

14 April 2025 (No. of pages:1)

Japanese report: 04 Apr 2025

Reciprocal Tariffs Lead to Downward Revision of Economic Outlook for Japan, US, Europe, and China

Outlook for real GDP growth in 2025 lowered by 0.4-0.6%pt

Economic Research Dept.

Keiji Kanda**Daisuke Yasaku****Naoto Saito**

London Research Centre

Masahiko Hashimoto

Summary

- The Trump administration in the US announced 'reciprocal' tariffs on April 2. The reciprocal tariff rates are set at high levels, with Japan at 24%, the EU at 20%, and China at 34%, and there is a high probability that this will have a significant impact on the economies of each country and region, including the US. For this reason, we have revised our economic outlooks downward for Japan, the US, Europe, and China.
- Our new outlook for the real GDP growth rate on a y/y basis in 2025 is +1.0% for Japan (down 0.4%pt in comparison to the previous outlook), +1.1% for the US (down 0.6%pt), +0.7% for the Eurozone (down 0.4%pt), and +3.9% for China (down 0.6%pt). (Japan is expected to grow by +0.8% y/y on a fiscal year basis). Although there has been a slight downward revision for 2026, there is a strong sense of uncertainty about the future of the US tariff policy and retaliatory tariffs in various countries and regions, and it cannot be ruled out that the United States could fall into a recession.