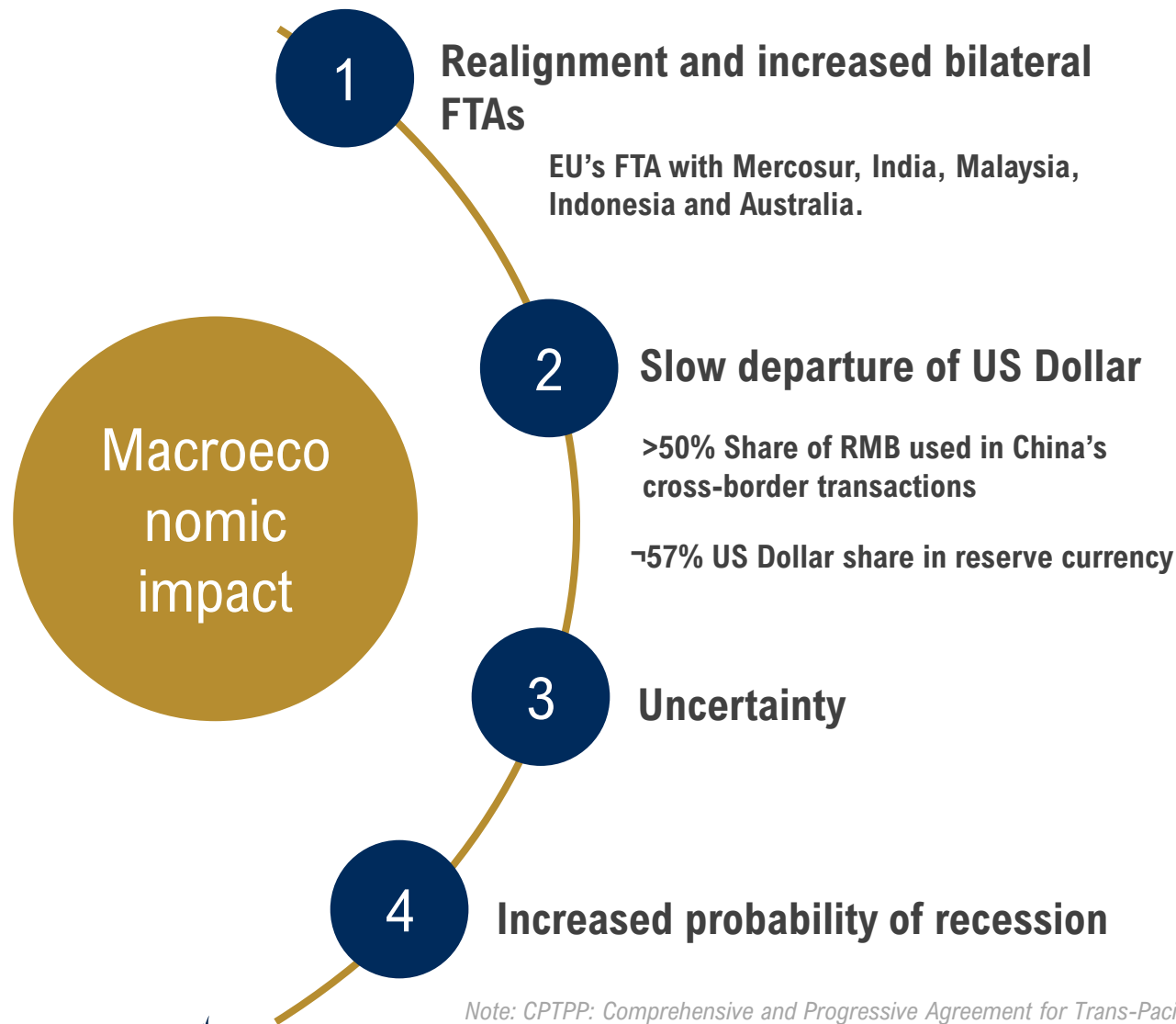


China's Consumer Confidence Index



Trade war & Tariffs have wide ramifications:

Uncertainty and Divergence paramount



- Increased cooperation between China and Southeast Asia.
- Reported FTA negotiations between China, Japan and South Korea.
- Increased importance of CPTPP and RCEP, a China-backed alternative to the US-led TPP.

- Bilateral negotiations to use local currency between several countries, such as Russia and China, Russia and India, BRICS countries etc.

- Increase in real option value.
- Big corporates in wait and watch mode.

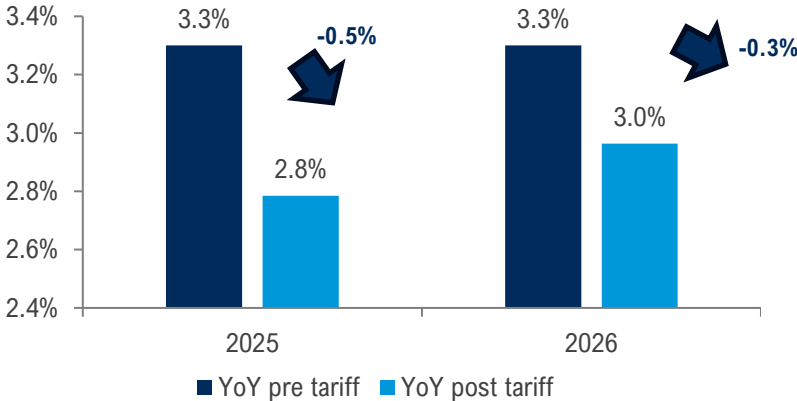
- All major forecasters revised its forecast downward.

Note: CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership, RCEP: Regional Comprehensive Economic Partnership: China and other major economies in Asia

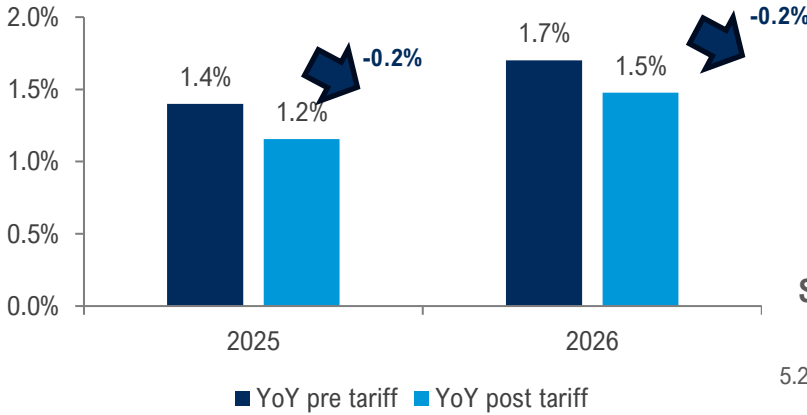
Source: Drewry

Macroeconomic impact of the trade war is likely to be negative

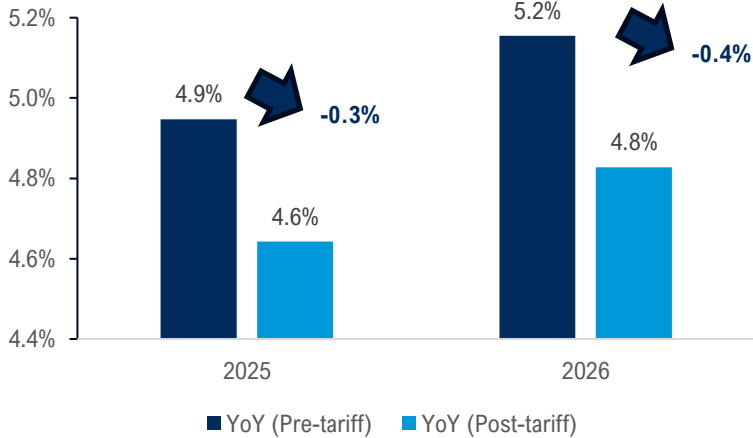
World - GDP growth rate: pre-tariff vs post-tariff



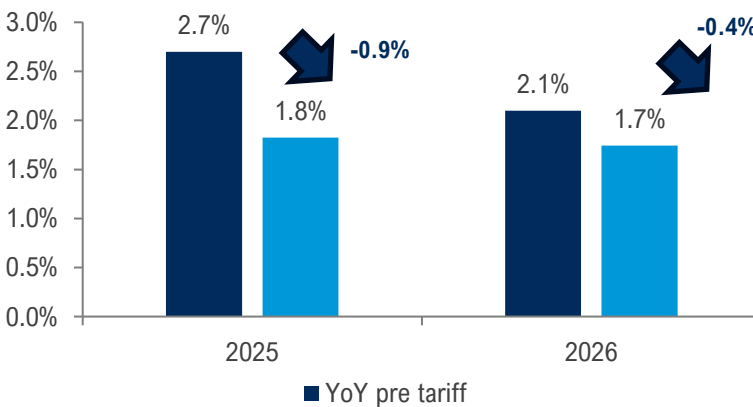
EU - GDP growth rate: pre tariff vs post-tariff



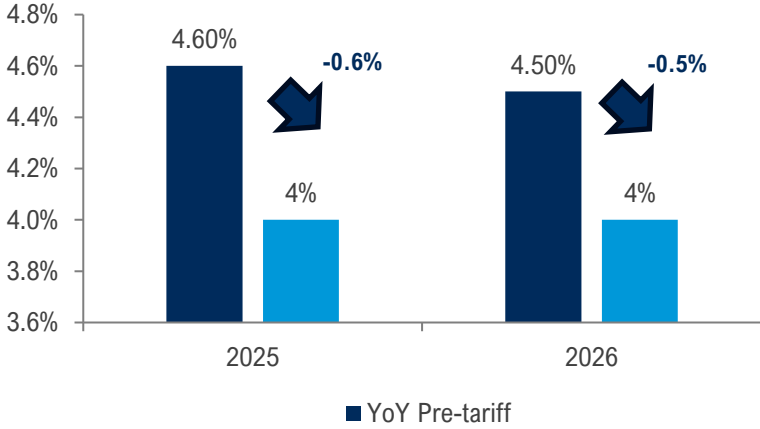
SEA Countries - GDP growth rate: pre-tariff vs post-tariff



US - GDP growth rate: Pre-tariff vs Post-tariff

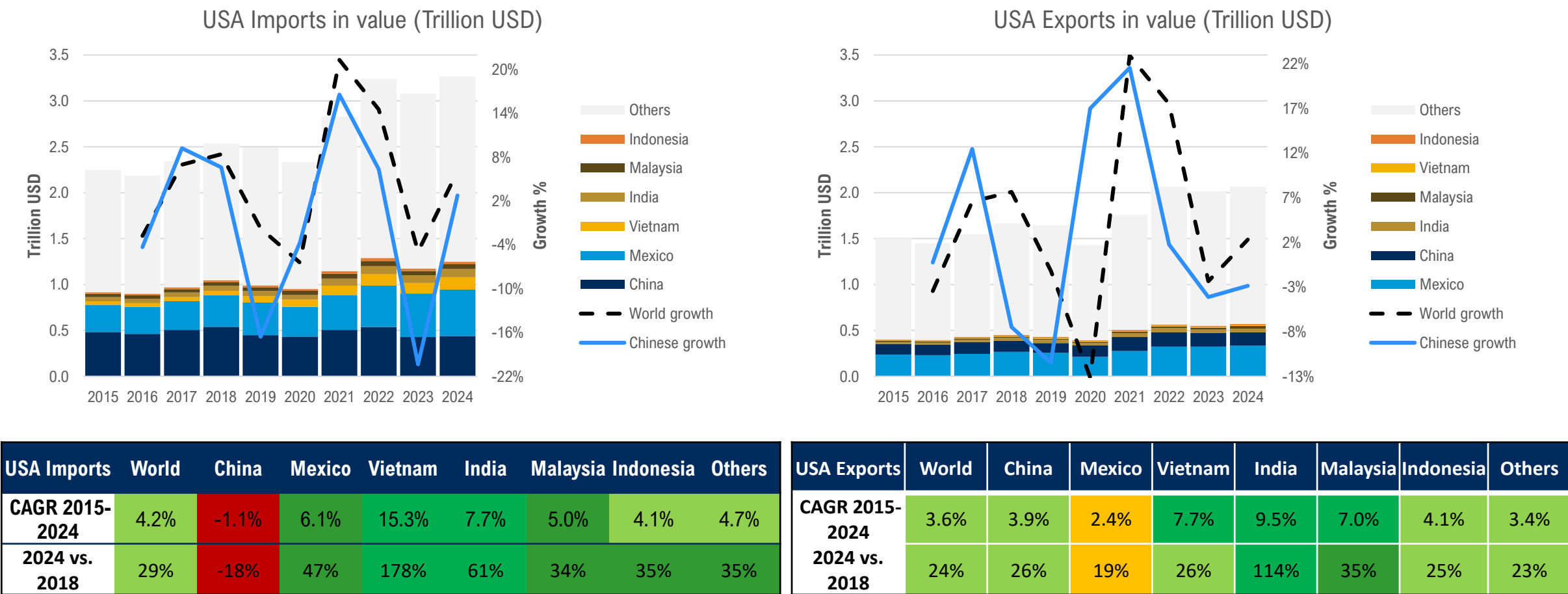


China- GDP growth rate: Pre-tariff vs Post-tariff



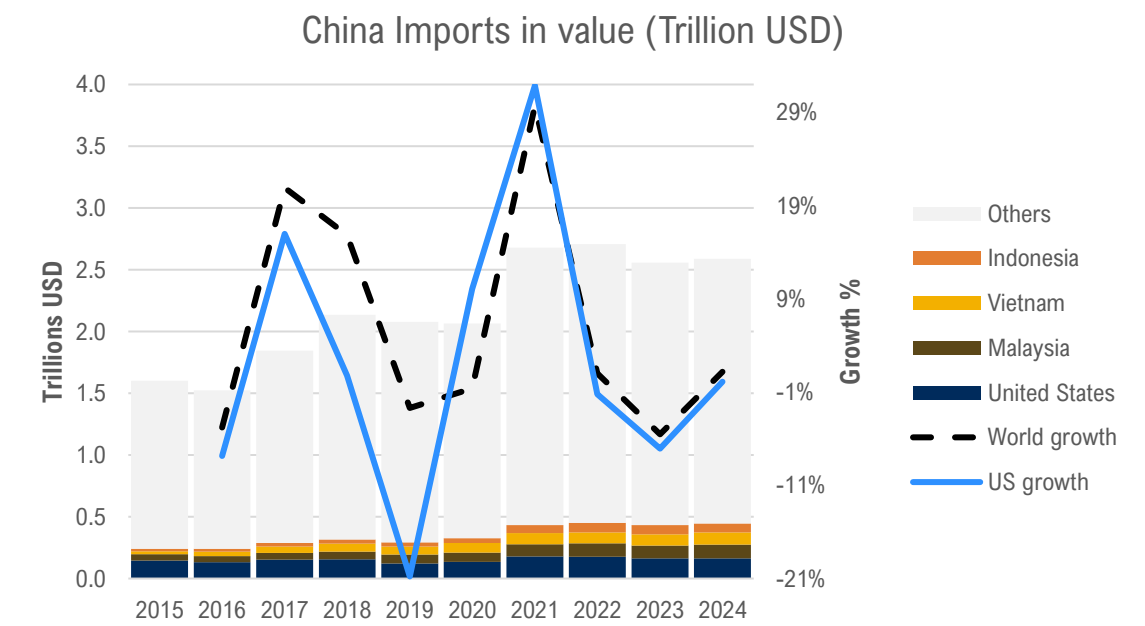
USA trade in value

The US imports were USD3.3 trillion, and exports were USD2.0 trillion. Vietnam to the US trade has recorded significant increase. China to US trade is an exception contracting by 1% p.a. in the past 10 years.

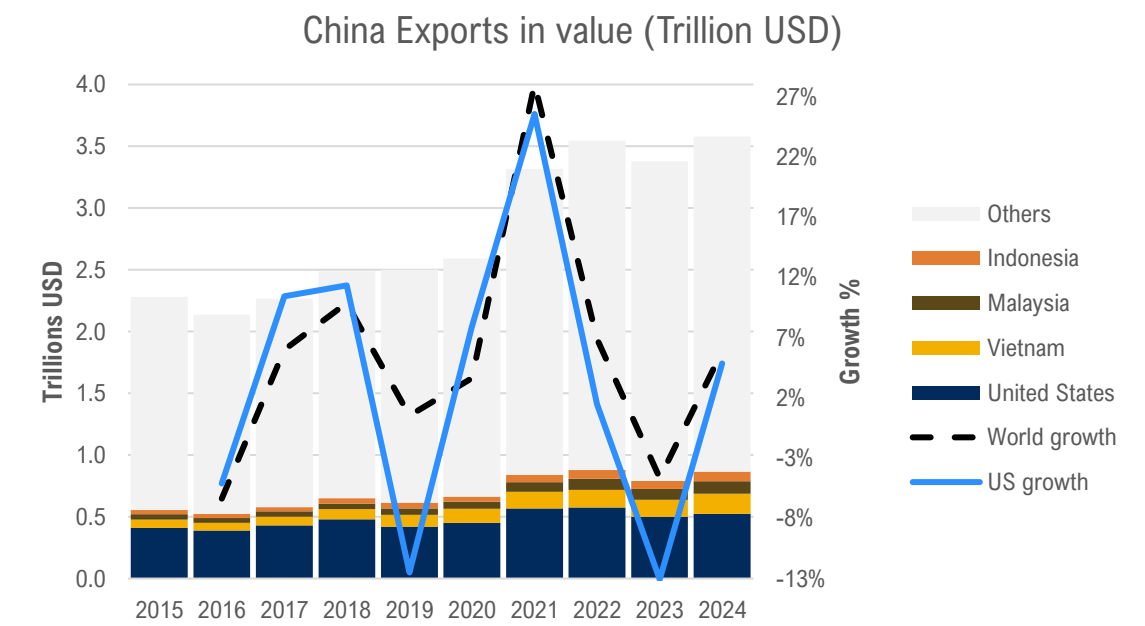


China trade in value

China is a net exporter; importing USD2.6 trillion in 2024, and exporting USD3.6 trillion. Chinese exports to Vietnam, Malaysia and Indonesia have increased considerably.



Partner	World	USA	Malaysia	Vietnam	Indonesia	Others
CAGR 2015-2024	5.5%	1.4%	8.5%	17.1%	15.3%	5.2%
2024 vs. 2018	21%	6%	75%	55%	108%	18%

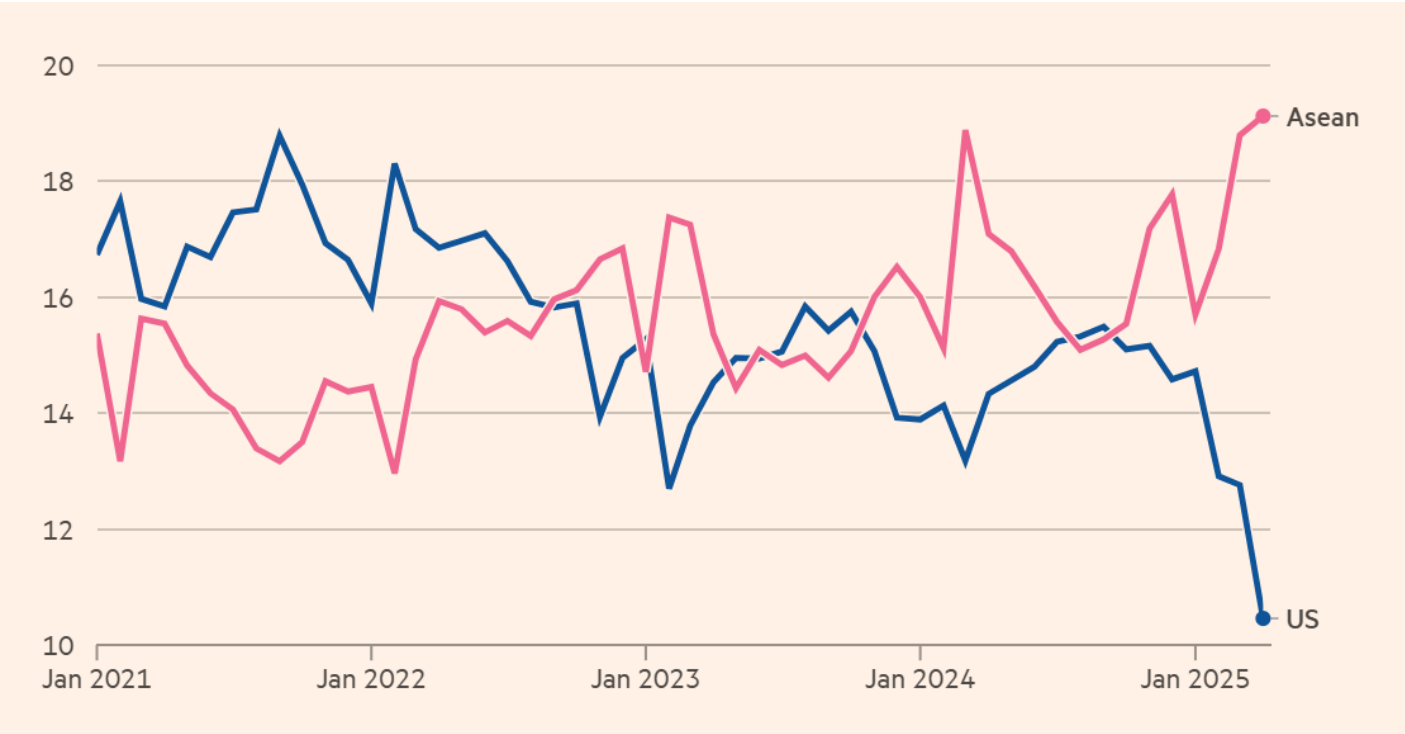


Partner	World	USA	Vietnam	Malaysia	Indonesia	Others
CAGR 2015-2024	5.1%	2.8%	10.4%	9.7%	9.3%	5.2%
2024 vs. 2018	44%	10%	93%	123%	78%	48%

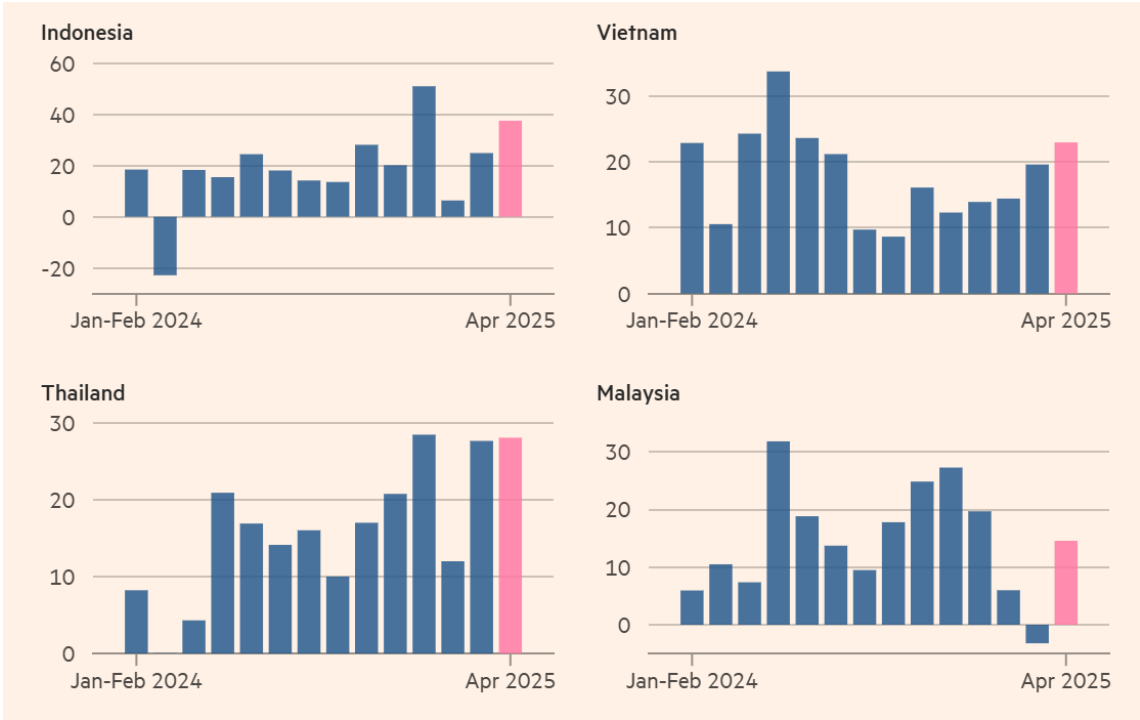
China Exports in 2025

ASEAN countries accounted for nearly one-fifth of China's exports in April 2025, while the US share dropped to 10.5%. Dramatic reversal in trade between China and Malaysia.

Share of China's total exports (%)



Year-on-year change in China's exports (%), by trading partner



Key takeaway



Geopolitics and trade war is a black swan event and impossible to predict and/or plan for.

The greater the uncertainty, geopolitics and/or trade war, the greater the inefficiency in trade.

The future will continue to be an interplay of geopolitics, trade war, uncertainty, divergence and protectionism.

In the past 10 years, Vietnam to the US trade has recorded a significant increase. Meanwhile, China-US trade contracting by 1% p.a. However, Chinese exports to Vietnam, Malaysia and Indonesia have increased considerably.

In the last ten years, SEA countries have emerged as key trading partners for China.



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